



# OFFICE OF INSPECTOR GENERAL

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## AUDIT OF USAID/REGIONAL DEVELOPMENT MISSION FOR ASIA'S GREATER MEKONG SUBREGION MALARIA CONTROL PROJECT

AUDIT REPORT NO. 5-486-15-004-P  
MARCH 25, 2015

MANILA, PHILIPPINES



*Office of Inspector General*

March 25, 2015

**MEMORANDUM**

**TO:** USAID/Regional Development Mission for Asia Mission Director, Michael Yates

**FROM:** Regional Inspector General/Manila, Matthew Rathgeber /s/

**SUBJECT:** Audit of USAID/Regional Development Mission for Asia's Greater Mekong Subregion Malaria Control Project (Report No. 5-486-15-004-P)

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

The audit report contains 12 recommendations to help the mission improve various aspects of the program. After reviewing information provided in response to the draft report, we determined that the mission has taken final action on Recommendation 8 and made management decisions on the rest. Please provide evidence of final action on the open recommendations to the Audit Performance and Compliance Division.

Thank you for the cooperation and assistance extended to the audit team during this audit.

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## Abbreviations

The following abbreviations appear in this report:

ADS	Automated Directives System
AO	agreement officer
AOR	agreement officer’s representative
CAP	control and prevention
COP	chief of party
COR	contracting officer’s representative
DQA	data quality assessment
GHI	Global Health Initiative
M&E	monitoring and evaluation
NMCP	national malaria control program
PMI	President’s Malaria Initiative
RDMA	Regional Development Mission for Asia
RDT	rapid diagnostic test
RIG	regional inspector general
URC	University Research Co.

# SUMMARY OF RESULTS

In May 2009 President Barack Obama announced the Global Health Initiative (GHI), a 6-year, comprehensive effort to reduce the burden of disease and promote healthy communities and families around the world. The President's Malaria Initiative (PMI) was a core component of that, and in 2011 PMI support was extended to the greater Mekong subregion, a natural area of economic cooperation among six countries—Burma (also known as Myanmar), Cambodia, China, Laos, Thailand, and Vietnam.

Malaria is endemic in some locations, and eradication is a global priority because of the region's past propensity for developing drug-resistant strains of the disease. Although malaria control in some parts of the region has improved, progress has been uneven. For example, the number of confirmed cases has increased in Burma, which in 2013 accounted for more than 71 percent of malaria cases and about 69 percent of the malaria deaths in the region.

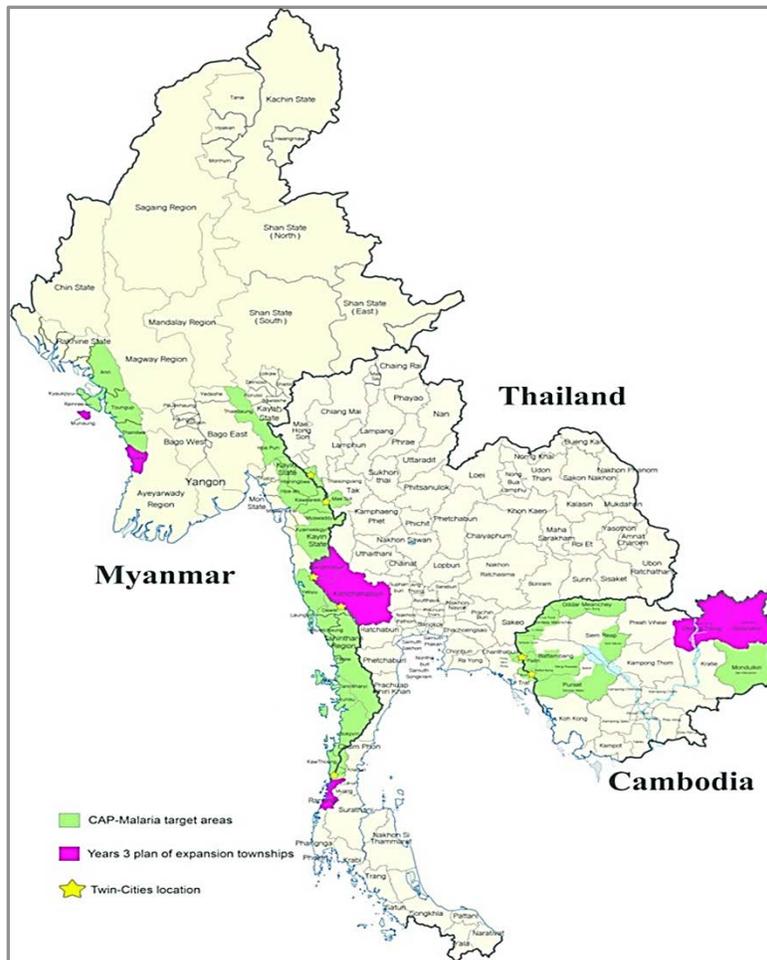
To respond to this health challenge, in 2011 USAID's Regional Development Mission for Asia (RDMA) awarded a 5-year, \$24 million cooperative agreement to University Research Co. (URC) for the Greater Mekong Subregion Malaria Control Project (also known as CAP-Malaria).<sup>1</sup> The goal is to contain the spread of multidrug-resistant *Plasmodium falciparum* malaria in the region by developing and increasing cost-effective control interventions to prevent malaria transmission; improving the quality and effectiveness of diagnosis; reducing bottlenecks at local institutions; and supporting the establishment of strategic information for malaria control.

In the cooperative agreement, URC proposed creating a consortium of itself and two other international nongovernmental organizations to implement the project in countries where each one had expertise. URC would lead the consortium and focus its project activities in Cambodia, while overseeing the activities of its subpartners—Kenan Institute Asia in Thailand and Save the Children in Burma, as shown in the map on the next page.

Collectively, they plan to use the expertise and strength of the consortium to strengthen the existing systems of national malaria control programs (NMCPs), improve health-care guidelines on malaria, build capacity of partners and communities to improve the diagnosis and treatment of the disease, strengthen surveillance of antimalarial resistance, monitor the quality of antimalarial drugs, and facilitate the three countries' sharing of malaria control information. As of June 30, 2014, USAID/RDMA had obligated about \$14 million for the project and spent \$10 million.

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<sup>1</sup> This is an abbreviation for "control and prevention of malaria."



Source: University Research Co.

