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AUDIT OF  
EXPANDED PROGRAM IN IMMUNIZATION  
USAID/INDONESIA  
PROJECT NO. 497-0253

AUDIT REPORT NO. 2-497-87-01

October 21, 1986

UNITED STATES GOVERNMENT

# Memorandum

TO : Mr. William P. Fuller  
Director, USAID/Indonesia

DATE: October 21, 1986

FROM : Leo L. LaMotte  
RIG/A/Manila

RIG/EA-87-018

SUBJECT: Audit of the Expanded Program in Immunization Project  
(No.497-0253)

This report presents the results of audit of the Expanded Program in Immunization Project. This was primarily a program results audit. Specific audit objectives were to determine whether (1) the primary program objective of reducing the incidence of disease and death through immunization was being achieved, (2) AID-financed commodities were adequately controlled, (3) AID-financed equipment was being appropriately utilized, and (4) AID publicity requirements were met.

Audit results showed: the lack of an accurate and reliable information system prevented USAID/Indonesia from adequately assessing whether the project was achieving its primary objective of reducing the incidence of disease and death through immunization; records were not sufficient to trace 3,700 AID-financed refrigerators costing over \$1.9 million to end-users; one piece of AID-funded equipment costing \$74,238 could not be used in the project and has been in storage since 1982; and Agency publicity requirements were not met for commodities funded by AID.

We are recommending that USAID/Indonesia: provide assistance to ensure that the Indonesian Ministry of Health develops an accurate and reliable information system on the incidence of disease and death for targeted immunizable diseases; require the Indonesian Ministry of Health to revise its distribution information system to ensure that AID-funded commodities can be traced to end-users; ensure disposal of the unused piece of equipment in accordance with AID regulations; and ensure that the Indonesian Government complies with Agency publicity requirements.

Please provide your written comments within 30 days of further actions planned or taken to implement the report recommendations. Thank you for the assistance and cooperation extended to the audit staff on this assignment.

## EXECUTIVE SUMMARY

The United States granted \$3.2 million and loaned \$9.5 million to Indonesia to assist its Ministry of Health in implementing a program to reduce the incidence of disease and death through immunization, especially among children. The project began in 1979 and after an extension is scheduled to end in September 1987. Major elements of this project included (1) achieving self-sufficient domestic production capability for selected vaccines, (2) building an effective national immunization organization and infrastructure, (3) improving performance of the vaccine distribution systems, (4) installation and use of a health management information system, and (5) continuous program evaluation.

This was primarily a program results audit conducted during March to August 1986. Specific audit objectives were to determine whether (1) the primary program objective of reducing the incidence of disease and death through immunization was being achieved, (2) AID-financed commodities were adequately controlled, (3) AID-financed equipment was being appropriately utilized, and (4) AID publicity requirements were met.

The audit showed that while the project had gotten off to a slow start, during the last several years impressive gains in program management and immunizations have been made. This was confirmed by a recent program evaluation by an American consultant which concluded that the Indonesian Expanded Program in Immunization has made exceptional progress during the last three years and is rapidly approaching its targets for immunizations. The consultant reported that vaccines are now available in 90 percent of the 3,579 local areas and that solutions have been found to problems in developing the infrastructure to keep vaccines cool which had been inhibiting project implementation.

Audit results showed: the lack of an accurate and reliable information system prevented USAID/Indonesia from assessing whether the project was achieving its primary objective of reducing the incidence of disease and death through immunization; records were not sufficient to trace 3,700 AID-financed refrigerators costing over \$1.9 million to end-users; one piece of AID-funded equipment costing \$74,238 could not be used in the project and has been in storage since 1982; and agency publicity requirements were not met for commodities funded by AID.

AID regulations require management to assess project activities on a periodic basis to determine whether project objectives have been or can be achieved. However, the accomplishment of the project's primary goal of reducing disease and death through immunization had not been adequately assessed because the Indonesian Ministry of Health information system did not produce accurate or reliable data on the incidence of disease

and death. As a result, USAID/Indonesia did not know whether the expenditure of \$12.7 million in AID funds was as effective as it should have been in achieving a key project objective. We recommended that USAID/Indonesia provide assistance to ensure that the Indonesian Ministry of Health develop an accurate and reliable information system on the incidence of disease and death for targeted immunizable diseases. USAID/Indonesia concurred with and has taken action to implement this recommendation.

