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OFFICE OF INSPECTOR GENERAL

**AUDIT OF USAID/UGANDA'S
IMPLEMENTATION OF THE
PRESIDENT'S MALARIA
INITIATIVE**

AUDIT REPORT NO. 4-617-08-004-P
April 10, 2008

PRETORIA, SOUTH AFRICA



Office of Inspector General

April 10, 2008

MEMORANDUM

TO: USAID/Uganda Mission Director, Margot Ellis

FROM: Acting Regional Inspector General/Pretoria, James C. Charlifue /s/

SUBJECT: Audit of USAID/Uganda's Implementation of the President's Malaria Initiative (Report No. 4-617-08-004-P)

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

The report includes 13 recommendations to strengthen USAID/Uganda's implementation of the President's Malaria Initiative. In response to the draft report, the mission concurred with 10 recommendations, and has issued revised policies and procedures for final action on recommendation nos. 5, 8, and 13. For recommendation nos. 2, 3, 4, 9, 10, 11, and 12, a management decision has been reached. Please provide USAID's Office of Audit, Performance, and Compliance Division (M/CFO/APC) with the necessary documentation demonstrating that final action has been taken on these recommendations.

A management decision has not been reached on recommendation nos. 1, 6, and 7. Please provide my office written notice within 30 days of any additional information related to the actions planned or taken to implement these recommendations.

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

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SUMMARY OF RESULTS

The Regional Inspector General/Pretoria conducted this audit to determine whether selected activities of USAID/Uganda under the President's Malaria Initiative (PMI) were achieving planned results and what was the impact. PMI was launched by the Administration in June 2005 with a goal of reducing malaria-related deaths in 15 target countries in Africa. This 5-year, \$1.2 billion initiative intends to reach 85 percent of the most vulnerable people (pregnant women and children under age 5) through prevention and treatment. USAID leads the initiative with assistance from numerous other organizations. (See page 2).

The audit found significant issues in that insecticide was stored with drugs and insecticide packages had expired before they could be used (see pages 5 and 6). In addition, while some progress was reported toward achieving results, the quality of the data to support results needs improvement. The audit found an incomplete performance management plan, lack of project site visits, problems with data quality, and lack of inventory records. (See pages 7–15).

The audit also was unable to determine the impact of USAID/Uganda's PMI program at a higher level. In two districts in which PMI interventions took place, one study indicated a reduction in malaria cases, while a study in a second district indicated no change in reported cases. In both studies, however, it is unknown whether the results can be attributed to PMI interventions or other international donor interventions. It is also unknown whether these results are representative of the entire districts. (See page 4)

Although it appears progress was made in fiscal year 2006¹ in expanding the preexisting program into the current PMI program—which covers bed net distribution, indoor residual spraying, intermittent preventive treatment, and artemisinin-based combination therapy drugs—this report includes 13 recommendations to improve USAID/Uganda's PMI program. Recommended actions are summarized as follows: (1) segregate storage of drugs and retreatment insecticide² and test for contamination; (2) protect, safely collect, and dispose of expired retreatment insecticide; (3) manage the use and storage of bed net retreatment insecticide packages to ensure that packages are used prior to expiration; (4) complete an approved performance management plan; (5) develop and implement a plan to conduct site visits; (6) perform data quality assessments on all performance indicators; (7) assess the performance indicator for bed net distribution and establish procedures to ensure more meaningful reporting; (8) provide training to partners on how to properly record and report bed net distribution results; and (9) implement adequate commodity inventory controls. (See pages 5 to 15.)

In response to the draft report, the mission concurred with 10 recommendations—issuing revised policies and procedures for final action for three recommendations, and taking sufficient actions for management decision on seven recommendations. A management decision has not been reached on three recommendations. Management's comments are included in their entirety in appendix II.

¹ The report covered PMI activities for fiscal year 2006.

² Retreatment insecticide is used to treat old bed nets with insecticide to improve their effectiveness in repelling and killing mosquitoes that land on them.

BACKGROUND

On June 30, 2005, President George W. Bush launched the President's Malaria Initiative (PMI) with a goal of reducing malaria-related deaths by 50 percent in 15 target countries in Africa by the end of 2010. The initiative's goal is to reach 85 percent of the most vulnerable people (pregnant women and children under age 5) through prevention and treatment. PMI is a 5-year, \$1.2 billion program that began in 2006 in Angola, Tanzania, and Uganda. Four countries were added in 2007, and eight more countries are beginning implementation in 2008.³ USAID leads PMI with assistance from the U.S. Centers for Disease Control and Prevention (CDC), host country governments, international partners, nongovernmental organizations, faith-based and community groups, and the private sector. From the beginning of the PMI program, USAID/Uganda has involved numerous implementing partners, such as various Ugandan governmental organizations and international donors, including the Global Fund to Fight AIDS, Tuberculosis, and Malaria, in designing the program to address Uganda's needs. The CDC was also scheduled to be a partner with PMI beginning in fiscal year 2007.

USAID/Uganda's key program areas for the prevention and treatment of malaria—as published in the first annual report for the entire PMI program—are as follows:

- Insecticide-treated bed nets: Insecticide-treated bed nets are made available to targeted populations through the subsidized net program in which retailers are subsidized for each sale, the private-sector net programs in which retailers are supported through social marketing, and the net retreatment program in which nets are re-treated with insecticide.
- Indoor residual spraying: Insecticide is sprayed on the interior walls of houses to interrupt malaria transmission by killing mosquitoes.
- Intermittent preventive treatment: Pregnant women are treated with at least two doses of sulfadoxine-pyrimethamine, which prevents or attenuates malaria, as well as anemia and low birth weight. Training and supervision of health workers have been provided under PMI.
- Artemisinin-based⁴ combination therapy drugs: PMI purchases these drugs, which are the most effective and fast-acting products available for the treatment of malaria. PMI also establishes support systems for distributing these drugs and training health care workers in their use.

Malaria is endemic in 95 percent of Uganda and represents the country's leading cause of illness and death, according to the Ugandan Ministry of Health. In 2003, the Ministry of Health reported that malaria accounted for up to 40 percent of outpatient care visits and 25 percent of hospital admissions. Nearly half of hospital inpatient deaths among children under 5 years of age are due to malaria.

In fiscal year 2006, USAID/Uganda reported that \$9.5 million was obligated for PMI. For fiscal year 2007, the mission reported that this figure increased to \$21.5 million.

³ These countries are Malawi, Mozambique, Rwanda, Senegal, Benin, Ethiopia, Ghana, Kenya, Liberia, Madagascar, Mali, and Zambia.

⁴ Artemisinin is an antimalarial drug derived from the plant *Artemisia annua*.

AUDIT OBJECTIVE

The Regional Inspector General/Pretoria conducted this audit at USAID/Uganda as part of the Office of Inspector General's annual audit plan to answer the following question:

- Did USAID/Uganda's President's Malaria Initiative activities achieve their planned results, and what has been the impact?

Appendix I contains a discussion of the audit's scope and methodology.

AUDIT FINDINGS

The audit found significant issues in that insecticide was stored with drugs and retreatment insecticide had expired before it could be used. In addition, although some progress was reported under the President's Malaria Initiative (PMI) toward achieving results, the quality of the data to support results needed improvement. USAID/Uganda appears to have made progress in fiscal year 2006 in expanding the preexisting malaria program into the current PMI program in the areas of (1) bed net distribution, (2) indoor residual spraying, (3) intermittent preventive treatment, and (4) artemisinin-based combination therapy drugs.