The Regional Inspector General (RIG)/Manila conducted this audit to determine whether USAID/RDMA’s CAP-Malaria is achieving its main objectives, including improving the quality and effectiveness of diagnosis and treatment of malaria at the community and health-facility levels, and supporting the establishment and maintenance of strategic information for malaria control.

The project generally is meeting its main objectives in developing and increasing cost-effective control interventions to prevent malaria transmission; improving the quality and effectiveness of diagnosis and treatment of malaria at the community and health-facility levels; and reducing bottlenecks at local institutions. CAP-Malaria has successfully:

- Established a large network of volunteer workers to provide services, such as diagnosis, treatment, and referrals of malaria to the communities and villages in all three countries.
- Established standard operational procedures called “Day-3 (+) Intensified Pf Malaria Case Management” at health facilities and communities in Cambodia together with the World Health Organization and the Cambodian National Center for Parasitology, Entomology, and Malaria Control.

- Established revolving funds managed by community health groups in 111 villages in the Burmese state of Kayin to provide financial support for patients on emergency hospital referral visits.
- Provided malaria intervention activities in areas that the countries' NMCPs could not cover.

However, CAP-Malaria is falling short in supporting the establishment and maintenance of strategic information of malaria control and there are problems with project management.

- URC's monitoring, evaluation, and reporting systems were weak (page 5). URC reported limited strategic information and unsupported data for the project, and it did not implement the proper access controls in its project management information system.
- The need for the project's regional platform was no longer clear (page 9). USAID/RDMA's role in the project shifted from managing it to providing technical support to missions. As a result, missions in Burma and Cambodia were unclear on the role of USAID/RDMA and the regional approach of the project.
- The cooperative agreement did not reflect significant changes to the project's implementation (page 10). Significant decreases in project funding to Thailand since 2012 and added requirements for URC on the implementation plans and progress reports of project activities starting in FY 2013 were not incorporated in the agreement.
- The project lacked a sustainability and exit plan (page 11). Four years into implementation, URC has yet to prepare a sustainability and exit plan, as required by the cooperative agreement and stated in the first-year work plan.
- The project did not conduct the required gender analysis (page 12). Without this, the mission cannot know whether CAP-Malaria has addressed the health needs of the different genders effectively.

To address the above issues, we recommend that USAID/RDMA:

1. Require URC to conduct an analysis of the project's reported data, and, based on the results, include strategic information in the progress reports (page 6).
2. Determine whether the project's progress should be reported more frequently for better project management, and if necessary, amend the reporting requirement in the cooperative agreement (page 6).
3. Require URC to establish access security controls in its project management information system to prevent unauthorized access (page 6).
4. Require URC to implement a plan to improve the project's monitoring, evaluation, and reporting systems (page 8).
5. Conduct a comprehensive data quality assessment (DQA) for CAP-Malaria that includes detailed testing of data in Burma and Thailand (page 8).

6. Verify and document whether URC has taken adequate corrective actions to address the recommendations of the previous DQAs conducted on CAP-Malaria in Cambodia (page 9).
7. Require URC to strengthen the staffing capacity of its monitoring and evaluation (M&E) teams and field offices for the project to enable adequate data verification before submission to the mission (page 9).
8. Along with USAID missions in Burma and Cambodia, conduct and document an assessment of the regional component of the project to define each mission's roles and responsibilities (page 10).
9. Determine and document whether amendments to the cooperative agreement are necessary to change the project description and reporting requirements, and, if needed, make any required changes (page 11).
10. Require URC to complete the sustainability and exit plan for CAP-Malaria as stated in the implementation plan of the cooperative agreement (page 12).
11. Require URC to conduct a gender analysis and internal gender audit for Burma, Cambodia, and Thailand, as stated in the cooperative agreement (page 12).
12. Implement a mission order requiring the deliverables of all mission projects to be tracked so the incoming agreement officer's (AO's) and contracting officer's representatives (CORs) will have the most updated information for project management (page 12).

Detailed findings appear in the following section, and the scope and methodology appear in Appendix I. OIG's evaluation of management comments is on page 13 and the full text of management comments is in Appendix II.

# AUDIT FINDINGS

## **Implementer's Monitoring, Evaluation, and Reporting Systems Were Weak**

According to ADS 203, monitoring and evaluating a project are essential to measuring performance and ensuring that it is on track to meet its objectives. Also, adequate systems need to be implemented to capture and report the results of the project performance accurately.

However, URC's monitoring, evaluation, and reporting systems had the following problems.

**Strategic Information Reported Was Deficient.** One of the four specific objectives of the project is to increase the use of strategic information for making decisions at the national, regional, and local levels. URC was to gather data from its project activities and analyze them to help those levels of government in each country move forward with their national malaria plans to provide quality services and build local capacity.

The annual and semiannual progress reports for the three countries did not have sufficient strategic information based on an in-depth analysis of reported data. For example, the latest semiannual report of CAP-Malaria in Cambodia reported the results of a number of surveys conducted during the period but did not provide the type of strategic information those surveys offered that could address future planning of the NMCP in the country.

According to USAID's midterm performance evaluation report of the project:

CAP-Malaria has not yet made full use of the strategic information available within or outside of the project. Several sets of studies have been done (entomology, KAP [knowledge, attitude, practice], etc.), but the results have not led to obvious changes in programming or design. While the methodological rigor of completed studies has improved over the course of the project, improvement is still needed. Specifically, reporting of detailed methods, limitations and biases, and more nuanced discussion about how the results should inform project activities should be included.

This happened because URC reported only on what had been implemented and offered limited information on what the results from the activities meant and how they could be used for future project planning. Furthermore, the semiannual progress reporting requirements of the cooperative agreement have not been effective in offering timely information for making strategic programming decisions. More frequent reporting would help the regional malaria team manage the project more effectively. Moreover, URC did not understand what strategic information it needed to provide based on the analytical data collected from the field on the project's effectiveness in attaining the intended results.

These problems occurred because URC's regional M&E team in Cambodia collected and compiled the data only for the regional technical team that prepared the progress reports. According to the team, it was only supposed to provide reported data, not to conduct data analysis. Nonetheless, members of the team said they could conduct the task if needed.

As emphasized by a member of URC's management team in Burma, strategic information related to malaria control from the project as well as those under other donors is essential for planning activities. Without it, the risk of making wrong decisions on the malaria program at the national, regional, and local level increases. Therefore, we are making the following recommendations.

***Recommendation 1.*** We recommend that USAID/Regional Development Mission for Asia require University Research Co. to conduct an analysis of the project's reported data, and, based on the results, include strategic information in the progress reports.

