



USAID
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OFFICE OF INSPECTOR GENERAL

**AUDIT OF SELECTED
ACTIVITIES UNDER
USAID/PAKISTAN'S BASIC
HEALTH PROGRAM**

AUDIT REPORT NO. 5-391-07-005-P
May 23, 2007

MANILA, PHILIPPINES



USAID
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Office of Inspector General

May 23, 2007

MEMORANDUM

TO: USAID/Pakistan Director, Jonathan Addleton

FROM: RIG/Manila, Catherine M. Trujillo /s/ [George R. Jiron Jr. for]

SUBJECT: Audit of Selected Activities Under USAID/Pakistan's Basic Health Program
(Audit Report No. 5-391-07-005-P)

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

This report contains four recommendations to help improve USAID/Pakistan's Basic Health Program. Based on your comments, we consider that management decisions have been reached on all four recommendations. Please provide the Audit, Performance and Compliance Division of USAID's Office of the Chief Financial Officer with evidence of final action in order to close all four recommendations.

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

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SUMMARY OF RESULTS

As part of its annual audit plan, the Regional Inspector General/Manila conducted an audit to determine whether selected activities under USAID/Pakistan's Basic Health Program achieved planned targets for fiscal year 2006. (See page 3.) Our audit covered two key programs under USAID/Pakistan's umbrella Basic Health Program: the Key Social Marketing (KSM) Program and the Pakistan Initiative for Mothers and Newborns (PAIMAN) Program. For these two programs, we selected 13 performance indicators that the Mission was using to measure whether activities under the programs were achieving planned targets. (See page 4.)

Neither of the two programs reviewed under USAID/Pakistan's umbrella Basic Health Program achieved all their planned targets for fiscal year 2006. More specifically, of the 13 performance indicators audited, the Mission had achieved its planned targets for four indicators, partially achieved its planned targets for four indicators, and had not achieved its planned targets for four indicators. One indicator could not be tested because the quality of its reported data was too poor. (See page 4.) For the eight performance indicators that did not achieve their targets, it should be noted that all eight made progress—four achieved 70 percent or more of their respective targets and the remaining four achieved more than 50 percent of their respective targets. (See page 5.)

Of the eight performance indicators that did not achieve their planned targets, four performance indicators under the KSM Program did not achieve their targets for a number of reasons, including a shortage of oral contraceptives and a program design that did not work as planned. As for the PAIMAN Program, four performance indicators did not achieve their targets because of delays in program implementation caused by a variety of factors, including difficulties in procuring medical equipment, the October 2005 earthquake that hit Pakistan and changes in program direction made by USAID/Pakistan.

As a result of the problems described above, the KSM and PAIMAN programs were not as effective as planned in delivering intended services to the citizens of Pakistan. (See pages 6–9.)

Additionally, USAID/Pakistan could have better monitored the KSM and PAIMAN programs by updating performance targets, ensuring that reported performance data were accurate and reliable, and maintaining CTO work files. (See pages 9–13.)

This report contains four recommendations to help USAID/Pakistan improve the performance of the KSM and PAIMAN programs under the umbrella Basic Health Program. (See pages 11 and 13.) Based on our evaluation of USAID/Pakistan's written comments, we consider that management decisions have been reached on all four recommendations upon issuance of this report. However, USAID/Pakistan disagreed with the audit opinion in our draft report. We carefully considered USAID/Pakistan's comments and made revisions where appropriate in finalizing the report. (See page 14.)

USAID/Pakistan's comments are included as Appendix II to this report. (See page 17.)

BACKGROUND

Pakistan, a country of 159 million people, is of unquestioned strategic importance to the United States and has been a key cooperating nation in U.S.-led counterterrorism efforts in South Asia. Consequently, all USAID/Pakistan activities, including those in its health and population sector, have high Presidential and Congressional interest.

Pakistan's health indicators continue to be among the worst in the world. Five hundred mothers die for every 100,000 children born, and infant deaths are over 70 for every 1,000 live births. To help the Government of Pakistan (GOP) develop and provide accessible, quality health and reproductive health programs to vulnerable Pakistanis, the U.S. Government and the GOP signed a strategic objective grant agreement on August 18, 2003. Under the agreement, USAID/Pakistan initiated a five-year Basic Health Program to improve the availability and quality of health services in Pakistan. Except for the northern areas, the Basic Health Program was operating throughout Pakistan, mostly in underserved rural and urban districts within the Sindh, Baluchistan, Punjab and North West Frontier provinces, as well as in the Federally Administered Tribal Areas (see Figure 1).