Specifically, while instituting an indoor residual spraying program for the first time, the mission expanded the insecticide-treated bed net distribution program to include the retreatment of existing nets. It also replaced the older, less effective antimalarial drug program with new artemisinin-based combination therapy drugs, in addition to introducing an intermittent preventive treatment program under which health workers are trained.

The audit was unable, however, to determine the impact of USAID/Uganda's PMI program at a higher level for the following reasons:

- In the Kabale District, in which USAID/Uganda conducted its indoor residual spraying program, one independent study indicated a reduction in malaria cases in one Ministry of Health facility. However, it is uncertain whether this result can be attributed to the PMI or whether it is the result of other international donor interventions. Additionally, it is unknown what occurred at other Ministry of Health units in the district over the same period and whether this reduction is representative of the district.
- In the Bushenyi District, in which USAID/Uganda conducted bed net distributions and other interventions, one independent study found no significant change in both inpatient and outpatient malaria cases for children under 5 years of age in two Ministry of Health facilities. Again, these two hospitals may not be representative of the entire district. It is also not possible to directly attribute these results to PMI interventions or other donor interventions.

The audit found that the mission needs to strengthen internal control, enhance management oversight, and improve data quality and reliability. An effective response will include (1) segregating the storage of drugs and insecticide and testing drugs for contamination, (2) improving insecticide management to avoid the expiration of stock, (3) approving the performance management plan (PMP), (4) planning and conducting site visits, (5) completing data quality assessments, (6) reassessing the bed net distribution performance indicator and establishing procedures to help ensure more meaningful reporting, (7) improving partners' reporting of bed net distribution results, and (8) improving inventory record keeping and controls. These areas are discussed below.

Retreatment Insecticide Stored With Drugs

Summary: Contrary to accepted guidance, retreatment insecticide was stored with drugs at service provider facilities. This practice could contaminate drug supplies. It occurred because of a lack of technical guidance to service providers, as well as a lack of site visits.

Most insecticides are chemicals that are used to eradicate pests. They may also harm other organisms, and most are poisonous to humans. In fact, the World Health Organization (WHO) estimated that one million people are affected by insecticide poisoning every year and that 20,000 die as a result of being unaware of the risks involved in handling insecticides. Considering their toxicity, it is not surprising that a variety of guidance requires that insecticides be stored separately from goods that might be ingested by people. For example, the *Pesticide Storage and Stock Control Manual* issued by the Food and Agriculture Organization of the United Nations unequivocally states that insecticide stores should contain only insecticides. Similarly, WHO guidance addressing safety measures for insecticide use states that insecticides should be kept away from food and medicine, as well as from clothing, children, and animals. Finally, guidance from the International Programme on Chemical Safety notes specifically that the ingredients in some of the insecticides used in the mission's program should be stored in a locked storeroom away from feed, foodstuffs, children, and unauthorized personnel.

Despite the risks, in the three districts sampled—Ibanda, Kiruhura, and Mbarara—retreatment insecticide was stored alongside of drugs, such as antibiotics, and other medical supplies in the Ministry of Health storage facilities prior to distribution to retreatment teams. This practice is potentially dangerous and could result in the cross-contamination of the drugs and medical supplies in the storeroom.

This storage practice occurred because Ministry of Health employees were unaware of the dangers associated with storing insecticide and medical supplies in the same storeroom. Moreover, these employees stated that they had not received any guidance from either USAID or the implementing partner on how to store the insecticide properly. An additional contributory cause was the lack of site visits on the part of USAID and the implementing partner, which could have identified and corrected the practice. To address this situation, this audit makes the following recommendations.

Recommendation No. 1: We recommend that USAID/Uganda request that the Ministry of Health (a) immediately separate stocks of insecticide and medicine/medical supplies and (b) store such stock in separate facilities.

Recommendation No. 2: We recommend that USAID/Uganda request that the Ministry of Health (a) test the medicine and medical supplies that had been stored with insecticide for contamination and (b) destroy medicine and medical supplies found to be contaminated.

Recommendation No. 3: We recommend that USAID/Uganda develop a plan, with milestones, to provide training to all service providers on how to properly store retreatment insecticide prior to distribution.

Retreatment Insecticide Expired

Summary: Contrary to efficient management practices, significant numbers of retreatment insecticide packages expired before they could be used to re-treat bed nets. This occurred as a result of weak monitoring controls, which included the lack of site visits. Aside from the nonavailability and cost of the expired insecticide, proper disposal will incur additional costs.

Significant numbers of retreatment insecticide packages expired before they could be used in re-treating bed nets. In a sample of the three districts of Ibanda, Kiruhura, and Mbarara, approximately 21,000 net retreatment packages were expired out of a total of 59,000 distributed. This resulted in two distinct problems: (1) the cost associated with the loss of these retreatment packages and (2) the additional cost to properly dispose of the expired packages. USAID/Uganda's *Pesticide Evaluation Report and Safer Use Action Plan* calls for all appropriate efforts to ensure that the disposal of pesticides for insecticide-treated nets distributed in its program complies with WHO Pesticide Evaluation Scheme guidelines.

The Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* states that an agency's internal control should provide reasonable assurance concerning the effectiveness and efficiency of operations, including the use of the agency's resources. In this case, the mission's limited internal control over monitoring and evaluating was not able to effectively manage the use of the insecticide prior to its expiration at either the implementing partner level or the USAID level. Moreover, there was no technical guidance provided to the service providers or proactive controls on the part of the implementing partner or USAID to manage insecticide stocks to avoid wasteful expiration.

To strengthen the mission's bed net retreatment program, this audit makes the following recommendations:

Recommendation No. 4: We recommend that USAID/Uganda develop a plan, with milestones, to protect, safely collect, and dispose of expired retreatment insecticide in accordance with World Health Organization standards.

Recommendation No. 5: We recommend that USAID/Uganda, in conjunction with its implementing partner, establish procedures to manage the storage and use of bed net retreatment insecticide packages to ensure that all packages are used prior to expiration.

Performance Management Plan Was Not Updated or Approved

Summary: Contrary to applicable guidance, the performance management plan (PMP) for the fiscal year 2006 PMI program (Strategic Objective No. 8) was neither approved nor updated. This occurred because the mission did not require a final approved PMP. In the absence of a completed and approved PMP, significant data quality problems occurred and USAID/Uganda did not have reasonable assurance that it was maintaining the elements that are essential to the operation of a credible and useful performance-based management system.

USAID's *Preparing a Performance Monitoring Plan* (TIPS No. 7) states that a mission's strategic plan will have identified preliminary performance indicators, and adds that the PMP builds on this initial information. The definition of each indicator and the unit of measure should be detailed enough to ensure that different people at different times would collect identical types of data. USAID's Automated Directives System (ADS) 203 emphasizes that operating units will prepare a PMP for each strategic objective. Information included, shall enable comparable performance data to be collected over time, even in the event of staff turnover, and shall clearly articulate expectations in terms of scheduling and responsibility. Specifically, PMPs shall provide a detailed definition of the performance indicators that will be tracked; specify the source, method of collection, and schedule of collection for all required data; and assign responsibility for collection to a specific office, team, or individual. Finally, GAO's *Standards for Internal Control in the Federal Government* states that control activities are an integral part of achieving effective results and that such activities include approvals and authorizations.

Nevertheless, the PMP for the fiscal year 2006 PMI program (Strategic Objective No. 8) was neither updated nor approved by management. Although the audit team was able to obtain a copy of a draft plan dated May 2006, no final version of the draft or management approval of the draft could be located. Additionally, the draft plan was not completely updated to reflect the new expanded PMI program. Comparing the draft PMP to the first annual PMI report revealed several discrepancies. Bed net retreatment, indoor residual spraying, and intermittent preventive treatment were not included as performance indicators in the draft PMP. In addition, artemisinin-based combination therapy was included in the PMI report, but the draft PMP still referenced use of previously discontinued drugs.