AID regulations require that AID-financed commodities be accounted for and used for intended project purposes. AID paid more than \$1.9 million for 3,700 refrigerators, but the Indonesian Ministry of Health system for distribution did not provide enough information to identify the specific end-users. This occurred because the Ministry did not have a system which allows tracing the refrigerators beyond the provincial level. As a result, USAID/Indonesia does not know whether all the refrigerators were used for intended project purposes. We recommended that USAID/Indonesia require that the Indonesian Ministry of Health revise its distribution information system to ensure adequate end-use accountability for AID-financed commodities. USAID/Indonesia concurred with and has taken action to implement this recommendation.

AID regulations require that AID-financed commodities excess to project needs either be transferred to other projects or be sold and the proceeds used to further project purposes. AID financed a vial size-gauging machine costing \$74,238 for a government-owned pharmaceutical firm. This machine could not be used in the project and since 1982 has been in storage because a machine was requested to measure particles in vaccine vials rather than the size of the vials. The wrong machine was ordered and delivered because of errors on the part of the procurement agent, USAID/Indonesia and the recipient pharmaceutical firm. Thus a valuable resource has provided no utility to this project or other AID-sponsored development activities. We recommended that USAID/Indonesia ensure disposal of the excess piece of equipment in accordance with Agency regulations. USAID/Indonesia concurred with and has taken action to implement this recommendation.

AID regulations require that the AID emblem be prominently displayed on AID-financed commodities so that the public of the recipient country is aware that the resource was donated by the people of the United States. A large portion of AID-funded equipment observed in use on this project did not display an AID emblem. The emblems originally attached to refrigerators were too small and not durable. This occurred because inappropriate emblems were affixed by the manufacturer and USAID did not monitor their use. Thus, the United States missed the good public relations of being identified with this popular, life-saving program. We recommended that USAID/Indonesia supply

larger, more permanent emblems to the Indonesian Ministry of Health and ensure that they are attached to all AID-financed commodities. USAID/Indonesia concurred with and has taken action to implement this recommendation.

*Office of the Inspector General*

AUDIT OF  
EXPANDED PROGRAM IN IMMUNIZATION  
USAID/INDONESIA

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AUDIT OF  
EXPANDED PROGRAM IN IMMUNIZATION  
USAID/INDONESIA

PART I - INTRODUCTION

A. Background

The Expanded Program in Immunization (EPI) Project (No. 497-0253) was approved August 15, 1979 and was scheduled to end June 30, 1984. An extension to September 30, 1987 was granted on June 14, 1984. Project obligations, commitments and disbursements as of June 30, 1986 are shown below:

EPI Obligations, Commitments and Disbursements  
(In \$ millions)

	<u>Obligated</u>	<u>Committed</u>	<u>Disbursed</u>
Loan No. 497-U-057	\$ 9.5	\$ 7.8	\$ 5.7
Grant No. 497-0253	<u>3.2</u>	<u>3.0</u>	<u>2.5</u>
Total	<u>\$ 12.7</u>	<u>\$10.8</u>	<u>\$ 8.2</u>

The Government of Indonesia (GOI) committed \$13.5 million to the project at its inception in 1979. The GOI reported estimated expenditures of \$31.6 million for project purposes as of March 31, 1986.

The primary goal of EPI was to reduce disease and death, especially among infants and children, caused by certain contagious diseases that can frequently be prevented through immunization. The project was to assist the GOI in expanding its tuberculosis and smallpox immunization program by adding immunization against diphtheria, pertussis and tetanus for infants and tetanus for pregnant women. During project implementation, immunization against measles and polio were added to the program. Major elements of this project included (1) achieving self-sufficient domestic production capability for selected vaccines, (2) building an effective national immunization organization and infrastructure, (3) improving performance of the vaccine distribution systems, (4) installing and using a health management information system, and (5) evaluating the program continuously.

The Indonesian Ministry of Health is responsible for administration of the country's immunization program. A system of health centers provides modern public health services including immunization for the 130 million Indonesians who live in rural areas. Linked to health centers are health subcenters in the main villages which provide basic care, including vaccination and health education. Each of 13,636 subcenters serves a population ranging from 3,000 to 10,000.

## B. Audit Objectives and Scope

This was primarily a program results audit. Specific audit objectives were to determine whether (1) the primary program objective of reducing the incidence of disease and death through immunization was being achieved, (2) AID-financed commodities were utilized and controlled, (3) AID-financed equipment was being appropriately utilized, and (4) AID publicity requirements were met.