Figure 1: Map of Pakistan



USAID/Pakistan's \$168 million Basic Health Program has four major activities:

- To improve the accessibility and availability of family planning products and to promote social marketing of family planning and other family health services to low income communities.
- To improve maternal and newborn health services by providing technical training and assistance, facility renovation, and service upgrades to improve mother and child birth outcomes and increase child survival.

- To reduce the transmission and impact of major infectious diseases, particularly HIV/AIDS, by working with high-risk groups.
- To increase access to clean drinking water by providing technical assistance in hygiene and sanitation promotion and community mobilization along with extensive capacity-building in order to complement the GOP's installation of water treatment facilities nationwide.

Funding for the first two activities accounted for 72 percent of the overall funding for USAID/Pakistan's Basic Health Program in fiscal year 2006. These activities are described in more detail below.

Social marketing – Under the first activity, USAID/Pakistan awarded two cooperative agreements in 2003 to nongovernmental organizations: one to Greenstar to implement the \$23 million Greenstar Social Marketing Program and one to Constella Futures to implement the \$27 million Key Social Marketing (KSM) Program. The objective of these two five-year social marketing programs was to decrease population growth by increasing contraceptive usage in Pakistan. Their overall focus was to help married couples make informed decisions about the timing and number of desired children by offering a wide range of modern contraceptive choices, better information, and improved public and private service delivery centers.

Maternal and newborn health services – Under the second activity, USAID/Pakistan awarded a five-year, \$50 million cooperative agreement to JSI Research and Training Institute Inc. (JSI) on October 8, 2004. Under the agreement, JSI was to implement the Pakistan Initiative for Mothers and Newborns (PAIMAN) Program. The objective of the program was to reduce maternal and neonatal mortality in Pakistan.

We selected the KSM Program, one of the two social marketing programs, and the PAIMAN Program for audit. As of September 30, 2006, USAID/Pakistan had obligated \$15 million and disbursed \$11 million for the KSM Program, and it had obligated \$23 million and disbursed \$7 million for the PAIMAN Program.

AUDIT OBJECTIVE

The Regional Inspector General/Manila conducted this audit as part of its fiscal year 2007 annual audit plan to answer the following question:

- Did selected activities under USAID/Pakistan's Basic Health Program achieve planned targets for fiscal year 2006?

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

AUDIT FINDINGS

Overall, the selected activities under USAID/Pakistan's Basic Health Program generally did not achieve the planned targets for fiscal year 2006. Specifically, of the 13 performance indicators audited, the Mission had achieved its planned targets for four indicators, partially achieved its planned targets for four indicators, and had not achieved its planned targets for four indicators. One indicator could not be tested because the quality of its reported data was too poor.

Our audit covered two key programs under USAID/Pakistan's umbrella Basic Health Program: the Key Social Marketing (KSM) Program implemented by Constella Futures and the Pakistan Initiative for Mothers and Newborns (PAIMAN) Program implemented by JSI Research and Training Institute, Inc. (JSI). For these two programs, USAID/Pakistan established performance indicators to measure whether their activities were achieving planned targets. Table 1 compares the planned and audited results for 13 selected performance indicators for the fiscal year ending September 30, 2006.

Table 1: Fiscal Year 2006 Results for Selected Performance Indicators by Program

No	Performance Indicator	Fiscal Year 2006 Target	Audited Results	Percent of Target Met	Target Met?
Key Social Marketing (KSM) Program					
1	Couple-years of protection	507,000	380,000	75%	Partially
2	Sale or distribution of oral pills	4,100,000	2,440,000	60%	No
3	Sale or distribution of condoms	9,000,000	5,040,000	56%	No
4	Retail and provider coverage	16,000	18,000	113%	Yes
5	Promotional coverage	130,000	90,442	70%	Partially
6	No. of sessions for community-based motivation program with women	60,000	81,200	135%	Yes
7	No. of sessions for community-based motivation program with men	10,000	11,460	115%	Yes
Pakistan Initiative for Mothers and Newborns (PAIMAN) Program					
8	No. of clean delivery kits sold	5,000	Data not reliable for testing	Could not be determined	Could not be determined
9	No. of workshops held for village/community health committees	395	645	163%	Yes
10	No. of districts where all civil work contracts are awarded for upgrading referral facilities	10	7	70%	Partially
11	Percent of referral facilities upgraded to meet standards	9.7	6.2	64%	No
12	No. of health care providers trained - essential maternal and newborn care training for the public sector	825	440	53%	No
13	Amount of grants awarded	\$1,500,000	\$1,295,785	86%	Partially

Overall, four performance indicators exceeded their targets: three under the KSM Program and one under the PAIMAN Program. Under indicator no. 4, contraceptives were made available through 18,000 pharmacies and health care providers, which exceeded the target of 16,000 by 12.5 percent. Under indicator nos. 6 and 7, the combined number of family-planning sessions held for women and men totaled 92,660, which exceeded the combined target of 70,000 by 32 percent. Finally, for indicator no. 9, a total of 645 capacity-building workshops were held for village and community health committees working with lady health workers, which exceeded the target of 395 by 63 percent.