These omissions occurred because the mission did not require the strategic objective team to complete a PMP for approval by mission management. The mission cited staffing constraints owing to the rapid expansion of the preexisting malaria program under PMI, stating that the staffing levels at the time were not adequate to address the additional management responsibilities posed by PMI. Regarding the lack of management approval, mission officials stated that approval was not a requirement in the ADS. Although this is technically true, without management approval, the PMP remained a draft document and never became an official mission document. Moreover, final management review before approval might have revealed the omissions mentioned above. Finally, as noted in GAO's *Standards for Internal Control in the Federal Government*, such approvals are an integral part of achieving effective results.

Without a completed and approved PMP, USAID/Uganda has lacked a critical tool for planning, managing, and documenting data collection. The PMP contributes to the effectiveness of the performance monitoring system by ensuring that comparable data will be collected on a regular and timely basis. Without it, the mission did not have reasonable assurance that it was maintaining the elements essential to a credible and useful performance-based management system. Had the plan been completed as required, many of the data quality problems noted in this report could have been avoided.

The PMI performance management plan for fiscal year 2007 has subsequently been updated to reflect the new expanded PMI program. However, the mission does not have formal procedures for officially approving PMPs (the fiscal year 2007 plan was also not approved by management) and for making such a plan an official mission document. Therefore, this audit makes the following recommendations:

Recommendation No. 6: We recommend that the USAID/Uganda complete and implement a final approved performance management plan under the President's Malaria Initiative program.

Recommendation No. 7: We recommend that USAID/Uganda establish procedures requiring final, approved performance management plans.

Site Visits Were Not Conducted

Summary: USAID/Uganda did not conduct site visits to its implementing partners and service providers for the fiscal year 2006 PMI program, contrary to USAID guidance. The mission attributed the lack of site visits during that time to the lack of staff assigned to the PMI program. Without active monitoring through site visits, the mission did not have reasonable assurance that reporting and data used for performance-based decision making were accurate and reliable. Additionally, regular site visits might have prevented many of the problems identified in this report.

ADS 202.3.4.6 states that strategic objective teams must ensure that they have adequate official documentation on agreements used to implement USAID-funded projects, resources expended, issues identified, and corrective actions taken. ADS 202.3.6 states that monitoring the quality and timeliness of outputs produced by implementing partners is a major task of cognizant technical officers and strategic objective teams. It specifies that problems in output quality provide an early warning that results may not be achieved as planned and that early action in response to problems is essential in managing for results. The audit team believes that regular site visits are an integral part of such monitoring.

The PMI strategic objective team did not conduct site visits for implementing partners and service providers in the fiscal year 2006 PMI program. The audit team could find no record of any site visits by USAID/Uganda officials to implementing partners and service providers for either the projects carried over from the previous program or the new projects as reported in the PMI annual report. Several service providers reported that implementing partners had not conducted site visits to their projects either.

This occurred as a result of weak monitoring controls and reported staffing constraints on the part of USAID/Uganda. The PMP, which specifies monitoring and data collection procedures, was not completed for fiscal year 2006 and did not contain all of the PMI projects for that year. The mission cited the lack of adequate staff at the time to address all of the additional responsibilities for the expanded PMI program.

USAID/Uganda has addressed two of the problems mentioned above. As of October 17, 2007, the mission has had a new Mission Order (No. 200-6B)⁵ to establish policy and procedures for the submission of site inspection and field visit reports. The mission was also advertising for additional staff for the PMI team. However, based on the comments of service providers, it appears that implementing partners may not have monitored service providers as extensively as they should have.

Without active monitoring through regular site visits, the mission did not have reasonable assurance that data used for performance-based decisionmaking and reporting were accurate and reliable. An active monitoring program with regular site visits for monitoring project progress might have helped to avoid many of the data quality and program management problems identified in this audit. Therefore, this audit makes the following recommendation:

Recommendation No. 8: We recommend that USAID/Uganda develop and implement a plan to regularly perform and document site visits to President's Malaria Initiative implementing partners that include the assessment of progress, the validation of reported data, and the verification of those partners' monitoring of service providers.

Data Quality Assessments Were Not Completed

Summary: Data quality assessments were not completed in the required timeframe for the performance indicators reported in the fiscal year 2006 PMI annual report, as required by USAID guidance. This situation arose as a result of weak internal control. Uncompleted data quality assessments led to data quality problems, and USAID/Uganda did not have reasonable assurance that data quality for published results met validity, timeliness, and reliability standards, the lack of which could negatively affect performance-based management decisions.

ADS 203.3.5 states that operating units shall, at regular intervals, critically assess the data they are using to monitor performance to ensure that the data are of reasonable quality and accurately reflect the process or phenomenon they are being used to measure. It also states that data quality will be assessed as part of the process of establishing performance indicators and choosing data collection sources and methods. Finally, ADS 203.3.5.2 states that data reported to USAID/Washington for Government Performance and Results Act reporting purposes or for reporting externally on agency performance, such as the first annual PMI report, must have had a data quality assessment within the 3 years before submission.

⁵ This Mission Order was issued in response to a recommendation from a prior Office of Inspector General audit report, *Audit of USAID/Uganda's Microfinance Activities*, report no. 4-617-07-010-P, dated August 30, 2007.

Data quality assessments for the four major performance indicators in the fiscal year 2006 PMI program were not completed within the 3 years before submission. The audit team could find no assessments in the required timeframe for the mission's four major performance indicators: (1) insecticide-treated bed nets, (2) indoor residual spraying, (3) intermittent preventive treatment, and (4) artemisinin-based combination therapy drugs. USAID/Uganda did, however, have a report dated June 2007 from the implementing partner contracted to do assessments, but the report did not completely conform to requirements. In addition to being published after the fiscal year 2006 PMI annual report, the assessment report included only an assessment covering the net distribution indicator. It did not include assessments for the other three reported results. Additionally, the assessment rated the indicator "acceptable" and did not identify the data quality problems identified in this report, other than the indicator definition issue described in the following finding.

Data quality assessments were not performed in the required timeframe because the mission lacked internal control to enforce ADS requirements and ensure that assessments were completed prior to the publication of annual or external reports. According to mission officials, a contributory cause was a lack of staff at the time the PMI program was initiated. To address the need to complete the data quality assessments for all PMI performance indicators, and the lack of controls requiring assessments in the required timeframes, this audit makes the following recommendations:

Recommendation No. 9: We recommend that USAID/Uganda perform data quality assessments on all performance indicators under the President's Malaria Initiative program that are reported either annually or externally.

Recommendation No. 10: We recommend that USAID/Uganda establish procedures, in conjunction with its assessment partner, to require completion of data quality assessments for all President's Malaria Initiative performance indicators prior to the time that results are submitted for publication in annual or external reports in accordance with applicable guidance.

Net Distribution Indicator Was Incorrectly Defined and Reported

<p>Summary: Contrary to USAID guidance, the net distribution indicator was incorrectly defined and reported. This resulted from the lack of a data quality assessment. Consequently, the results, as defined by the indicator, overstated the actual results, which could negatively affect subsequent results-oriented management decisions.</p>

The definition for the net distribution indicator was incorrectly defined and reported. Defined as nets that were either sold or distributed through retailers to consumers such as pregnant women and children under 5, the indicator reported results that reflected sales and distributions to either retailers or wholesalers and not to consumers. This led to overstated results, because many of the nets remained in the supply chain and had not been sold or distributed at the time of reporting. This issue could easily have been

identified by a data quality assessment on this performance indicator⁶ as required in the 3-year period prior to report submission.