***Recommendation 2.*** We recommend that USAID/Regional Development Mission for Asia determine whether more frequent reporting of the project's progress is required for better management, and, if necessary, amend the reporting requirement in the cooperative agreement accordingly.<sup>2</sup>

**Project Management Information System Was Not Fully Secured.** National Institute of Science and Technology's Special Publication 800-27, "Engineering Principles for Information Technology Security (A Baseline for Achieving Security)" presents a list of system-level security principles to be considered in the design, development, and operation of an information system. One is to implement "least privileges" in the system so users have access only to what they need to do their jobs. Further, it is better to have several administrators with limited access to security resources rather than one person with "super user" permissions.

Contrary to the guidance, system users with access rights to enter data could edit any data in the CAP-Malaria performance management information system, including data from the past and entered by other users. The IT specialist who manages the system also had the authority to enter and edit data.

According to the regional M&E team, the system had the appropriate access controls in place originally but was later changed because many employees said they preferred to have direct access to edit reported data rather than ask the team to make the changes. And, the team explained, the IT specialist needs access to edit and merge data from the country offices in Burma and Thailand because neither was fully online with the system.

Giving staff users access to edit data that has already been reported and giving the IT specialist access to enter and edit data increase the risk of project information being compromised. Consequently, the same erroneous information could be used to make decisions about the project that could stall its progress or take resources away from the intended beneficiaries. Therefore, we make the following recommendation.

***Recommendation 3.*** We recommend that USAID/Regional Development Mission for Asia require University Research Co. to establish access security controls in its project management information system to prevent unauthorized access.

**Some Reported Data Were Not Supported.** According to ADS 203.3.11, performance data should reasonably meet five quality standards—validity, integrity, precision, reliability, and

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<sup>2</sup> A cooperative agreement may only be amended in writing by a formal amendment or letter, signed by the Agreement Officer, and in the case of a bilateral amendment, by the AO and an authorized official of the recipient. See ADS Chapter 303, and Standard Provisions for Non-U.S. Nongovernmental Organizations, M3, a mandatory reference for ADS Chapter 303.

timeliness. The DQA should examine the data in light of the five standards above, reviewing the systems and approaches for collecting data and whether they are likely to produce data of an acceptable quality over time. The process entails detailed reviews of contractors' records used for data reporting.

The project's previous AOR for USAID/RDMA and USAID/Burma together conducted a DQA at the CAP-Malaria Burma office without verifying data source documentation because of travel restrictions imposed by the Burmese Government on travel outside of Yangon. In Cambodia, USAID/RDMA conducted DQAs in October 2012 at CAP-Malaria's regional office and in December 2013 at a field office. However, it did not examine the reported data from CAP-Malaria Thailand.

The DQA process conducted by USAID/RDMA in Cambodia was comprehensive and provided useful recommendations to address the deficiencies found. Even though CAP-Malaria provided evidence to the audit team showing corrective actions were taken to address the recommendations, when we verified the reported data from Burma and Thailand, we found similar issues to those found by the DQAs.

Table 1 shows discrepancies in reported data in FY 2013 for performance indicators. Some of the reported results did not have supporting documentation.

**Table 1. Discrepancies for CAP-Malaria Burma Reviewed for FY 2013 (Audited)**

Indicator Name	Reported Result	Actual Result	Percentage Over (Under)-Stated
<i>Number of health workers trained in case management with artemisinin-based combination therapy (ACTs) with USG funds</i>	1,279	1,163	10
<i>Number of health workers trained in malaria laboratory diagnostics (rapid diagnostic tests [RDTs] or microscopy) with USG funds</i>	1,417	1,203	18

In addition, reported data of one other performance indicator—*Number of treated mosquito nets distributed by CAP-Malaria*—were not adequately supported; sampled data from selected villages for FY 2013 could not be verified because the figures in the supporting documentation were illegible and had many corrections.

According to URC's M&E team in Burma, it did not have sufficient staff to verify data reported from the field. The coordinator was responsible for monitoring 20 townships while his assistant stayed in the office compiling data for reporting to the regional M&E team in Cambodia. There were only five employees collecting and reporting data from the townships, and they also were responsible for compiling data for more than 10,000 malaria testing cases each month. Officials with Save the Children, URC's subpartner in Burma, said they did not have enough employees either to monitor project activities. In addition, URC's country manager for the project in Burma said he asked his superiors a number of times for more people for the M&E team as well as in the field, but did not get any.

Similar data quality issues existed for CAP-Malaria Thailand for FY 2013 as shown on the next page in Table 2.

**Table 2. Discrepancies for CAP-Malaria Thailand Reviewed for FY 2013 (Audited)**

Indicator Name	Reported Result	Actual Result	Percentage Over (Under)-Stated
<i>Number of target population reached by Behavior Change Communication through interpersonal communication</i>	1,489	449	229
<i>Number of health workers trained in case management with ACTs with USG funds</i>	130	119	9
<i>Number of health workers trained in malaria diagnostics (RDTs or microscopy) with USG funds</i>	87	69	26

Furthermore, for the 6 months of FY 2014 for which performance data were available, we found a discrepancy for one of these same indicators, as shown in Table 3 below. The results of data verification showed that URC had counted the same people twice for receiving interpersonal communication about malaria intervention.

**Table 3. Discrepancies for CAP-Malaria Thailand Data Reviewed for the Period of October 1, 2013, Through March 31, 2014 (Audited)**

Indicator Name	Reported Result	Actual Result	Percentage Over (Under)-Stated
<i>Number of target population reached by Behavior Change Communication through interpersonal communication</i>	8,109	5,862	38

The cause of the discrepancies was mainly due to not having enough employees in the field offices. The field coordinator said he was working alone and was responsible for coordinating with partners, data quality and progress reporting, financial management and reporting, and conducting training for the two district areas of Thailand that were far apart. He also had to collect, compile, and report a large volume of data to the CAP-Malaria regional office in Cambodia each month. Because of this workload, he did not verify the accuracy of project results consistently before reporting. URC was aware of the staffing issue for a long time but did not take action to provide any relief until shortly before the audit fieldwork by hiring an additional person to collect and compile data.

Management decisions based on incorrect reported data could adversely affect the budget and programmatic needs of the project. To address the weaknesses, we are making the following recommendations.

**Recommendation 4.** We recommend that USAID/Regional Development Mission for Asia require University Research Co. to implement a plan to improve the project's monitoring, evaluation, and reporting systems.