OIG photograph of a family-planning session sponsored by the KSM Program. The session was held at the home of one of the participants in the district of Rawalpindi, Pakistan. (January 2007)

We could not evaluate indicator no. 8 because of poor data quality (see discussion on page 11).

The remaining eight indicators did not achieve their targets. It should be noted, however, that of the eight indicators, four achieved 70 percent or more of their respective targets and the remaining four achieved more than 50 percent of their respective targets. Nonetheless, the targets were not achieved. Furthermore, both the KSM and PAIMAN programs under USAID/Pakistan's umbrella Basic Health Program could have been monitored better had the Mission focused more on updating performance targets, verifying reported data and maintaining Cognizant Technical Officers' work files. The following narrative further addresses why the Mission did not achieve the targets and the issues identified with the Mission's monitoring of the KSM and PAIMAN programs.

Most Performance Indicators Did Not Achieve Their Targets

Summary: According to USAID guidance, operating units should set performance targets that can optimistically and realistically be achieved within a stated timeframe and with available resources. Further, performance targets represent commitments that USAID operating units make about the level and timing of results to be achieved by a program. However, USAID/Pakistan fell short of its targets for 8 of 13 selected performance indicators. This occurred for a variety of reasons, including unexpected delays in program implementation, a program design that did not work as planned, and reversals of program direction. As a result, the KSM and PAIMAN programs under USAID/Pakistan's umbrella Basic Health Program did not deliver the expected level of services to Pakistanis.

Automated Directives System (ADS) 203.3.4.5 states that operating units should set performance targets that can optimistically and realistically be achieved within a stated timeframe and with available resources. In addition, TIPS No. 8, *Establishing Performance Targets* (supplementary guidance to the ADS), states that performance targets represent commitments that operating units make about the level and timing of results to be achieved by a program. Targets should identify the specific, planned level of result to be achieved within an explicit timeframe.

Overall, the Mission did not achieve its fiscal year 2006 targets for 8 of 13 performance indicators: four under the KSM Program and four under the PAIMAN Program.

The following narrative discusses why four of seven performance indicators under the KSM Program did not achieve their targets.

All four indicators were interrelated in that the progress of one affected the progress of the others. For example, indicator no. 1—Couple-years of protection¹ (CYP) was calculated using the volume of oral pills (indicator no. 2) and condoms (indicator no. 3) sold or distributed. Consequently, indicator no. 1 did not achieve its target, in part, because indicator nos. 2 and 3 did not achieve their targets. Further indicator nos. 2 and 3 did not achieve their targets, in part, because indicator no. 5 did not achieve its target.

There were a number of reasons why the four indicators did not achieve their targets. Indicator no. 5, which measured the number of visits KSM's sales force made to promote the use of oral pills and condoms, did not achieve its target, in part, because KSM underwent a large reduction in its sales force in fiscal year 2006. In turn, this affected indicator nos. 2 and 3 because a smaller sales force was promoting oral pills and condoms. Additionally, Constella Futures' Chief of Party for the KSM Program cited a shortage in the supply of oral contraceptives as another reason for indicator no. 2 falling short of its target. While the above were contributing factors, the Chief of Party cited

¹ Couple-years of protection (CYP) is a common indicator used to measure the impact of family planning activities. CYP is the estimated number of couples protected from unplanned pregnancies during a one-year period. It is calculated based on the volume and type of contraceptives sold or distributed during that period multiplied or divided by a specific conversion factor.

USAID/Pakistan's use of "managed competition" as the core reason why these four indicators did not achieve their targets.

USAID/Pakistan designed its family planning social marketing activities using a "managed competition" approach—the assumption was that competition between two rival organizations providing similar services and products had the potential to increase demand for family planning methods and for family planning as a whole. To this end, as noted in the "Background" section of this report, the Mission awarded grants in 2003 to Constella Futures to operate the KSM Program and to Greenstar to operate the Greenstar Social Marketing Program resulting in the two programs competing with each other to promote family planning in Pakistan.

According to the Chief of Party, the "managed competition" approach did not work as well as expected because it did not account for such issues as pricing and service areas. For example, the KSM Program sold condoms at a full price while the Greenstar Social Marketing Program sold condoms at lower prices subsidized by other donors. Further, both programs operated in the same urban markets because of unclear market segmentation. As a result, there was limited growth opportunity for the full-priced condoms sold under the KSM Program in the urban markets dominated by the lower-priced condoms sold under the Greenstar Social Marketing Program.