According to ADS 203.3.4.2e, performance indicators selected for inclusion in the PMP should measure changes that are clearly and reasonably attributable to USAID efforts. Additionally, USAID's *Guidelines for Indicator and Data Quality* states that one of the critical requirements for an indicator is the degree to which the indicator and the related data accurately reflect the process it is being used to measure. It continues by stating that an indicator is valid if it closely tracks the result it is intended to measure.



Photo taken at Bobi Internally Displaced Persons Camp in Gulu, Uganda, on October 26, 2007. The household received free insecticide-treated net to protect children under the age of 5. (Photo taken by RIG/Pretoria auditor.)

This indicator did not measure what it was intended to measure, which could lead to erroneous decisions. Without accurate data, USAID/Uganda did not have reasonable assurance that data quality met validity, timeliness, and reliability standards, the lack of which could negatively affect decisionmaking. To ensure that the mission's reported results are measuring intended targets, this audit makes the following recommendation:

Recommendation No. 11: We recommend that USAID/Uganda assess its net distribution indicator and establish the procedures necessary to help ensure that the reporting for this performance indicator is a valid, timely, and reliable measure of program accomplishments.

⁶ See the previous finding on page 10 for a discussion of the lack of data quality assessments for PMI indicators.

Net Distribution Results Were Not Always Accurate and Supported

Summary: Bed net distribution was incorrectly reported by the implementing partner and private sector net distributions were partially unsupported, contrary to Federal guidance. The principal cause was the lack of adequate record-keeping and reporting systems, which resulted from a lack of training. Consequently, USAID/Uganda did not have reasonable assurance that intended results were being achieved, which could negatively affect performance-based decisions.

Our samples identified several data quality problems with service providers and the implementing partner involved in the insecticide-treated bed net distribution. These included (1) results reported from the wrong reporting period, (2) results reported that were not part of USAID's program, (3) the lack of supporting documentation for results, and (4) a mathematical error. These errors were found in the two major PMI subprogram areas discussed below.



Photo of insecticide-treated net used by the beneficiary in the picture presented on page 11. (Photograph taken by RIG/Pretoria auditor on October 26, 2007, Gulu, Uganda.)

Subsidized Net Distribution – The implementing partner incorrectly reported subsidized net distribution for two of its service providers, and lacked supporting documentation for a third provider under this program area. In a sample of subsidized nets distributed, the implementing partner had included 2 months of fiscal year 2007 data, which overstated results for one of its service providers by 8,651 nets in the number reported for fiscal year 2006. Since USAID and the Federal Government use an annual period for reporting results against their respective targets, including data from the next fiscal year artificially inflated the reported results. This practice can also lead to

double counting if those results from the next fiscal year are counted again in the succeeding year. For a second service provider, 658 nets were reported to USAID that were not subsidized and not part of USAID's PMI program. For a third service provider, no records were provided to support a reported 7,142 nets distributed.

Private Sector Net Distribution – The principal implementing partner had a mathematical error, and one service provider lacked data to support part of the reported net distributions under this program area. The implementing partner did not have supporting documentation for 17,716 nets that were reported as distributed by its five service providers. Additionally, one of the service providers did not have any supporting documentation for approximately 8,000 retail distributions.

The GAO's *Standards for Internal Control in the Federal Government* states that all transactions and significant events need to be clearly documented and that the documentation should be readily available. Promptly recording transactions helps to ensure that all transactions are completely and accurately recorded. USAID's *Guidelines for Indicator and Data Quality* (TIPS No. 12) states that USAID's results-oriented management approach relies on managers to support their decisions with performance information. Sound decisions require accurate, current, and reliable information, and the benefits of this results-oriented approach depend substantially on the quality of the performance information available. According to ADS 203.3.4.2e, performance indicators selected for inclusion in the PMP should measure changes that are clearly and reasonable attributable to USAID efforts. *Guidelines for Indicator and Data Quality* also states that one of the critical requirements for an indicator is the degree to which the indicator and the related data accurately reflect the process it is being used to measure. An indicator is valid if it closely tracks the result it is intended to measure.

The data problems described above occurred because of the lack of training for the service providers and the implementing partner. The service providers stated that they had not received training or guidance on what record-keeping systems were necessary and what specifically constituted the reporting period. The implementing partner was unable to explain the variance between service provider records and the information reported to USAID. The partner was also unaware of the reporting problems associated with the service providers. Internal control for results reporting was not sufficiently reliable to ensure that reported service provider results were part of the mission's program, occurred within the reporting period, were accurate and supported, and were accurately summarized prior to being reported to the mission.

Without accurately reported results, USAID/Uganda did not have reasonable assurance that data quality met validity, timeliness, and reliability standards, the lack of which could negatively affect performance-based decisionmaking. For these reasons, this audit makes the following recommendation to strengthen the results reporting system under the mission's PMI program:

Recommendation No. 12: We recommend that USAID/Uganda develop a plan, with milestones, to provide training to all service providers and the implementing partner on how to properly record and report on bed net distribution, including that results occur in the proper reporting period, are part of USAID/Uganda's program, are properly supported, and are mathematically accurate.

Lack of Inventory Records and Controls

Summary: Contrary to applicable guidance, four districts lacked data and inventory control systems for the storage of bed net retreatment insecticide packages and the receipt and distribution of artemisinin-combination therapy drugs. The principal cause was the lack of training given to the service providers. Consequently, USAID/Uganda did not have reasonable assurance that intended results were being achieved, which could negatively affect performance-based decisions.

The four districts sampled⁷ lacked data and inventory control systems for the storage of retreatment insecticide packages and the receipt and distribution of artemisinin-combination therapy drugs. These two program areas are discussed below.

Retreatment Packages – There were no data and inventory systems for the storage of net retreatment packages in a sample of the three districts of Ibanda, Kiruhura, and Mbarara. The Ministry of Health medical stores for the three districts did not maintain an inventory system, which made it impossible to verify reported retreatments and confirm the existence of remaining inventory. For example, in Kiruhura, the implementing partner reported that 14,000 packages were received and that 6,355 retreatments were completed, which would have left 7,645 packages remaining. However, approximately 4,600 packages remained in the medical stores, leaving approximately 3,045 unaccounted for.

Artemisinin-Combination Therapy Receipt and Distribution – The Ministry of Health unit and the individual distributors visited in the Gulu District did not have records for the receipt and distribution of all of the artemisinin-combination therapy drugs that were reported as distributed to the district. The health unit could not account for the receipt of 4,901 artemisinin-combination therapy packages that were purchased by an implementing partner from the National Medical Stores. Furthermore, the community medicine distributors, who received the drugs from the health unit and distributed them in the camps for internally displaced persons, did not maintain any stock records. It was therefore not possible to verify how many artemisinin-combination therapy packages were actually received and subsequently distributed to the end users.

GAO's *Standards for Internal Control in the Federal Government* states that all transactions and significant events need to be clearly documented and that the documentation should be readily available. Promptly recording transactions helps to ensure that all transactions are completely and accurately recorded. The standards further state that an agency must establish physical control to secure and safeguard vulnerable assets such as inventory. Such assets should be periodically counted and compared to control records to help reduce the risk of errors, fraud, misuse, or unauthorized alteration. USAID's *Guidelines for Indicator and Data Quality* (TIPS No. 12) states that USAID's results-oriented management approach relies on managers to support their decisions with performance information. Sound decisions require accurate, current, and reliable information, and the benefits of this results-oriented approach depend substantially on the quality of the performance information available.

⁷ A total of 27 districts participated in the PMI.