Audit work was conducted in Indonesia and included a review of pertinent program implementation documents maintained by USAID/Indonesia. Interviews were held with USAID officials, Indonesian Ministry of Health officials, immunization staff in four provinces, personnel at five regencies, and doctors and staff at eight health centers and one hospital. At the health centers and hospital, the implementation of the immunization program was observed. Project records available at all locations visited were reviewed to determine whether project-financed commodities were fully utilized and controlled. The program results of project disbursements totaling \$8.2 million were audited. Counterpart contributions made by the Indonesian Ministry of Health were not audited.

There have been no prior audits of the Project. Audit work was performed during the period March to August 1986. The audit was made in accordance with generally accepted government auditing standards.

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PART II - RESULTS OF AUDIT

Audit results showed: the lack of an accurate and reliable information system prevented USAID/Indonesia from adequately assessing whether the project was achieving its primary objective of reducing the incidence of disease and death through immunization; records were not sufficient to trace 3,700 AID-financed refrigerators costing over \$1.9 million to end-users; one piece of AID-funded equipment costing \$74,238 could not be used in the project and has been in storage since 1982; and Agency publicity requirements were not met for commodities funded by AID.

The audit showed that while the project had gotten off to a slow start, during the last several years impressive gains in program management and immunizations have been made. This was confirmed by a recent program evaluation by an American consultant who concluded that the Indonesian Expanded Program in Immunization had made exceptional progress during the last three years and is rapidly approaching its targets for immunizations. He reported that vaccines are now available in 90 percent of the 3,579 local areas and solutions have been found to problems in developing the infrastructure to keep vaccines cool which had been inhibiting project implementation.

We are recommending that USAID/Indonesia: provide assistance to ensure that the Indonesian Ministry of Health develops an accurate and reliable information system on the incidence of disease and death for targeted immunizable diseases; require the Indonesian Ministry of Health to revise its distribution information system to ensure AID-funded commodities can be traced to end-users; dispose of the excess piece of equipment in accordance with AID regulations; and ensure that the Indonesian Government complies with Agency publicity requirements.

## A. Findings and Recommendations

### 1. The Information System Needs Improvement to Provide an Adequate Basis for Determining Program Results

AID regulations require management to assess project activities on a periodic basis to determine whether project objectives have been or can be achieved. However, the accomplishment of the project's primary objective of reducing disease and death through immunization could not be accurately assessed because the Indonesian Ministry of Health information system did not produce accurate or reliable data on the incidence of disease and death. As a result, USAID/Indonesia did not know whether the expenditure of \$12.7 million in AID funds was as effective as it should have been in achieving a key project objective.

#### Recommendation No. 1

We recommend that USAID/Indonesia provide assistance to ensure that the Indonesian Ministry of Health develops an accurate and reliable information system on the incidence of disease and death for targeted immunizable diseases.

#### Discussion

AID Handbook 3 requires that management assess project progress on a periodic basis to determine whether the project is achieving its objectives. In order to assess project progress, the management information system must assess not only project activities, but the results of these activities and whether objectives are being achieved. Based on the project paper, the Indonesian Ministry of Health (MOH) should have (1) developed, installed and utilized a health management information system; (2) trained a staff with on-the-job experience to effectively manage and maintain the information system; and (3) developed a formal system for monitoring and evaluating the program on a continuing basis. The evaluation plan attached to the Project Paper states "The ultimate goal of the program is reduction of morbidity and mortality from the diseases against which immunization will be given, measurement of the extent of such reduction will be the most important form of evaluation."

The Project Paper recognized the importance of the health management information system and stated that a consultant would be provided as a part of grant funding for four years from the Communicable Disease Control Center, Atlanta, to develop the system. Additional help was to be provided by USAID/Indonesia. The consultant was provided, but he had only limited success in developing an efficient surveillance system. For instance, the MOH has developed a national health information system which includes data on disease incidence. But the information is not provided on a timely basis, sometimes up to

a year late, and according to project records the completeness and accuracy of the data is questionable.

The data collection and reporting by health centers visited during the review showed that there were good records and accurate reporting on the numbers of inoculations given by type and age of recipient. However, analysis of the data on the incidence of immunizable diseases showed that such data was not available at some health centers and not very reliable at others. For example, some health centers reported only cases they treated, while others reported all cases of which they were aware.

Project officials pointed out that the MOH office responsible for immunizations had developed an alternate information system based on data from about 200 selected "sentinel" locations of over 5,000 possible reporting elements. However, Project officials also noted that while this system was useful, it was neither a reliable indicator of overall program success because of the limited data sources nor could it provide an assessment of vaccine effectiveness.