The current Cognizant Technical Officer (CTO) overseeing the KSM Program for USAID/Pakistan disagreed with Constella Futures' Chief of Party. According to the CTO the KSM Program did not achieve its targets because Constella Futures lacked both leadership and a marketing plan. As an example, the CTO stated that Constella Futures did not immediately perform a required baseline survey for its program. Consequently, baseline values for performance indicators were not established in the first year of the program as they should have been.

Our examination of why four indicators under the KSM Program did not achieve their targets was limited for two reasons. First, some USAID/Pakistan officials were no longer available because the Mission operated with employees assigned to one-year tours-of-duty. Second, some CTO work files were missing (see discussion at page 13). Nonetheless, available records indicated that the "managed competition" approach employed by the Mission had problems.

For example, in June 2005 Constella Futures and Greenstar entered into an agreement brokered by USAID/Pakistan. Under the agreement, the two grantees agreed to collaborate on a wide range of issues to increase the impact of their programs. They agreed, for instance, that some of Greenstar's subsidized contraceptives would be sold at full-price, and they agreed to work together to ensure better planning and coordination. This attempt to make the "managed competition" approach more effective did not work because there was no realignment of the budgets or activities between the two programs to address duplication of efforts in training and service delivery areas. As a result, the agreement was terminated effective fiscal year 2007.

A mid-term assessment, released in August 2006, of the KSM Program and the Greenstar Social Marketing Program also indicated that the "managed competition" approach was not working as well as intended. For example, the assessment cited possible duplication of efforts between the two programs and USAID/Pakistan's unsuccessful attempts to increase collaboration between Constella Futures and

Greenstar. The assessment identified other weaknesses in USAID/Pakistan's social marketing activities. It concluded, for example, that Constella Futures and Greenstar had not focused enough on the rural areas of Pakistan.

As a result of the problems described above, the KSM Program was not as effective as planned in delivering family planning services to the citizens of Pakistan.

Based on the results of the mid-term assessment, USAID/Pakistan decided in December 2006 to overhaul its family planning social marketing activities. For example, the Mission planned to terminate its agreements with Constella Futures and Greenstar on September 30, 2007—a year earlier than the agreements' original end dates. The Mission also planned to do away with the “managed competition” approach by replacing the two agreements with a single grant that will place more emphasis on rural areas. At the time of our fieldwork, the Mission was seeking proposals for its new grant.

Because USAID/Pakistan will terminate its agreement with Constella Futures, we are not making any recommendations regarding the four performance indicators that did not achieve their targets under the KSM Program.

Four of six performance indicators under the PAIMAN Program implemented by JSI did not achieve their targets because of delays in the program's implementation. Some delays were caused by factors outside the Mission's control, but some were caused by USAID/Pakistan.

- Indicator no. 10 did not achieve its target because of unexpected obstacles JSI encountered in awarding civil works contracts to renovate referral (health) facilities. For example, it took longer than expected for district-level governments to approve the contracts JSI wanted to award in three districts.
- Indicator no. 11 did not achieve its target because of delays in associated activities. JSI applied a scoring matrix and weighted averages to activities associated with upgrading and renovating health facilities to arrive at the percentage of facilities upgraded to meet standards. The activities used in the matrix included the awarding of civil works contracts (indicator no. 10), the training of health care providers (indicator no. 12), and the purchasing of medical equipment. All three activities encountered delays. The delays associated with indicator nos. 10 and 12 are discussed above and below, respectively. The delays in purchasing medical equipment occurred because it took JSI some time to understand and comply with USAID procurement practices and to get the information needed to justify the local procurement of medical equipment.
- For indicator no. 12, JSI did not achieve its target of training 825 health care providers because of delays in training activities. For example, its partner in charge of training the health care providers withdrew from the PAIMAN Program and JSI had to find a new partner. As another example, the October 2005 earthquake in Pakistan delayed training in the affected North West Frontier province.
- For indicator no. 13, JSI fell just short of awarding \$1.5 million in grants to nongovernmental organizations (NGOs) for activities such as promoting maternal and newborn care services in rural areas. This occurred for a couple of reasons.

First, JSI had difficulty finding qualified local NGOs to implement grants in hard-to-reach areas of two districts. Second, JSI encountered delays in getting district government officials to approve the grants.

Generally, the delays described above were outside of USAID/Pakistan's control; however, the Mission also contributed to delays in the PAIMAN Program. For example, in March 2005, the Mission's health officer directed JSI to expand the program to 10 additional districts. In response, JSI spent considerable time revising strategic frameworks and work plans and making contacts to obtain the necessary approvals from national, district and provincial governments. In June 2005, however, the Mission rescinded its plan to expand the program. Also in April 2005, the same health officer instructed JSI not to conduct its own surveys to establish baseline values for its performance indicators. Instead, JSI was instructed to wait for a Mission-funded survey that was to take place in November 2005. At the end of May 2005, however, the decision for JSI to not conduct its own surveys was reversed when the Mission could not obtain essential information for its survey from the Pakistani Federal Bureau of Statistics.