This situation occurred because the service providers lacked training. Service providers stated that they had not received training or guidance on what inventory systems were necessary to safeguard and accurately report the distribution and use of PMI inventory.

The absence of inventory control systems substantially raises the risks of PMI commodities being lost, stolen, or misused, in addition to being erroneously reported. Without accurately reported results, USAID/Uganda did not have reasonable assurance that data quality met validity, timeliness, and reliability standards, the lack of which could negatively affect decisionmaking. As a result, this audit makes the following recommendation to strengthen inventory controls under the mission's PMI program:

Recommendation No. 13: We recommend that USAID/Uganda develop a plan, with milestones, to provide technical assistance or training to all service providers on how to implement adequate inventory controls for President's Malaria Initiative commodities.

EVALUATION OF MANAGEMENT COMMENTS

In response to the draft report, USAID/Uganda concurred with 10 of the 13 recommendations identified to strengthen USAID/Uganda's management of its President's Malaria Initiative (PMI) program—issuing revised policies and procedures for final action for three of these recommendations, and taking sufficient actions for management decision on seven recommendations. Management decisions have not been reached on three recommendations. The mission's comments and our evaluation of those comments are summarized below.

Recommendation no. 1 recommends that USAID/Uganda request that the Ministry of Health (1) immediately separate stocks of insecticide and medicine/medical supplies and (2) store such stock in separate facilities. In responding to this recommendation, the mission stated that in most districts, insecticides were kept in the medicine store, but were in separate compartments. The mission considered this to be sufficient. However, in the three districts sampled, retreatment insecticide was stored alongside of drugs, such as antibiotics, and other medical supplies. Three authoritative sources described in the report—Food and Agriculture Organization of the United Nations, World Health Organization, and the International Programme on Chemical Safety—all recommend that insecticides be stored in a secure room away from food and human medicine/drugs. In addition, the mission's "Guidelines for Data and Insecticide Management" in Annex 1, section 2.0, to the mission's management response, recommend that insecticides be stored in a secure room that is not used for living in or for storage of food and human medicine/drugs. As such, a management decision has not been reached on this recommendation.

Recommendation no. 2 recommends that USAID/Uganda request that the Ministry of Health (1) test the medicine and medical supplies that had been stored with insecticide for contamination and (2) destroy medicine and medical supplies found to be contaminated. The mission agreed with this recommendation. The mission stated that it has examined all insecticides and has found them to be in tear-proof sachets and packed in hard cardboard boxes. No leaks were discovered. A management decision has been reached for this recommendation. Final action can be achieved upon presentation of the documentation of the mission's examination of the insecticides to USAID's Office of Audit, Performance, and Compliance Division.

Recommendation no. 3 recommends that USAID/Uganda develop a plan, with milestones, to provide training to all service providers on how to properly store retreatment insecticide prior to distribution. The mission agreed with this recommendation and stated that it has trained responsible staff within both the President's Malaria Initiative partners and the Ministry of Health. A management decision has been reached on this recommendation. Final action on the recommendation can be reached upon presentation of the documentation of this training to USAID's Office of Audit, Performance, and Compliance Division.

Recommendation no. 4 recommends that USAID/Uganda develop a plan, with milestones, to protect, safely collect, and dispose of expired retreatment insecticide in accordance with World Health Organization standards. The mission agreed with this recommendation, developed a disposal plan, and submitted it to the USAID mission environmental officer for approval. After the approval is granted, the disposal is to take place during the third or fourth week of April 2008. A management decision has been reached for this recommendation.

Recommendation no. 5 recommends that USAID/Uganda, in conjunction with its implementing partner, establish procedures to manage the storage and use of bed net retreatment insecticide packages to ensure that all packages are used prior to expiration. The mission agreed with the recommendation and stated that it has established and implemented new procedures for handling surplus insecticides in a recent retreatment campaign. Final action has been achieved for this recommendation.

Recommendation no. 6 recommends that USAID/Uganda complete and implement a final approved performance management plan (PMP) under the President's Malaria Initiative program. Although the mission developed and implemented a PMP, it did not fully implement this recommendation. As explicitly stated in the report, the mission's PMP must be (1) updated to reflect the new expanded PMI program and (2) approved by mission management. A management decision has not been reached for this recommendation.

Recommendation no. 7 recommends that USAID/Uganda establish procedures requiring final, approved PMPs. The mission agreed partially with the recommendation and will issue a program monitoring and evaluation Mission Order, to be issued by May 2008, applicable to all mission-strategic objectives, containing a section that will define specific procedures regarding the development and updating of PMPs. However, the approval of PMPs is not addressed. As such, a management decision has not been reached for this recommendation.

Recommendation no. 8 recommends that USAID/Uganda develop and implement a plan to regularly perform and document site visits to President's Malaria Initiative implementing partners to assess progress, validate reported data, and verify those partners' monitoring of service providers. The mission agreed with this recommendation and issued a new Mission Order on October 17, 2007, which details requirements for site visits performed by cognizant technical officers. The mission also reiterated the importance of site visits to implementing partners during a retreat on February 21, 2008. Final action has been achieved for this recommendation.

Recommendation no. 9 recommends that USAID/Uganda perform data quality assessments on all performance indicators under the President's Malaria Initiative program that are reported either annually or externally. The mission agreed with the recommendation and will issue, by May 2008, a program monitoring and evaluation Mission Order containing a section that defines specific procedures regarding the completion of data quality assessments for all performance indicators including those under the President's Malaria Initiative. The mission will also ensure that its monitoring and evaluation contractor follows the same guidelines set forth in the monitoring and evaluation mission order. A management decision has been reached for this recommendation.

Recommendation no. 10 recommends that USAID/Uganda establish procedures, in conjunction with its assessment partner, to require completion of data quality assessments for all President's Malaria Initiative performance indicators prior to the time that results are submitted for publication in annual or external reports in accordance with applicable guidance. The mission agreed with this recommendation and stated that USAID's monitoring and evaluation contractor is currently planning to conduct a data quality assessment for PMI indicators in April 2008, and the indicators that were not subjected to data quality assessment during the past 2 years will be included in this assessment. A management decision has been reached for this recommendation.

Recommendation no. 11 recommends that USAID/Uganda assess its net distribution indicator and establish the procedures necessary to help ensure that the reporting for this performance indicator is a valid, timely, and reliable measure of program accomplishments. The mission agreed with this recommendation and in January 2008 provided new performance indicators and revised the definitions of some of the existing performance indicators, which are now correctly reflected in the work plan of the implementing partners and the mission PMP. A management decision has been reached for this recommendation. Final action can be achieved upon mission management approval of the PMP.

Recommendation no. 12 recommends that USAID/Uganda develop a plan, with milestones, to provide training to all service providers and the implementing partner on how to properly record and report on bed net distribution, including that results occur in the proper reporting period, are part of USAID/Uganda's program, are properly supported, and are mathematically accurate. The mission agreed with this recommendation and provided various actions to address the recommendation and timetables for completion. As such, a management decision has been reached for this recommendation.

Recommendation no. 13 recommends that USAID/Uganda develop a plan, with milestones, to provide technical assistance or training to all service providers on how to implement adequate inventory controls for President's Malaria Initiative commodities. The mission disagreed with the discussion in the report. The mission stated that although there were discrepancies between the reported data and the data verified for retreatment packages, those discrepancies were anomalies. The mission emphasized that the implementing partners have their own insecticide inventory system and tracking forms. The mission, nevertheless, agreed with the recommendation and provided action plans and milestones. As such, final action has been achieved on this recommendation.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Pretoria conducted this audit in accordance with generally accepted Government auditing standards. Field work was conducted from October 9 through November 8, 2007, in Kampala and various districts in Uganda.