**Recommendation 5.** We recommend that USAID/Regional Development Mission for Asia conduct a comprehensive data quality assessment for the CAP-Malaria project that includes detailed testing of data in Burma and Thailand.

**Recommendation 6.** *We recommend that USAID/Regional Development Mission for Asia verify and document whether University Research Co. has taken adequate corrective actions to address the recommendations of the previous data quality assessments conducted on the CAP-Malaria project in Cambodia.*

**Recommendation 7.** *We recommend that USAID/Regional Development Mission for Asia require University Research Co. to strengthen the staffing capacity of its monitoring and evaluation teams and field offices for the project to enable adequate data verification before submission to the mission.*

## **Need for Project's Regional Platform Was No Longer Clear**

In 1950 the U.S. Government started the U.S. Operations Mission in Thailand and continued until 1996 when the USAID bilateral mission closed. In 2003 USAID established RDMA in Bangkok, Thailand, to expand opportunities for cooperative solutions to problems that cross national boundaries, such as human and wildlife trafficking, HIV/AIDS, and climate change, as well as addressing bilateral challenges related to trade and natural resources management across the region. It funds and manages its regional programs in countries that do not have missions, such as China, Laos, and Thailand, as well as four countries with bilateral missions—Burma, Cambodia, Timor-Leste, and Vietnam.

CAP-Malaria is a regional project funded and managed by USAID/RDMA to implement activities in Burma, Cambodia, and Thailand. The project focuses on providing technical support to the regional- and country-based malaria control and artemisinin-resistant malaria containment programs.

When CAP-Malaria began, USAID/RDMA was supposed to manage and oversee it, and the \$12 million budget was allocated differently among the three countries, with the major portion going to Burma. USAID/RDMA's role has shifted, however, more toward providing technical support to the missions in the countries.

This happened for a number of reasons. During implementation, USAID opened its bilateral mission in Burma and had fewer restrictions on project implementation there. Since then, USAID/Burma has built up its own health office and has received direct funding for CAP-Malaria. USAID/Cambodia also has received direct funding for CAP-Malaria. Because both missions now have their own funding, they want to have more control over planning their activities.

In addition, on September 29, 2012, USAID/RDMA signed an agreement with the Thai Government's Department of Disease Control to fund malaria project activities in Thailand. As a result, the CAP-Malaria activities there have been reduced significantly but continue to provide technical support to the government.

Based on the activities in the project work plans for FY 2013, 2014, and 2015, regional-level activities were minimal in Burma and Cambodia. According to USAID/Burma's health office, regional coordination for the project from USAID/RDMA is still essential in entomology research, sharing information about artemisinin-resistant malaria gathered from the three countries, and cross-border project activities related to migrant populations. Since USAID/Burma has taken over some of the managing roles of the project activities in Burma, managing staff there need

clarification on the roles and responsibilities of each mission involved in the project. Changes in project funding and shifting of management responsibilities in some activities have also made the role of USAID/RDMA and the regional component of the project unclear to the Burma and Cambodia missions.

Because this is a regional project, coordination and communication between USAID/RDMA, USAID's missions in Burma and Cambodia, URC, and the NMCPs of the three countries is vital to ensure effective project management. The feedback from the Cambodian NMCP on project activities and planning through URC, however, did not reach the regional malaria team in USAID/RDMA. Further, the audit found that the project's activity manager at USAID/Cambodia could not attend some of the joint meetings with URC and NMCP to discuss project issues due to lack of coordination and last-minute notification from URC. The current and past AORs have not been able to monitor project sites in Burma due to either in-country travel restrictions or the lengthy visa process for visiting.

Unclear roles and responsibilities of the missions could jeopardize USAID/RDMA's management of the project at a regional level for the remainder of the award period. Therefore, we are making the following recommendation.

***Recommendation 8.** We recommend that USAID/Regional Development Mission for Asia and its counterparts at USAID missions in Burma and Cambodia conduct and document an assessment of the regional component of the project to define roles and responsibilities of each mission.*

## **Cooperative Agreement Did Not Reflect Significant Changes in Project Implementation**

According to one of the responsibilities stated in the AOR designation letter, the AOR must make written recommendations to the AO to revise the cooperative agreement when any changes to the program description, technical provisions, and/or any other term or condition of the award are necessary, along with a justification for the proposed action.

However, CAP-Malaria's AORs did not notify the AO to amend the cooperative agreement with changes in project implementation and reporting requirements from URC to USAID.

**Agreement With Host Government.** Funding and most implementation activities of CAP-Malaria in Thailand have shifted to the host government. After USAID made an agreement with the Thai Department of Disease Control in September 2012, URC and its subpartner Kenan dramatically reduced their project activities in Thailand and have only implemented limited activities along the borders with Burma and Cambodia. In addition, Kenan continues to provide technical support to the Thai Government in project reporting.

**Implementation Plan.** According to the original cooperative agreement, URC was only required to submit a comprehensive implementation plan for the project. However, starting in 2013, USAID/RDMA changed the reporting requirement from one plan to three separate implementation and M&E plans for each of the three countries. The previous AOR made the change because one consolidated plan did not address the specific needs of each country.

**Progress Reports.** Starting in the third year, USAID/RDMA required URC to submit four different semiannual and annual reports for the three countries and the regional component, instead of comprehensive progress reports on the entire project. The purpose for the change was to align with the new implementation plan requirement discussed in the previous paragraph.

The current AOR did not inform the AO of the need to modify the cooperative agreement to reflect these major changes because she began the job recently; in addition, the mission's regional malaria team was working on other competing priorities and did not realize that the cooperative agreement should be amended to include the changes of reporting requirements. Both the AOR and the mission agreed that the cooperative agreement should include these changes in the project implementation.

Nonetheless, without amending the cooperative agreement to reflect the changes in the program description and reporting process, URC might consider the changes not binding. Therefore, we are making the following recommendation.

***Recommendation 9.** We recommend that USAID/Regional Development Mission for Asia determine and document whether amendments to the cooperative agreement are necessary to change the project description and reporting requirements, and, if needed, make any required changes.*

## **Project Lacked Sustainability and Exit Plan**

Sustainability is fundamentally important for USAID's work and is a central part of the Agency's reform agenda. Therefore, the purpose of a sustainability and exit plan is to ensure that host-country partners and beneficiaries are able to maintain project results and impacts after a project ends.