As a result of the problems described above, the PAIMAN Program was not as effective as planned in delivering maternal and newborn health services to the citizens of Pakistan.

Mission and JSI officials stated that they planned and approved program activities in the fiscal year 2007 work plan to catch up on those areas that were significantly delayed in the initial two years of the PAIMAN Program. Additionally, information we obtained through site visits and reviews of program records indicated that most program activities were in place. Further, the delays described above were not systemic in nature. Therefore, we are not making any recommendations regarding the four performance indicators that did not achieve their targets under the PAIMAN Program.

Performance Targets Should Be Updated When Warranted

Summary: According to USAID guidance, performance indicators should measure progress towards intended objectives and targets should be established through a disciplined and thoughtful process that considers what can realistically be achieved. The guidance also states that a mission should update its performance monitoring plans regularly with new performance information as programs develop and evolve, which includes updating indicators for significant program changes. However, targets for 3 of 13 selected performance indicators were not updated to reflect significant program changes. This occurred because USAID/Pakistan did not have procedures in place to ensure performance targets were adjusted to reflect major changes in program activities. As a result, the Mission could not effectively measure program progress towards intended results and some targets were of limited utility to decision makers.

ADS 203.3.4.6 states that a mission should update its performance monitoring plans regularly with new performance information as programs develop and evolve, which includes updating indicators and targets for significant program changes. Furthermore, ADS 203.3.4.5 states that targets that are set too high or too low are not useful for management and reporting purposes.

Overall, the targets for 3 (23 percent) of 13 performance indicators were not adjusted to reflect significant changes made to program activities. All three affected indicators were among the six indicators tested under the PAIMAN Program.

- For Indicator no. 9, the target was for JSI to hold 395 workshops for village/community health committees. According to JSI's Chief of Party, the target was intentionally set low because the design and implementation of this activity depended on the results from a baseline survey that would not be published until August 2006. Rather than delay the activity until then, JSI decided, in February 2006, to use alternative information to design and implement this activity. This allowed JSI to provide 645 workshops. However, the target was not adjusted upward to reflect the decision to use the alternative information.
- For indicator no. 11, JSI applied a scoring matrix and weighted averages to various activities associated with upgrading and renovating referral (health) facilities to set the target, which was expressed as a percentage of facilities upgraded. JSI planning documents showed that the overall goal was to upgrade 31 facilities. The fiscal year 2006 target of 9.7 percent, however, was based on upgrading only three facilities, which were all the facilities JSI believed it could upgrade in the fiscal year. Our review of documentation showed that JSI was conducting activities associated with upgrading all 31 facilities, but the target was not adjusted accordingly.



OIG photograph of a medical officer checking the blood pressure of a patient at the Mandra Rural Health Center in Rawalpindi, Pakistan, which was being renovated and provided with medical equipment under the PAIMAN Program. (January 2007)

- Under indicator no. 12, the target was for JSI to train 825 health care workers in a course titled "Essential Maternal and Newborn Care Training for the Public Sector". However, the unexpected withdrawal of a consortium partner combined with an

unanticipated shortage of available trainers caused delays in the training schedule. In February 2006, JSI sought approval from USAID/Pakistan to reduce the target to 160. However, the Mission could not provide evidence that it had approved reducing the original target to a more realistic level given the problems encountered by JSI. In the end, JSI trained 440 health care workers.

These performance targets were not updated because USAID/Pakistan did not have procedures in place to ensure that targets were adjusted to reflect major changes in program activities.

Because some performance targets were not updated to reflect significant program changes, USAID/Pakistan was limited in its ability to effectively monitor and gauge the progress of PAIMAN Program activities and to make informed decisions on program direction. Consequently, we are making the following recommendation.

Recommendation No 1: We recommend that USAID/Pakistan develop and implement procedures that require its Cognizant Technical Officers to periodically verify that the targets of its Basic Health Program performance indicators are updated to reflect any significant program changes.

Some Reported Results Were Inaccurate or Unreliable

Summary: According to USAID guidance, performance data should be accurate and reliable and missions should take steps to ensure that submitted data is adequately supported. To this end, this guidance includes requirements that missions perform data quality assessments and CTOs periodically verify reported results. The reported results for 3 of 13 indicators were not accurate or reliable. This occurred, in part, because USAID/Pakistan did not perform data quality assessments and its CTOs did not periodically verify the reported results submitted by implementing partners. Inaccurate or unreliable data hinders a mission's ability to gauge the progress of its programs.