A recent report by a consultant from the Communicable Disease Control Center, Atlanta, stated that the incidence of immunizable diseases in Indonesia was reported through 11 separate sometimes overlapping reporting systems. The consultant noted that most data collected at the local level was not reported or used. Further, the consultant concluded that this left the project without reliable data on project impact, vaccine efficacy, and the cost effectiveness of immunization.

Another consultant's report indicated that reports of sickness and death from program diseases based on surveillance data from the MOH are inconsistent with data from other sources, such as reports from health centers, sentinel areas and outbreak investigations. His estimates are shown below. This consultant concluded that there was enormous underreporting through the regular reports, as illustrated in the chart below.

Comparison of 1984 Reported and Estimated Illnesses and Deaths  
from Immunizable Diseases in Indonesia

<u>Disease</u>	<u>Cases Reported</u>	<u>Estimated Actual Cases</u> <sup>a</sup>	<u>Under-reported Cases</u>	<u>Percent</u>
Measles	16,635	5,300,000	5,283,365	99.7
Diphtheria	2,253	280,000	277,747	99.2
Pertussis	2,150	5,300,000	5,297,850	99.9
Tetanus	1,505	95,000	93,495	98.4
Polio	110	8,600	8,490	98.7

<sup>a</sup> The estimates are based on information available to the consultant and are not official statistics published by the Government of Indonesia.

According to project officials, this condition existed because the Ministry of Health did not have the means to develop a reliable and accurate national system to provide this information and had not placed adequate emphasis on such data. The Mission reported that it was providing some assistance in this area under another project, but results are not yet satisfactory.

Subsequent to our pointing out this problem at the end of our audit, USAID/Indonesia directed a project consultant to place more emphasis on assisting the MOH to improve their surveillance information system. USAID/Indonesia also committed over \$800,000 more in loan and grant funds to program monitoring. In addition, the project has funded two computers to aid in data compilation and interpretation. This was done with the agreement and cooperation of the MOH. The MOH has also agreed to test a new health data collection system using women's organizations.

In summary, in order to assess project accomplishments, it is necessary to have an effective surveillance system to monitor the incidence of disease and death from targeted immunizable diseases as well as a reporting system to monitor the number and types of inoculations given. A comparison of the coverage rate of inoculations and the incidence of disease and death can show overall program effectiveness and is an indicator of the potency and proper administration of the vaccine. However, the Government of Indonesia had not placed enough emphasis on developing a reliable and accurate information system on the incidence of disease and death. Consequently, USAID/Indonesia did not know whether the expenditure of \$12.7 million in AID funds was effectively achieving a key project objective.

#### Management Comments

USAID stated that it recognized the continued need to address weaknesses within the Indonesian Ministry of Health's overall health services information reporting system. In this regard, USAID placed an epidemiologist in the project specifically to identify these system constraints and develop recommendations for timely and consistent reporting on the incidence of disease and death for immunizable diseases. USAID will request closure of this recommendation upon establishment and operation of a surveillance system that provides regular data on immunizable diseases identified in the EPI project to the national level surveillance unit from provincial levels in a timely manner. The Mission expects this to be accomplished by March 1987.

#### Office of Inspector General Comments

We agree with the action taken and planned by the Mission to address this finding and will close the recommendation when it has been completed.

## 2. Accountability Needs to be Improved For AID-Financed Commodities

AID regulations require that AID-financed commodities be accounted for and used for intended project purposes. AID paid more than \$1.9 million for 3,700 refrigerators, but the Indonesian Ministry of Health (MOH) system for distribution did not provide enough information to identify the specific end-users. This occurred because the Ministry did not have a system which allows tracing the refrigerators beyond the provincial level. As a result, USAID/Indonesia did not know whether all the refrigerators were used for intended project purposes.

### Recommendation No. 2

We recommend that USAID/Indonesia require the Indonesian Ministry of Health to revise its distribution information system to ensure adequate end-use accountability for AID-financed commodities.

### Discussion

AID Handbook 15 Chapter 12 specifies that the borrower must (1) ensure that AID-financed commodities be effectively used for the purpose for which the assistance was made available and (2) maintain a system of records documenting the arrival and disposition of commodities financed by AID. These records must provide data necessary for end-use investigations and be retained for audit.

The Expanded Program in Immunization (EPI) loan financed 3,700 refrigerators costing over \$1.9 million for storing vaccines. The project received 1,200 refrigerators in 1983 and the remaining 2,500 were delivered in 1985.