According to the implementation plan in URC's cooperative agreement, URC was to prepare an exit plan documenting steps to sustain the deliverables of the project. Furthermore, in its first-year work plan, URC was to work with the NMCP of each country to establish a sustainability and exit plan for the project. Moreover, it would shift the responsibility of providing technical support to the NMCPs and key local partners starting in the third year, with variations depending on how ready they were.

At the time of audit fieldwork—the beginning of the fourth year—URC had not prepared a sustainability and exit plan for the project. URC's chief of party (COP) for CAP-Malaria said the plan had already been embedded in the activities of the annual work plans, and therefore it was not necessary to prepare it. Nonetheless, the COP confirmed later that URC would prepare a plan for the project.

Even though the mission's regional malaria team had discussed the need to have a sustainability and exit plan for the project, they were not aware that URC was supposed to prepare one during the first year of the project. This occurred because of the turnover of AORs assigned to the project and because the team was newly established.

Without a comprehensive sustainability and exit plan, the mission does not know whether its investment in the project will be viable after it ends. Therefore, we are making the following recommendation.

***Recommendation 10.*** We recommend that USAID/Regional Development Mission for Asia require University Research Co. to complete the sustainability and exit plan for the CAP-Malaria project as stated in the implementation plan of the cooperative agreement.

## **Project Did Not Conduct Gender Analysis**

According to the cooperative agreement, URC's M&E strategy on gender includes continuous monitoring of how interventions are affecting women and men differently through sex-disaggregated data, gender-specific indicators, and by using indicators that track public attitudes on the status of women. URC's initial gender analysis should have identified specific barriers that women, men, and cross-gender people face when using health services. Based on the research, the project would prepare specific information that encourages behavior change. Furthermore, the 2-year illustrative work plan of each of the three countries in the cooperative agreement states that URC was to conduct internal gender audits in the first year of the project.

However, URC did not conduct the initial gender analysis and internal audits on gender for each of the three countries, nor did it provide a completed gender analysis. URC officials could not give a clear explanation for this; they only provided documentation showing how the results of the gender analysis would affect planning project activities. The mission's inconsistent oversight in making sure that the required analysis was finished was due to the turnover of AORs during the first 3 years of the project.

Without a comprehensive gender analysis, the risk of not integrating gender equality in the implementation of activities increases. As a result, USAID cannot judge how effective the project has been in addressing the health needs of the different genders. For example, URC did not consider how to address issues related to women who are migrant workers or who are traveling with male migrant workers. Therefore, we are making the following recommendations.

***Recommendation 11.*** We recommend that USAID/Regional Development Mission for Asia require University Research Co. to conduct a gender analysis and internal gender audits for Burma, Cambodia, and Thailand as stated in the cooperative agreement.

***Recommendation 12.*** We recommend that USAID/Regional Development Mission for Asia implement a mission order requiring the deliverables of all mission projects to be tracked so the incoming agreement officer's and contracting officer's representatives will have the most updated information for project management.

# EVALUATION OF MANAGEMENT COMMENTS

In its comments on the draft report, USAID/RDMA agreed with all 12 audit recommendations. It has reached management decisions on Recommendations 1 through 12 and taken final action on Recommendation 8. A detailed evaluation of management comments follows.

**Recommendation 1.** USAID/RDMA agreed with the recommendation and required URC to conduct rigorous analyses of reported data, as well as to include any relevant strategic information and its use in progress and annual reports. The mission will conduct an assessment of the project's FY 2015 annual progress report to determine whether it meets the need for data analysis and strategic information. The target date for completion is January 29, 2016. We acknowledge the mission's management decision.

**Recommendation 2.** USAID/RDMA agreed with the recommendation and determined that the current requirement of semiannual and annual reporting is adequate. However, the mission will ask CAP-Malaria to provide quarterly updates on five Foreign Assistance (F) standard indicators. The mission will evaluate whether the required information is sufficient at the end of January 2016. The target date for completion is January 29, 2016. We acknowledge the mission's management decision.

**Recommendation 3.** USAID/RDMA agreed with the recommendation. It has worked with URC to improve access security controls for the project's management information system and plans to evaluate URC's access control system. The target date for completion is January 29, 2016. We acknowledge the mission's management decision.

**Recommendation 4.** USAID/RDMA agreed with the recommendation and required URC to strengthen its M&E capacity and reporting systems for the project. Corrective actions included reviewing M&E staffing, training staff on data collection, and updating the M&E plan. The mission will evaluate CAP-Malaria's implementation of M&E and reporting systems. The target date for completion is January 29, 2016. We acknowledge the mission's management decision.

**Recommendation 5.** USAID/RDMA agreed with the recommendation and completed DQAs in Burma and Thailand. The target date for completion of the final DQA report is September 30, 2015. We acknowledge the mission's management decision.

**Recommendation 6.** USAID/RDMA agreed with the recommendation and will conduct a DQA follow-up in Cambodia. The target date for completing the final DQA report is September 30, 2015. We acknowledge the mission's management decision.

**Recommendation 7.** USAID/RDMA agreed with the recommendation and required URC to strengthen the staffing capacity of its M&E teams and field offices. The mission plans to evaluate CAP-Malaria's implementation of the capacity strengthening plan. The target date for completion is January 29, 2016. We acknowledge the mission's management decision.

**Recommendation 8.** USAID/RDMA agreed with the recommendation and, along with its counterparts at USAID missions in Burma and Cambodia, conducted the recommended assessment. The mission also provided a list of defined roles and responsibilities for the project, that was agreed by its counterparts in Burma and Cambodia dated February 3, 2015. We acknowledge the mission's management decision and final action.

**Recommendation 9.** USAID/RDMA agreed with the recommendation but asked that it be revised to recommend that USAID/RDMA determine whether amendments to the cooperative agreement are necessary to change the project description and reporting requirements, and, if needed, make any required changes.

We decided that a revised recommendation would give the mission a better opportunity to make a thorough determination on the types of modifications needed to address the changes in the project implementation and reporting requirements. The target date for the completion of the determination is July 31, 2015. We acknowledge the mission's management decision.

**Recommendation 10.** USAID/RDMA agreed with the recommendation and provided FY 2015 CAP-Malaria work plans with the sustainability and exit plans for all three countries that URC had submitted. The target date for the completion of the mission's review of the plans is September 30, 2015. We acknowledge the mission's management decision.

**Recommendation 11.** USAID/RDMA agreed with the recommendation and provided FY 2015 CAP-Malaria work plans that included the gender audit and gender analysis for all three countries that URC had submitted. The target date for the completion of the mission's review of these is September 30, 2015. We acknowledge the mission's management decision.