According to ADS 203.3.5, performance data should be precise and reliable. It also states that data quality assessments (DQAs) ensure that a mission and its strategic objective teams are aware of the strengths and weaknesses of reported data and of the extent to which the data integrity can be trusted to influence management decisions. It further mandates that data reported to USAID/Washington for Government Performance and Results Act reporting purposes or for reporting externally on Agency performance must have had a DQA at some time within the three years before submission. The ADS also states that when a mission conducts DQAs of data from secondary sources (including implementing partners), it should focus on the apparent accuracy and consistency of the data, and it should document DQAs in program files.

According to USAID's *Cognizant Technical Officers Guidebook on USAID Acquisition and Assistance*, CTOs are responsible for ensuring the accuracy of all reports submitted by their implementing partners. Additionally, TIPS No. 12, *Criteria for Collecting Quality Performance Data* (supplementary guidance to the ADS), states that even valid indicators have little value if the data collected does not correctly measure the variable

or characteristic encompassed by the indicator. It further states that results-oriented management requires that reported data be accurate and reliable. CTOs are charged with the responsibility of ensuring that data reported by implementing partners are accurate. Accordingly, CTOs are required to perform data verification procedures.

Overall, the reported results for 3 (23 percent) of 13 performance indicators were inaccurate or unreliable. All three affected indicators were among the six indicators tested under the PAIMAN Program. Table 4 compares reported to audited results for the 3 indicators.

Table 4: Reported Versus Audited Results - PAIMAN Program

No	Performance Indicator	Reported Results	Audited Results	Percent of Variance
8	No. of clean delivery kits sold	6,555	Could not be determined	Could not be determined
11	Percent of referral facilities upgraded to meet maternal and newborn health standards	6.6	6.2	6
13	Amount of grants awarded	\$1,194,154	\$1,295,785	8

- For Indicator no. 8, JSI reported selling 6,555 clean (birth) delivery kits in fiscal year 2006. However, the reported results were not reliable because sales data extracted from the database of Greenstar, one of JSI's consortium partners, contained numerous errors. Greenstar officials cited a change in the grantee's database platform as the probable cause for the data errors. Because the sales data were unreliable, we could not determine whether this indicator achieved its fiscal year 2006 target.
- For indicator no. 11, JSI over-reported the percent of referral (health) facilities upgraded because it incorrectly computed the percentage. JSI applied a complicated scoring matrix and weighted averages to various activities associated with upgrading and renovating health facilities to ascertain the percentage. The over-reporting occurred when JSI assigned the wrong score to certain activities.
- Under indicator no. 13, JSI awarded small grants to nongovernmental organizations to carry out various maternal and newborn health services. The CTO under-reported the total amount of small grants awarded because the amounts in the grant proposals were used instead of the amounts in the grant agreements. According to the CTO, JSI might have adjusted grant amounts after Mission approval of the proposals. The CTO did not consider the discrepancies to be significant, as long as the grants were awarded to qualified grantees and the sum of all grants awarded was within the amount budgeted for grant awards in fiscal year 2006.

USAID/Pakistan had not discovered the problems with the performance data under the PAIMAN Program because it did not perform DQAs and its CTOs did not verify the quality of the performance data received from implementing partners, as required by ADS guidance. Program officers acknowledged that the Mission had not performed DQAs, and the current CTOs for the KSM and PAIMAN programs cited competing priorities as the reason for not verifying performance data.

Inaccurate or unreliable performance data hinder USAID/Pakistan's ability to effectively monitor and evaluate the performance of its programs and grantees and to consistently report accurate results. To ensure that Mission managers have accurate and reliable data for managing and reporting on the results of its Basic Health Program, we are making the following recommendations.

Recommendation No. 2: We recommend that USAID/Pakistan develop and implement procedures that require its Cognizant Technical Officers to periodically verify the reliability of performance data submitted by implementing partners.

Recommendation No. 3: We recommend that USAID/Pakistan conduct data quality assessments of its Basic Health Program performance indicators as required by USAID's Automated Directives System.

Cognizant Technical Officers' Work Files Were Missing

USAID's Automated Directives System and the CTO designation letter establish certain responsibilities that CTOs must comply with when overseeing USAID cooperative agreements. These responsibilities include maintaining CTO work files.

The current CTOs for the KSM and PAIMAN programs could not locate the work files of their predecessors. CTO work files contain important documentation such as work plan approvals, records of site visits, and copies of significant correspondence between a CTO and a grantee on issues affecting program direction, progress and funding.

USAID/Pakistan did not have procedures to ensure the retention and safeguarding of CTO work files. Such procedures were particularly necessary at the Mission because tours-of-duty are only for one year. With such a frequent turnover of CTOs, it was essential that prior CTO work files be accessible to successor CTOs.