The objective of this audit was to determine whether selected USAID/Uganda activities under the President's Malaria Initiative (PMI) were achieving planned results, and what was the impact. In answering the objective, the audit team assessed the effectiveness of internal control related to PMI, such as (1) the mission's documentation related to managing and monitoring the program, (2) the implementing partners' reporting of program results, (3) the establishment of a system of regular site visits, and (4) the mission's annual self-assessment of internal control in accordance with the Federal Managers Financial Integrity Act of 1982 for fiscal year 2006. We also tested internal control established by selected PMI partners.

The scope of this audit included USAID/Uganda's PMI activities conducted during fiscal year 2006. The planned activities were selected from the universe of PMI-funded projects being conducted in Uganda. The mission reported a total of \$9.5 million as being obligated for the PMI program in fiscal year 2006.

Methodology

To answer the audit objective, we met with officials from USAID/Uganda, implementing partners, and local service providers. The audit team reviewed pertinent planning documents, such as the malaria operational plan, in addition to various reporting documents on fiscal year 2006 accomplishments. The audit covered all four of the major fiscal year 2006 interventions: (1) bed net distribution, (2) intermittent preventive treatment, (3) artemisinin-based combination therapy, and (4) indoor residual spraying. Testing, however, was limited for the intermittent preventive treatment intervention and the spraying intervention owing to the geographic isolation of district in which they were conducted.

The audit team interviewed mission officials, implementing partners, and service providers responsible for PMI implementation and monitoring. We reviewed pertinent documents that included but were not limited to trip reports and quarterly reports. This review allowed us to determine the levels of monitoring being conducted and whether progress toward outputs had been achieved. The audit team conducted site visits to implementing partners and local service providers, including nongovernmental organizations, commercial entities, and government health facilities. These site visits included testing data found in progress reports and annual reports, as well as relative internal control. Output data testing involved comparing the reported information to supporting documentation such as inventory records, invoices, and other record-keeping systems.

MANAGEMENT COMMENTS



USAID | UGANDA
FROM THE AMERICAN PEOPLE

March 19th 2008

MEMORANDUM

To: Regional Inspector General/Pretoria, Nathan S. Lokos

From: USAID/Uganda Mission Director, Margot Ellis /s/

Thru: USAID/Uganda Deputy Mission Director, Deborah Grieser /s/

Subject: **Audit of USAID/Uganda's Implementation of the President's Malaria Initiative (Report No. 4-617-08-00X-P)**

USAID/Uganda Mission is thankful to the RIG staff for conducting the subject audit and making recommendation to further improve the implementation of the PMI program.

The following is the Mission's response to the thirteen recommendations included in the audit report. Mission requests that recommendation 1, 2, 3, 4, 5, 6, 8, 11, 12, and 13 be closed (through APC) upon the issuance of the report as collective actions to rectify shortcomings mentioned in those recommendations have already been implemented.

In the attached response, the Mission has described the corrective action it plans to undertake to implement the remaining recommendations 7,9and 10. Upon completion of those actions, Mission will request RIG to close those recommendations (through APC).

Response to the Audit Report of USAID/Uganda's Implementation of the President's Malaria Initiative; Audit Report No 4-617-08-00X-P, February 21st, 2008

1. Retreatment Insecticides Stored With Drugs

Recommendation 1: We recommend that USAID/Uganda request that the Ministry of Health 1) immediately separate stocks of insecticides and medicines/medical supplies and 2) store such stock in separate facilities.

Recommendation 2: We recommend that USAID/Uganda request that the Ministry of Health 1) test the medicine and medical supplies that had been stored with insecticides for contamination and 2) destroy medicine and medical supplies found to be contaminated.

Recommendation No. 3: We recommend that USAID/Uganda develop a plan, with milestones, to provide training to all service providers on how to properly store retreatment insecticide prior to distribution.

Soon after receiving the communication on findings by the Auditors, USAID implementing partner UPHOLD/Malaria Consortium visited the participating districts stores' and checked the status of storage of insecticide kits together with district Ministry of Health officials. In most districts, although the insecticide was kept in the medicine stores, it was kept in a separate compartment, well separated from human medicines and other supplies. In those districts where the insecticide kits were stored within the same compartment as human medicine there was no indication of contamination for the following reasons;

- i) All the insecticide sachets were examined and there was no sign of leakage of insecticide, as the sachets are made of tough material that does not tear easily.
- ii) The sachets were all packed in hard cardboard boxes, further separating them from the rest of the contents in the store.

In addition the districts were provided guidelines on correct storage of the insecticide (Annex 1). Guidelines highlighting the storage issues including written and verbal support with visual verification and contingency plans where safe storage cannot be managed by district, have been now put in place. Notable changes include;

- In October 2007 the net re-treatment implementing partner developed insecticide storage guidelines (Annex 1) and trained responsible staff both within project and Ministry of Health accordingly.
- These guidelines were distributed to Ministry of Health who were also advised verbally on this during the training.

In the net re-treatment exercise recently concluded (from November 2007 to January 2008), the insecticides were stored in separate stores according to PERSUAP guidelines. Further still, supervisors at central and district teams check the storage conditions as a key part of their supervision and report to the implementing partner's focal person. In districts where storage in non-drug facilities cannot be guaranteed and where storage in alternative facilities (e.g. rooms in the district office) is considered to be a security risk, the team will travel with the insecticide to those sites during the re-treatment periods and the insecticide will not be stored into those district stores.

In view of the remoteness of the possibility of contamination, non observance and reporting of any contamination, the Ministry of Health's (District malaria focal person and store managers) full involvement with this exercise and other appropriate actions taken as explained above, recommendations 1, 2 and 3 have been implemented and should now be closed (through APC).

2. Retreatment Insecticide Expired

Recommendation No. 4: *We recommend that USAID/Uganda develop a plan ,with milestones, to protect, safely collect and dispose of expired retreatment insecticide in accordance with World Health Organizations standards.*

Recommendation No. 5: *We recommend that USAID/Uganda, in conjunction with its implementing partner, establish procedures to manage the storage and use of bed net retreatment insecticide packages to ensure that all packages are used prior to expiration.*

Since the start of net re-treatment campaign, the agreement has been that left over insecticide that remain at district can be used for "mopping up" or available for the next campaign. The assumption was that costs of recovering the insecticide would be excessive and that the insecticide would be usefully available at district level for the subsequent round. The problem in 2006 was that the next campaign was delayed (due to slowness in the flow of funds) so insecticides expired by the time the next campaign occurred. The implementing partner acknowledged that this should have been noted and acted on, prior to expiration. The following changes have since been made to address this anomaly;

- In the recently concluded retreatment exercise, Supervisors recollected all expired insecticides for central disposal from districts they visited.
- A disposal plan for the expired insecticides was developed and submitted to USAID Mission Environmental Officer on January 30th 2008 for his approval (Annex 2). After the approval is granted, the disposal will take place during the 3rd or 4th week of April in the presence of the USAID Mission Environmental Officer.
- Surplus insecticide remaining from the current round will not all remain in the districts. A maximum of 10% will be left for mopping up and the remainder will be brought back by the supervision team for redistribution to the remaining districts or use for other activities following the re-treatment campaign. The collection procedures for left over insecticides are included in the guidelines mentioned in responses to recommendations above.
- All these procedures were practiced with recent net re-treatment campaign. Mission malaria Technical Advisor visited the three districts (Isingiro, Ibanda and Mbarara) on 21st February 2008 and ensured that all the above plans are successfully implemented.

With the implementation of the above actions the intents of the recommendations have been satisfied. Therefore, the above recommendations should now be closed (through APC).