**Recommendation 12.** USAID/RDMA agreed with the recommendation and will revise the mission order on performance monitoring to include a new paragraph on the purpose, expectations, and best practices for CORs/AORs to track those deliverables already received or still outstanding.

To further strengthen their understanding of this responsibility, the revised order will outline required procedures for CORs/AORs, such as maintaining a tracking sheet for deliverables and providing handover instructions for project transition between CORs/AORs. The target date for revising the mission order on performance monitoring is September 30, 2015. We acknowledge the mission's management decision.

# SCOPE AND METHODOLOGY

## Scope

RIG/Manila conducted this audit in accordance with generally accepted government auditing standards. They require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objective. We believe that the evidence obtained provides that reasonable basis.

The purpose of this audit was to determine whether USAID/RDMA's CAP-Malaria is achieving its main objectives, including improving the quality and effectiveness of diagnosis and treatment of malaria at the community and health facility levels, and supporting the establishment and maintenance of strategic information for malaria control. As of June 30, 2014, USAID/RDMA had obligated about \$14 million, and the project spent \$10 million for approximately 4 years of implementation.

The project has four specific objectives: (1) develop and increase cost-effective malaria control interventions to prevent the transmission of malaria, (2) improve the quality and effectiveness of diagnosis and treatment of malaria at the community and health-facility levels, (3) reduce management bottlenecks of the NMCPs in the three countries and local institutions to implement and monitor malaria control activities, and (4) support the establishment and maintenance of strategic information for malaria control. The project was implemented in Burma, Cambodia, and Thailand. For the cooperative agreement, URC organized a consortium with Save the Children and Kenan.

The period of performance under the cooperative agreement was from October 14, 2011, to October 13, 2016. The audit covered selected activities carried out from the beginning through June 30, 2014. The audit team performed fieldwork in Burma, Cambodia, and Thailand.

In planning and performing the audit, the audit team assessed significant controls that USAID/RDMA used to monitor project activities and ensure that URC was providing adequate management and oversight. The audit assessed the mission's policies and procedures for monitoring URC's progress in achieving the objectives listed in the cooperative agreement and for verifying that the activities funded by USAID conform to the terms and conditions of that award. In addition to the significant controls, we assessed URC's semiannual and annual progress reports, as well as the annual work plans and financial data.

We also met with USAID missions' staff in RDMA, Burma, and Cambodia, and at URC and its subpartners to discuss project status. We performed site visits to validate project achievements. Additionally, we examined the mission's FY 2013 annual self-assessment of management controls—which the mission is required to perform to comply with the Federal Managers' Financial Integrity Act—to check whether the assessment cited any relevant weaknesses.

We conducted audit fieldwork from September 24 to October 25, 2014, at USAID/RDMA in Bangkok; USAID/Cambodia in Phnom Penh; USAID/Burma in Yangon; and CAP-Malaria offices in those three cities. The team also met with government officials from the three countries to learn their perceptions of the project.

## Methodology

In assessing the progress of the activities carried out under the cooperative agreement, the audit team considered CAP-Malaria's semiannual and annual progress reports from the start of the project through March 2014, along with interviews conducted with mission officials, URC and subpartners' staff, and government officials. The team also considered the project's midterm evaluation report of May 14, 2014. Finally, the team reviewed USAID/RDMA's DQAs of URC conducted in 2012 and 2013.

Through interviews, documentation reviews, and data analysis, the audit team obtained an understanding of (1) the project's main goals, (2) how the mission and URC monitor the project, (3) how the mission checks the quality of the data reported, and (4) whether the mission, URC, and partners were aware of any allegations of fraud or other potential illegal acts or noncompliance with laws and regulations.

The audit team judgmentally selected project activities to conduct site visits in Cambodia and Thailand. During the visits, we interviewed consortium employees to solicit feedback on the project's activities, accomplishments, and challenges, and to assess the impact of the interventions on malaria. The audit team also randomly checked supporting documentation maintained by URC and its subpartners to validate reported results on the project's key performance indicators. For reported results of performance indicators with many supporting documents, we judgmentally selected reported data of specific villages for verification. We obtained an understanding of the level of fraud awareness among the staff at each location. In all, we discussed the project with 80 people.

To answer the audit objective, we relied extensively on the computer-processed data in the CAP-Malaria performance management information system maintained by URC's regional M&E team in Cambodia. Our review of system controls and the results of data tests showed an error rate that casts doubt on the data's validity. However, when these data are viewed with other available evidence, we believe the opinions, conclusions, and recommendations in the report are valid.

The sample of sites to visit was based on location, missions' recommendations, and audit team resources. Scheduled site visits to project activities in Burma were cancelled because the regional security office of U.S. Embassy there advised us about possible security threats from the internal conflicts in the selected areas and the limited time the audit team had in Burma. Instead, URC and Save the Children brought their employees, along with source documentation, from the field for interviews with the audit team. Since the testing and site selections were based on judgmental samples, the results and conclusions related to the analysis were limited to the items and areas tested, and they cannot be projected to the entire population. We believe our substantive testing was sufficient to support the audit's findings.

# MANAGEMENT COMMENTS



March 13, 2015

## MEMORANDUM

**TO:** Regional Inspector General/Manila, Matthew Rathgeber

**FROM:** USAID/Regional Development Mission for Asia Mission Director, Michael Yates /s/

**SUBJECT:** Management Response to Recommendations in Draft Report on Audit of USAID/Regional Development Mission for Asia's Greater Mekong Sub-region Malaria Control Project (Report No. 5-486-15-00X-P)

USAID's Regional Development Mission for Asia (RDMA) appreciates the professionalism and hard work of the audit team from the Regional Inspector General (RIG)/Manila in the conduct of the Greater Mekong Sub-region Malaria Control Project (CAP-Malaria) Performance Audit.

This memorandum transmits our positions on each of the audit recommendations, plans for corrective actions with target completion dates, and documentation of corrective actions taken thus far. Our responses are listed below.

**Recommendation 1:** *We recommend that USAID/Regional Development Mission for Asia require University Research Co. to conduct an analysis of the project's reported data, and, based on the results, include strategic information in the progress reports.*

**Actions Planned/Taken:** USAID/RDMA requested University Research Co. (URC) to conduct rigorous analyses of reported data, as well as to include any relevant strategic information and its use in progress and annual reports. In response, URC recruited a Strategic Information and Monitoring and Evaluation Advisor for the project with the responsibility to improve the project's monitoring, evaluation, and reporting as well as to conduct analysis of program data and include strategic information in the progress reports (Attachment 1). The next CAP-Malaria semi-annual report is due at the end of April 2015.