A permanent record of actions taken by prior CTOs who oversaw the KSM and PAIMAN programs was not available to successor CTOs or other Mission officials, which limited their ability to independently assess grantee performance and to identify ways to improve program results. The current CTOs acknowledged having a difficult time initially in monitoring their respective programs because of the missing work files.

The current CTOs were maintaining work files. USAID/Pakistan, however, is a high turnover post with one-year tours. Consequently, the Mission needs to ensure those critical work files are available to successor CTOs. To this end, we are making the following recommendation.

Recommendation No. 4: We recommend that USAID/Pakistan develop and implement procedures to retain and safeguard Cognizant Technical Officer work files.

EVALUATION OF MANAGEMENT COMMENTS

In its response to our draft report, USAID/Pakistan agreed with all four recommendations and stated that procedures to address the recommendations would be in place by September 30, 2007. Based on our review of the Mission's comments, we determined that management decisions have been reached on all four recommendations.

USAID/Pakistan, however, disagreed with our opinion in the draft report that the Basic Health Program did not achieve planned targets for fiscal year 2006 because only 4 of 13 performance indicators achieved their planned targets. The Mission stated that the audit opinion ignored the fact that of the eight performance indicators that did not meet their planned targets, four achieved 70 or more percent of their respective targets and the remaining four achieved more than 50 percent of their respective targets.

We carefully considered USAID/Pakistan's comments, however, we did not change our overall opinion because the audit objective was to determine whether planned targets were achieved and only 4 of 13 performance indicators achieved their planned targets. We did, however, revise the report to more fully recognize that even the performance indicators that did not meet their targets had made progress.

Finally, USAID/Pakistan wanted to go on record as noting that the Key Social Marketing Program—one of the two programs covered by our audit—was in the process of curtailment even during the audit.

USAID/Pakistan's written comments on the draft report are included in their entirety as Appendix II to this report.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Manila conducted this audit in accordance with generally accepted government auditing standards to determine whether selected activities under USAID/Pakistan's Basic Health Program achieved planned targets for fiscal year 2006.

The audit covered two key programs under USAID/Pakistan's umbrella Basic Health Program—the Key Social Marketing (KSM) Program being implemented by Constella Futures to promote social marketing of family planning and other family health services to low income communities; and the Pakistan Initiative for Mothers and Newborns (PAIMAN) Program being implemented by JSI Research and Training Institute, Inc. (JSI) to provide technical training and assistance, facility renovation, and service upgrades to improve mother and child birth outcomes and increase child survival.

On September 20, 2003, USAID/Pakistan awarded a five-year, \$27 million cooperative agreement to Constella Futures to implement the KSM Program that ends on August 15, 2008. As of September 30, 2006, USAID/Pakistan had obligated \$15 million and disbursed \$11 million for KSM Program activities. JSI was implementing the PAIMAN Program under a five-year, \$50 million cooperative agreement that began on October 8, 2004, and ends on September 30, 2009. At September 30, 2006, USAID/Pakistan had obligated \$23 million and disbursed \$7 million for PAIMAN Program activities.

The audit was performed in Pakistan from January 11, 2007, through February 07, 2007, and it covered the implementation of KSM and PAIMAN program activities from October 1, 2005, through September 30, 2006. Fieldwork was conducted at the offices of USAID/Pakistan, the Pakistani Ministry of Health, Constella Futures and JSI, all located in Islamabad. We also visited KSM and PAIMAN program sites in the Rawalpindi district of Punjab province, Pakistan.

We reviewed 13 selected performance indicators that USAID/Pakistan had established to measure whether the activities under the two programs were achieving planned targets: seven indicators for the KSM Program and six indicators for the PAIMAN Program. Working with USAID/Pakistan, we determined that these 13 readily quantifiable performance indicators were the most reflective of the progress of both programs.

As part of the audit, we assessed the significant internal controls used by USAID/Pakistan to ensure that KSM and PAIMAN program activities were achieving their performance targets for the fiscal year 2006. The assessment included controls related to whether the Mission (1) conducted and documented site visits to evaluate progress, (2) required and approved KSM Program and PAIMAN Program annual work plans, and (3) required and reviewed progress reports submitted by Constella Futures and JSI. We also reviewed the Mission's Federal Managers' Financial Integrity Act report for fiscal year 2006. Finally, we reviewed relevant prior audit reports.

Methodology

To answer the audit objective, we interviewed officials and staff from USAID/Pakistan, the Pakistani Ministry of Health, the Pakistani Ministry of Population Welfare, and the primary implementing partners—Constella Futures and JSI. We also reviewed and analyzed relevant documents at both the Mission and the implementing partners. This documentation included annual work plans, cooperative agreements and their modifications, site visit and other monitoring reports, progress reports, and financial reports and records.