3. Performance Management Plan Was Not Updated or Approved

Recommendation No. 6: *We recommend that USAID/Uganda complete and implement a final approved performance management plan under the President's Malaria Initiative program.*

The PMI team (both USAID and CDC Uganda) with support from PMI HQ and the SO team members developed and implemented the performance management plan specific to PMI 2006 (Annex 3) during the fiscal year 2007.

Since the performance management plan has been completed and implemented, this recommendation should now be closed (through APC) upon issuance of this report.

Recommendation No. 7: *We recommend that the USAID/Uganda establish procedures requiring final approved performance management plan.*

The Health SO's Performance Management Plan (PMP) was updated in early May 2006, and the Mission's PMI PMP was jointly drafted by a team from USAID/Washington, CDC Atlanta and USAID/Uganda in August 2006. By the time of this audit, the Mission had not incorporated the agency-wide PMI PMP into the SO's PMP although they were subsequently incorporated. As stated in the audit recommendation, the Mission will issue a Program Monitoring & Evaluation Mission Order (to be issued by May 2008) containing a section that will define specific procedures regarding the development and updating of PMPs. Those procedures will apply to all Mission activities, not just those under PMI.

4. Site Visits Were Not Conducted

Recommendation No. 8: *We recommend that the USAID/Uganda develop and implement a plan to regularly perform and document site visits to President's Malaria Initiative implementing partners that includes the assessment of progress, the validation of reported data, and the verification of those partners monitoring of service providers.*

In order to ensure that site visits are performed by CTOs and results thereof documented in trip reports, Uganda mission introduced a new procedure as stated in mission order No. 200-6B (Annex 4) issued on October 17, 2007. The new procedures are now in place and site visits by CTOs are now effectively monitored.

Regarding site visits by the implementing partners, the respective CTOs and Activity Managers have already been informed and tasked to make sure implementing partners carry out site visits and are monitoring their program activities, assess the progress, the validation of the data and report to the Mission. To reinforce this measure, the PMI team reiterated the importance of performing and documenting site visits to all its partners at PMI implementing partners retreat on 21st February 2008. In addition, two Program Management Specialists (for Malaria) were recruited and reported for duty on February 4, 2008. These Program Specialists are following up with this activity with the implementing partners.

Since the Mission has undertaken all the corrective actions recommended, this recommendation should be closed (through APC) upon issuance of the report.

5. Data Quality Assessments Were Not Completed

Recommendation No. 9: *We recommend that USAID/Uganda perform data quality assessments on all performance indicators under the President's Malaria Initiative program that are reported either annually or externally.*

Recommendation No. 10: *We recommend that USAID/Uganda establish procedures, in conjunction with its assessment partner, to require completion of data quality assessments for all President's Malaria Initiative performance indicators prior to the time that results are submitted for publication in annual or external reports in accordance with applicable guidance.*

The Mission will ensure that data quality assessments of all performance indicators reported either annually or externally including those under the President's Malaria Initiative program are completed within three years prior to publication. The accuracy, timing and scope of the assessment will be emphasized.

The Mission will issue (by May 2008) a Program Monitoring & Evaluation (M&E) Mission Order containing a section that defines specific procedures regarding the completion of data quality assessments for all performance indicators including those under the President's Malaria Initiative. In addition, the Mission will ensure that its M&E contractor follows the same guidelines set forth in the M&E Mission Order.

Currently USAID's monitoring and evaluation contractor is planning to conduct a data quality assessment for PMI indicators in April 2008 and the indicators that were not subjected to data quality assessment during last two years will be included into this assessment.

6. Net Distribution Indicator Was Incorrectly Defined and Reported

Recommendation No. 11: *We recommend that USAID/Uganda assess its net distribution indicator and establish the procedures necessary to help ensure that the reporting for this performance indicator is valid, timely, and reliable measure of program accomplishments.*

Prior to PMI, USAID supported free distribution of Insecticide Treated Nets (ITNs) to beneficiary groups including children under five years of age, pregnant mothers and people living with HIV/AIDs or sold ITNs through private sector. To reflect this, the only ITNs global indicator that USAID used was the "Number of nets distributed or sold with USG support". At the beginning of fiscal year 2006, we used the same indicator for the mission PMP, because the funds used for those activities mainly came from fiscal year 2005 budget.

We acknowledge the error in the indicator definition and following actions were implemented to correct it.

With evolution and expansion of USG support for ITNs, PMI Uganda currently supports the National Malaria Control Program through a four-pronged strategy for ITN distribution:

- Free distribution through antenatal and expanded program on immunization (EPI) clinics;
 - Free household distribution through mass campaigns and community-based organizations;
 - Subsidization of LLINs for sale in the private sector; and
 - Development of the private sector sale of full-priced LLINs.
- For the first three approaches, USAID will be able to provide data on ITN distributed to beneficiary groups. A new indicator “number of ITNs distributed free to beneficiary groups that were purchased or subsidized with USG support” has been set and systems are now in place to collect and report this information.

For the fourth ITN distribution mechanism, a new indicator of private sector ITNs sales at full market price has been introduced. It reads “Sales of ITNs/LLINs by the NetMark distributors to the commercial trade, institutions and consumers”, and the definition thereof is “Number of ITNs/LLINs sold by the NetMark distributors to the commercial trade, institutions and consumers”.

These new descriptions and definitions of the performance indicators were revised in January 2008 and are now correctly reflected in the work plan of the implementing partners and the mission Performance Monitoring Plan (PMP).

Since corrective actions intended by this recommendation have been implemented, this recommendation should now be closed (through APC).

7. Net Distribution Results Were Not Always Accurate and Supported

Recommendation No. 12: *We recommend that USAID/Uganda develop a plan, with milestones, to provide technical assistance or training to all service providers and the implementing partner on how to properly record and report on bed net distribution, including that results occur in the proper reporting period, are part of USAID/Uganda’s program, are properly supported, and are mathematically accurate.*

a) Subsidized net distribution:

The two inconsistencies reported in the audit report refer to two separate commercial partners where claims for per net price support from AFFORD project were inconsistent with their sub-contracts (which contained ceilings for number of nets to be supported). These inconsistencies were noted by the implementing partner at the time and the service providers were not reimbursed for the extra claims. The implementing partner therefore reported only the number of nets that have been *supported and reimbursed for* under the project activities to USAID. Commercial partner’s records obviously include more sales than what was supported, reimbursed and reported to USAID. Discrepancies in reporting may have arisen through a move from reporting total numbers of nets supported to reporting those per fiscal year. This has been noted by the implementing partner who has given an assurance that this error will not occur in future reporting. To date, the following changes have been made;

- The implementing partner carefully assesses all claims from the service providers against subcontracts and an additional level of cross checking against partner's original invoices is enforced.
- The implementing partner carries out internal audits on the data that they report to USAID.
- Possible confusion in data management for partners supported by both AFFORD and Netmark will be more closely observed in future and the implementing partners will be linked with mission monitoring and evaluation partner to ensure consistency in data management.
- Distributors will be re-trained in data capture before end of the second quarter of calendar year 2008 and the implementing partner will ensure that they keep their records in the manner that is consistent with what the project reports to USAID/PMI.

b) Private sector Net Distribution:

One commercial partner, Safinet, where the audit team found no supporting documentation, operates in the informal entrepreneurial sector, which is not known for good record keeping and archiving. This is despite the fact that Safinet staff have in the past received training and coaching from NetMark. We have noted that the staff drop-out rate with this service provider is very high due to various reasons beyond USAID and the implementing partner's control. However, to rectify the situation, the following changes have been introduced;

- With effect from October 2007 the data supplied to USAID by NetMark Uganda is supported by hard copies of reported sales of Safinets. Only reliable data is thus reported to USAID.
- The implementing partner of this activity will train the five commercial partners on how to properly record and report on bed net distribution. The training will be completed by March 31, 2008.
- In 2007, USAID Monitoring and Evaluation contractor MEMS/MIS conducted three Performance Monitoring Courses which were attended by two PMI implementing partner's (Net Mark and NUMAT) monitoring and evaluation staff. The course included modules on Monitoring program activity (project) implementation; the role of performance indicators and performance targets; Planning for data collection, analysis and use (performance monitoring plans); Implementing the performance monitoring plan; Ensuring data quality; Reporting and utilizing performance monitoring information among others. USAID will encourage all PMI implementing partners to attend such courses in future.
- The USAID/PMI together with MEMS program is planning to conduct a one day workshop in March 2008 for all PMI partners on data collection, recording and reporting according to USAID fiscal year quarters to make sure data collected are accurate and reflect correct reporting period. The mission has already developed a template for this purpose (Quarterly/Annual Reporting) for PMI partners.