USAID/RDMA will critically evaluate whether URC has adequately addressed the weaknesses for data analysis and presentation of strategic information in their reports and will continue working with URC in their subsequent reports to ensure that the FY 2015 Annual Report to be submitted at the end of October 2015 will address the need for data analysis and strategic information.

The target date for completing assessment of CAP-Malaria reports is January 29, 2016.

**Recommendation 2:** *We recommend that USAID/Regional Development Mission for Asia determine whether more frequent reporting of the project's progress is required for better management, and, if necessary, amend the reporting requirement in the cooperative agreement accordingly.*

**Actions Planned/Taken:** USAID/RDMA has determined that the current requirement of semi-annual and annual reporting is adequate as information related to project progress is also reported through frequent communications with CAP-Malaria project staff, as well as field visits by in-country Activity Managers and the Agreement Officer Representative (AOR) from USAID/RDMA. However, in order for USAID/RDMA, USAID/Burma and USAID/Cambodia missions to obtain specific key quantitative data to monitor project progress against the annual targets, USAID/RDMA will request CAP-Malaria to provide quarterly updates on five Foreign Assistance (F) standard indicators. The mission will evaluate if the required information is sufficient at the end of January 2016.

The target date for evaluating available information is January 29, 2016.

**Recommendation 3:** *We recommend that USAID/Regional Development Mission for Asia require University Research Co. to establish access security controls in its project management information system to prevent unauthorized access.*

**Actions Planned/Taken:** USAID/RDMA worked with URC to improve security controls for the project's management information system. As a result, since December 2014, URC has taken corrective action by putting in place specific technical safeguards in its management information systems to prevent unauthorized access. Data entry personnel can only enter and edit data within 25 days after the end of the month. Modifications to data once they have been entered are to be done within 24 hours after the IT specialist has unlocked the system and only with written approval of Regional M&E Advisor. CAP-Malaria project is now currently testing the efficiency of this procedure. USAID/RDMA will continue working with URC to determine whether the control system is fully secure and appropriate.

The target date for evaluating the access control system is January 29, 2016.

**Recommendation 4:** *We recommend that USAID/Regional Development Mission for Asia require University Research Co. to implement a plan to improve the project's monitoring, evaluation, and reporting systems.*

**Actions Planned/Taken:** USAID/RDMA requested URC to strengthen their M&E capacity and reporting systems including the following actions:

- Review staffing structure of both URC and implementing partners to ensure that the project has adequate personnel for implementation, supervision, and managing the M&E system from field to national levels including data quality assurance so that program data are verified at each step prior to submission to USAID/RDMA.
- Provide orientation to staff on the Project M&E plans so that they understand data collection, definitions of indicators, data use, and reporting.
- Provide coaching to field and relevant staff on data collection so that information is accurately documented.
- Update the Project Monitoring and Evaluation Plan so that it reflects current interventions and reporting requirements.

In response to RDMA's request, CAP-Malaria project has reviewed their staffing structure, roles, and responsibilities, and started recruiting additional staff for monitoring and evaluation functions for Burma, Cambodia and Thailand and plans to conduct training and on-the-job support for staff.

As mentioned earlier under response to the Recommendation 1, the responsibilities of the Strategic Information and M&E Advisor include a review of the current M&E and reporting system and development

of an improvement plan. USAID/RDMA will review the plan and monitor URC's implementation of that plan.

Please see further information under response for Recommendation 7.

The target date for evaluating CAP-Malaria's implementation of M&E and reporting systems is January 29, 2016.

**Recommendation 5:** *We recommend that USAID/Regional Development Mission for Asia conduct a comprehensive data quality assessment for the CAP-Malaria project that includes detailed testing of data in Burma and Thailand.*

**Actions Planned/Taken:** USAID/RDMA recently conducted a Data Quality Assessment (DQA) for CAP-Malaria in Tanintharyi and Kayin, Burma, during February 9-13, 2015. The DQA team was comprised of two members of the Strategic Information team from USAID/RDMA, CAP-Malaria's Agreement Officer Representative, CAP-Malaria Activity Manager for Burma and two program staff from the Burma mission. The team reviewed the Project staffing structure, roles and responsibilities of M&E at each level of the data system and data flow, and evaluated the quality of reported data for the FY 2014 period. At the time of the DQA, CAP-Malaria has already appointed additional staff for both field operations and for M&E functions including a position for data quality assurance in Tanintharyi region. Preliminary findings of the DQA were provided to CAP-Malaria project for further action.

The DQA for CAP-Malaria Thailand was conducted in Ranong Province (March 9-11, 2015).

The target date for final DQA reports for both Burma and Thailand is September 30, 2015.

**Recommendation 6:** *We recommend that USAID/Regional Development Mission for Asia verify and document whether University Research Co. has taken adequate corrective actions to address the recommendations of the previous data quality assessments conducted on the CAP-Malaria project in Cambodia.*

**Actions Planned/Taken:** USAID/RDMA has already planned with the USAID/Cambodia mission to verify and document whether URC has taken adequate corrective actions to address the recommendations from the previous DQA.

USAID/RDMA's data quality assessment team will conduct a DQA follow-up in Cambodia during March 30 - April 2, 2015.

The target date for URC to take adequate corrective actions is by September 30, 2015.

**Recommendation 7:** *We recommend that USAID/Regional Development Mission for Asia require University Research Co. to strengthen the staffing capacity of its monitoring and evaluation teams and field offices so the project can verify data before submission to the mission.*

**Actions Planned/Taken:** USAID/RDMA understands that Recommendations 1, 4, and 7 are inter-related and are linked to having adequate staffing with appropriate knowledge and skills in place. URC has submitted a plan to increase staff capacity by hiring more staff for the main country office and at field levels, and by providing training to the staff in all three countries. The details of the plan are in Attachment 2.

The target date for USAID/RDMA to evaluate CAP-Malaria's implementation of the capacity strengthening plan is January 29, 2016.