The audit approach also included selecting performance indicators and tracing their reported progress to source documents. We traced judgmentally selected samples of the reported performance data to documented results maintained by the implementing partners to verify the accuracy and reliability of the reported data. We recalculated couple-years of protection using validated source data and conversion factors. In judging the significance of variances found during the audit between reported accomplishments and supporting documentation, we considered variances of five percent or more to be significant and reportable.

Because of security restrictions, we could only visit project sites in the Rawalpindi district of Punjab province, Pakistan. During these visits, we interviewed a health facility administrator, a health clinic service provider, a lady health visitor, a pharmaceutical distributor official and KSM field sales personnel. We also observed a community-based motivation session for women on family planning options and the renovation of a health facility.

We answered the audit objective by applying the following parameters to the 13 selected performance indicators from both the KSM and PAIMAN programs.

- If at least 90 percent of the targets were achieved, we would answer the audit objective positively.
- If at least 70 percent but less than 90 percent of the targets were achieved, we would answer the audit objective positively, but with a qualification.
- If less than 70 percent of the targets were achieved, we would answer the audit objective negatively.

For each selected activity, we applied the following parameters to measure the progress made on its intended target:

- If at least 90 percent of the target was achieved, we would consider the activity met its planned target.
- If less than 90 but not less than 70 percent of the target was achieved, we would consider the activity partially met its planned target.
- If less than 70 percent of the target was achieved, we would consider the activity did not meet its planned target.

MANAGEMENT COMMENTS



USAID
FROM THE AMERICAN PEOPLE

PAKISTAN

MEMORANDUM

Date: May 07, 2007

To: Catherine M. Trujillo
RIG/Manila

From: Jonathan Addleton
Mission Director /s/

Subject: Management Comments
Audit of USAID/Pakistan's Basic Health Program; Draft Audit Report No. 5-391-07-00X-P

Reference: Catherine M. Trujillo's memo dated April 4, 2007

In response to the referenced memorandum on the above subject, please find below the management comments on the four recommendations:

Recommendation No 1: We recommend that USAID/Pakistan develop and implement procedures that require its Cognizant Technical Officers to periodically verify that the targets of its Basic Health Program performance indicators are updated to reflect any significant programs changes.

Management Comments: Mission Management agrees to this recommendation. Mission shall develop specific guidelines for CTOs to address realignment of Performance Indicators under warranting circumstances. It is expected that guidance to this effect shall be issued by September 30, 2007.

Recommendation No 2: We recommend that USAID/Pakistan develop and implement procedures that require its Cognizant Technical Officers to periodically verify the reliability of performance data submitted by implementing partners.

Management Comments: Mission Management agrees to this recommendation. Mission shall develop specific guidelines for CTOs to ensure periodical verification of reliability

of performance data submitted by implementing partners. It is expected that guidance to this effect shall be issued by September 30, 2007.

Recommendation No 3: We recommend that USAID /Pakistan conduct data quality assessments of its Basic Health Program performance indicators as required by USAID's Automated Directives Systems

Management Comments: Mission Management agrees to this recommendation. Mission has prepared a scope of work and is expecting to have the DQA done before September 30, 2007.

Recommendation No 4: We recommend that USAID/Pakistan develop and implement procedures to retain and safeguard Cognizant Technical Officer work files.

Management Comments: Mission Management agrees to this recommendation. Mission shall develop specific guidelines for CTOs to ensure proper retention and safeguard of CTO work files. It is expected that guidance to this effect shall be issued by September 30, 2007.

Mission would like to place on record that we disagree with the wording in the first sentence of paragraph two of page 1 and throughout the body of the audit report where it states that the Basic Health Program did not achieve planned outputs for fiscal year 2006. Of the 13 performance indicators selected, 4 achieved its output, 4 partially achieved it; whereas, 5 did not achieve the planned output for fiscal year 2006 based on the standard RIG used for measuring performance. Amongst the 5 that did not achieve its planned, with the exception of one performance indicator whose data was not reliable for testing, none of the other four were below 50 percent achievement of planned output. The audit opinion tends to ignore the fact that 4 performance indicators achieved their targets, 4 were above 70 percent and partially achieved their targets whereas from the 5 that did not achieve their target, 4 were above 50 percent. Therefore, Mission believes that it partially achieved and/or achieved 8 out of 13 selected performance indicators.

We would also like to put on record that of the two activities selected as sample for the performance audit by RIG, one, viz. Key Social Marketing Program implemented by Constella Futures, from which seven performance indicators were selected, was in the process of curtailment even during the audit.

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