With the development and implementation of the above plan the Mission has undertaken corrective action to implement this recommendation and therefore it should now be closed (through APC).

8. Lack of Inventory Records and Controls

Recommendation No. 13: *We recommend that USAID/Uganda develop a plan, with milestones, to provide technical assistance or training to all service providers on how to implement adequate inventory controls for President's Malaria Initiative commodities.*

Re-treatment packages;

We do not agree with the statement in the audit report that there was no data and inventory system for the storage of net re-treatment packages in the districts. In 2004, when the Ministry of Health (MoH) net re-treatment system in Uganda was developed with combined funding from several donors, it was agreed that MoH's system of inventory control will be used. Whilst the first campaign was carried out with the full and active partnership of Malaria Consortium (sub partner for PMI net re-treatment) alongside the National Malaria Control Program (NMCP), the second campaign was led solely by NMCP with sub partner providing only financial and administrative support. This was in line with the objective of developing a system that could be handed over and run by the Ministry of Health. When the PMI planning began in Uganda in 2006, the discussion of continuing to support the net treatment was raised and agreed. It was agreed at that time that the existing system of MoH would be supported. The MoH's stand on this exercise was that MoH owned the data at district level and insecticides remaining in districts were MoH commodities. In that system, the Uganda MOH considered re-treatment packages as consumables and did not record them in their usual stock cards. Therefore, the implementing partners introduced their own insecticide inventory system and tracking forms. The National Malaria Control program gave its approval to this system since there was no other system within their organization.

Under this arrangement, when insecticides are distributed to the districts, the implementing partner issues an invoice and gets the signatures from the relevant officials who received the goods. The originals of these receipts are kept with sub partner and a copy left at the district offices. Data forms are used to record individual net re-treated daily, then compiled into parish level and finally to sub county. Copies of summary reports are kept in districts and auditors witnessed some of those.

As discussed with the auditors and implementing partners in a meeting held on Wednesday October 31st 2007, the discrepancies were due to use of insecticides for "mopping up" after the campaign by the district e.g. for treating of nets in schools. We do not report this in the campaign results as we have not previously collected hard data on it, being outside the scope, timeframe and budget of the campaign re-treatment implementation. In response to this anomaly and as a follow up to the auditors verbal feedback, plans for the 2007/08 implementation have been changed to ensure that data about those insecticides used for mopping up is collected. We are also conducting a retrospective data collection process for nets treated last year to assess uses of surplus insecticide. This information will be reported to USAID by the end of February 2008.

Guidelines for use of surplus insecticide with a cap of 10% surplus insecticide to remain in districts, and forms for district to report on specific uses of surplus insecticide have been put in place this year in response to the audit findings. The guidelines explain how and when this data will be collected. The guidelines require that the surplus insecticides must be used within 2 months of completing the campaign re-treatment in a district. Data will be collected at the end of 2 months and reported to USAID as an annex to the final

re-treatment campaign report. In summary, the following changes have been put in place;

- Guidelines for allowed use of surplus insecticide kits were developed and implemented before 2007-8 net re-treatment (November 2007)
- Forms for districts to report use of insecticide kits after the end of the campaign and guidelines for collection of data have been developed and implemented from November 2007.
- Copies of all insecticide stock flow forms are brought back to Kampala for future audit events. A summary report on stock flow will be kept at MoH district offices and UPHOLD offices with copies of all data sheets held at Malaria Consortium offices. This change implemented from start of 2007-8 net re-treatment (November 2007).
- Data on previous use of insecticide at districts to be collected retrospectively and reported by end April 2008.

Artemisinin-Combination Therapy (ACT) receipt and Distribution

USAID/PMI in its first year (FY 06), supported procurement of ACT and distribution of both USG and Global Fund ACT, as an emergency requirement due to a general stock out situation arising from health facilities due to delay in distribution by National Medical Stores.

It was appreciated that the National Medical stores (NMS) had a backlog in delivery of essential medicines of up to 8 weeks and was not in a position to use their own labor and transport to do emergency distribution. PMI partner MSH/ RPM Plus was therefore requested to support the NMS in preparing packaging and distribution of Coartem.

The following activities were carried out to enable the emergency distribution of the drugs:

1. Development of a distribution plan covering all Health Sub-Districts (HSD) and requests for quotations (RFQ) from 3 reputable companies with capacity to quickly distribute medicines country wide.
2. Supporting NMS financially to hire extra labor for preparing and packing of orders for the country wide distribution of Coartem[®].
3. Hiring 13-eight ton trucks to distribute Coartem[®] to all Health Sub-districts country wide. The insurance costs for the drugs in transit were borne by NMS.

To address bottlenecks to availability of ACTs USAID facilitated the distribution of Community ACTs through payment of handling fees to NMS for the districts of Gulu, Pader, Kitgum and Amuru. RPM Plus through its technical assistance to NMS ensured that orders for all ACTs were brought and processed in time. Assistance was provided in monitoring of delivery of procurements for the Global Fund ACTs to avoid unnecessary delays at ports of entry as well as ensuring that NDA gives clearance for distribution of the supplies after mandatory analysis in time. USAID support in 2006 was only for distribution of ACT up to health facility level within the government system and did not include inventory control at district level. USAID has been informed by the MOH that they have enough ACT from GFATM until 2010. Consequently USAID will not procure ACT but will only provide technical support particularly to areas identified by the

audit report i.e. improving Pharmaceutical management of ACTs in the areas that were selected.

We acknowledge the audit findings and recommendations in regard to ACT in the government system and the following actions have been made.

- USAID's implementing partner (RPM Plus) assisted NMS and MOH through support supervision visits to Pader and Amuru district and participated in the site visits of the technical review of April 2007 and Joint review visits of October 2007 to identify the gaps in record keeping and reporting.
- Trained partners on how to manage pharmaceuticals using the Monitoring, Training and Planning (MTP) approach which include inventory control. It has implemented already in 4 districts in the West Nile area (Adjumani, Moyo, Arua and Nebbi) by Mid December 2007 and plans to implement in the Northern region in Gulu, Pader, Amuru and Kitgum by June 2008.
- To ensure accurate and consistent data collection and inventory control, in FY 08, USAID is assisting the NMCP, Pharmacy Division and the resource centre of the MOH to develop a pharmaceutical management information system complete with guidelines and data collection tools by the end of September 2008. Automation will be done where appropriate. However, implementation for this year will only be done in districts where USAID supported the implementation of MTP due to funds limitation.

As described above, USAID has already planned and implemented systems for adequate control of PMI procured commodities. This recommendation should now be closed (through APC).

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