**Recommendation 8:** *We recommend that USAID/Regional Development Mission for Asia and its counterparts at USAID missions in Burma and Cambodia conduct and document an assessment of the regional component of the project to define roles and responsibilities of each mission.*

**Actions Planned/Taken:** USAID/RDMA recognizes the changing operational context of the regional project and the increased capacity of the Burma and Cambodia missions during the past two years. Following the audit exit conference and to improve management of the CAP-Malaria project, a Roles and Responsibilities matrix was developed and circulated to both Cambodia and Burma missions for inputs and comments. The purpose of the Roles and Responsibilities matrix was to streamline communications among in-country partners, bilateral missions, and USAID/RDMA, and to clarify the roles and responsibilities of the respective parties in management of the project. The final version of the Roles and Responsibilities matrix is attached (Attachment 3). USAID/RDMA received concurrences from Burma and Cambodia missions on February 3, 2015.

Furthermore, to facilitate more in-country management responsibilities, a Designation Letter for a CAP-Malaria Activity Manager for Cambodia was issued by USAID/RDMA's Agreement Officer on January 7, 2015 (Attachment 4). The Designation Letter for a CAP-Malaria Activity Manager for Burma was issued on June 2014 (Attachment 5).

Based on the above actions, we believe that appropriate corrective actions have been taken and request that the recommendation be closed upon issuance of the final report.

**Recommendation 9:** *We recommend that USAID/Regional Development Mission for Asia amend the cooperative agreement to reflect the required changes to the project description and reporting requirements.*

**Management Response and Actions Planned:** USAID/RDMA respectfully requests that this recommendation be revised to recommend that USAID/RDMA *review* and *determine* whether the cooperative agreement should be amended. As currently written, the recommendation to amend the Cooperative Agreement presumes that a determination has already been made. Prior to any amendment to any cooperative agreement, it is the Agreement Officer's responsibility to make a determination that an amendment is needed or advisable. We recommend that any audit recommendations reflect this responsibility.

Suggested revision: "We recommend that USAID/Regional Development Mission for Asia determine whether amendments to the cooperative agreement are necessary to change the project description and reporting requirements and, if needed, make any required changes."

If this revision is acceptable to RIG, the Agreement Officer and the Agreement Officer's Representative will review the cooperative agreement to determine how best to reflect (a) changes to the Thailand component of the award and (b) that the project now requires three individual country work plans and country program reports. Once a determination is made, the Agreement Officer will proceed accordingly.

Target date for determination and plan by Agreement Officer: July 31, 2015

**Recommendation 10:** *We recommend that USAID/Regional Development Mission for Asia require University Research Co. to complete the sustainability and exit plan for the CAP-Malaria project as stated in the implementation plan of the cooperative agreement.*

**Actions Planned/Taken:** USAID/RDMA has requested URC to complete the sustainability and exit plans for the three countries. URC has included development of the sustainability and exit plans for the three countries in FY 2015 CAP-Malaria work plans (Attachment 6, 7, and 8).

The target date for USAID/RDMA review of sustainability and exit plans is September 30, 2015.

**Recommendation 11:** *We recommend that USAID/Regional Development Mission for Asia require University Research Co. to conduct a gender analysis and internal gender audits for Burma, Cambodia, and Thailand as stated in the cooperative agreement.*

**Actions Planned/Taken:** USAID/RDMA has requested URC to conduct a gender analysis and internal gender audits for Burma, Cambodia and Thailand. URC has included gender audit and gender analysis for the three countries in FY 2015 CAP-Malaria work plans (Attachment 6, 7, and 8).

The target date for USAID/RDMA review of gender analysis and gender audits is September 30, 2015.

**Recommendation 12:** *We recommend that USAID/Regional Development Mission for Asia implement procedures to track project deliverables so that incoming agreement and contracting officer's representatives will have the most updated information for project management.*

**Actions Planned/Taken:** To strengthen project management, USAID/RDMA will develop a tracking sheet as recommended to document submission of deliverables as stated in the Cooperative Agreement. This tracking sheet will enable the AOR to track deliverables received or still outstanding and to ensure that all requirements under the Cooperative Agreement are fulfilled and submitted in a timely manner.

The target date for implementation of CAP-Malaria deliverables tracking is September 30, 2015.

**List of attachments:**

- Attachment 1: Scope of Work for Strategic Information and M&E Advisor
- Attachment 2: CAP-Malaria staff capacity strengthening plan
- Attachment 3: Final version of Roles & Responsibilities matrix for RDMA, Burma, and Cambodia missions and concurrences of Burma and Cambodia missions for Roles & Responsibilities matrix
- Attachment 4: Designation letter for Cambodia Activity Manager
- Attachment 5: Designation letter for Burma Activity Manager
- Attachment 6: Workplan page of CAP-M Thailand
- Attachment 7: Workplan page of CAP-M Burma
- Attachment 8: Workplan page of CAP-M Cambodia



March 18, 2015

**MEMORANDUM**

**TO:** Regional Inspector General/Manila, Matthew Rathgeber

**FROM:** USAID/Regional Development Mission for Asia, Acting Mission Director, Carrie Thompson /s/

**SUBJECT:** Management Response to Recommendation 12 in Draft Report on Audit of USAID/Regional Development Mission for Asia's Greater Mekong Sub-region Malaria Control Project (Report No. 5-486-15-00X-P)

Please find below the Mission's action plan to address Recommendation 12 of the subject draft audit report.

**Recommendation 12:** *We recommend that USAID/Regional Development Mission for Asia implement procedures to track project deliverables so that incoming agreement and contracting officer's representatives will have the most updated information for project management.*

**Actions Planned/Taken:** USAID/RDMA concurs that performance management, including tracking of contract or grant deliverables, is a fundamental responsibility of all agreement and contracting officers' representatives. RDMA's Mission Order on Performance Monitoring (203.003, October 2013) includes a detailed section on "Data Collection, Oversight, and Quality Assurance" but does not specifically include any discussion on monitoring deliverables. To clarify that this is a responsibility for Contracting Officer Representatives (CORs) and Agreement Officer Representatives (AORs), RDMA will revise the Mission Order on Performance Monitoring to include a new paragraph on the purpose, expectations, and best practices for CORs/AORs to track those deliverables already received or still outstanding.

To further strengthen COR/AORs' understanding of this responsibility, this paragraph in the revised Mission Order will include a sentence that outlines required procedures, including requiring CORs/AORs to maintain a "deliverable tracking sheet" and "handover note, approved by office director" among the list of files and data that they are responsible to maintain. Note that RDMA will recommend no particular format for such a deliverable tracking sheet, and CORs/AORs will choose for themselves whether their activity deliverables are complex enough to require a Gantt chart or simple enough that a checklist will suffice. The target date for revising the Mission Order on Performance Monitoring is September 30, 2015.

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