Records maintained by the MOH show that the refrigerators were received and distributed to the provincial level. Provincial records verify their receipt. However, there is no uniform system of property control and the refrigerators lost their identity as AID-financed commodities after distribution below the province level to final recipients. For example, the same type of refrigerator is also funded by United Nations Children's Educational Fund (UNICEF). In the provinces sampled which had also received UNICEF-funded refrigerators, it could not be determined from the property records which refrigerators were AID-funded.

Prior to arrival of the 2,500 refrigerators in 1985, USAID/Indonesia requested the MOH to institute a system to trace the refrigerators shipped to each province. However, the MOH division assigned this responsibility did not carry out the request. During our audit, the MOH was again requested to

account for the AID-funded refrigerators. We were told by Mission officials that the MOH has agreed to do so and is in the process of identifying the locations to which the refrigerators were sent.

In summary, MOH records did not allow us to trace AID-funded refrigerators to the end users. Consequently, it could not be determined whether this AID-financed commodity was used for intended project purposes. Therefore, USAID should require the MOH to maintain appropriate records so that all refrigerators paid for with AID funds can be adequately accounted for and controlled.

#### Management Comments

USAID/Indonesia stated that it has requested the Ministry of Health to establish a refrigerator tracking system for USAID-supplied refrigerators. USAID noted that the system is currently in the process of identifying end-users beyond the province level. USAID will request closure of this recommendation upon notification and verification that all provinces have received AID-financed refrigerators. The Mission expects this to be accomplished by February 1987.

### 3. Excess Equipment Should be Disposed as Required by AID Regulations

AID regulations require that AID-financed commodities excess to project needs either be transferred to other projects or be sold and the proceeds used to further project purposes. AID financed a vial size-gauging machine costing \$74,238 for a government-owned pharmaceutical firm. This machine could not be used in the project and since 1982 has been in storage because a machine to measure particles in vaccine vials rather than vial size was requested. The wrong machine was ordered and delivered because of errors on the part of the procurement agent, USAID/Indonesia and the recipient pharmaceutical firm. Thus a valuable resource has provided no utility to this project or other AID-sponsored development activities.

#### Recommendation No. 3

We recommend that USAID/Indonesia ensure disposal of the excess piece of equipment in accordance with AID Handbooks 3 and 15.

#### Discussion

AID Handbook 15 Chapter 12 specifies that (1) the borrower must ensure that AID-financed commodities be effectively used for the purpose for which the assistance was made available; and (2) the USAID is responsible for verifying that commodities are being effectively used in the project or disposed of as approved by AID. AID Handbook 15 also says that AID project officers should ascertain that commodities financed by AID are being effectively used in the project, or if not, should ensure the commodities are transferred to other AID-sponsored projects. AID Handbook 3 requires that AID-funded resources shall be devoted to the project until the completion of the project, and thereafter will be used to further project objective. Thus, should commodities become excess to project needs, the proceeds from the sale of the excess should also be used to further project objectives.

AID funded the purchase of \$1.47 million worth of vaccine production equipment for Bio-Farma, a government-owned pharmaceutical firm. The equipment was ordered in 1980 and delivered in 1982.

During our audit, we found that one piece of equipment, a vial size gauging machine costing \$74,238, was not being used by Bio-Farma and was of no other use to the project. Bio-Farma had requested a machine that judges the number of large particles in a vial of vaccine as a quality control measure. However, Bio-Farma received a machine that measures the size of vials. They had no use for this type of machine. Since shortly after its receipt in 1982, the vial size-gauging machine has been in storage. We were told by a Bio-Farma

official that USAID had been notified by letter that the machine was inappropriate, but he could not find a copy of the letter nor could we locate it in USAID files.

We believe this situation occurred because the purchasing agent did not examine the specifications closely and purchased the wrong machine. Bio-Farma should have noticed the error upon delivery and refused to accept the substitute machine, but did not. USAID/Indonesia should also have monitored the use of the equipment more closely.

USAID/Indonesia requested information from the Government of Indonesia in July as to the status of this machine and was awaiting a response.

In summary, the machine is of no use in the project and should be disposed of in accordance with AID procedures.

#### Management Comments

USAID/Indonesia stated that it will consult with the Indonesian government to affirm that the equipment is excess to project needs and upon receiving the response provide appropriate guidance for disposal.

#### 4. AID Publicity Requirements Should be Met

AID regulations require that the AID emblem be prominently displayed on AID-financed commodities so that the public of the recipient country is made aware that the resource was donated by the people of the United States. A large portion of AID-funded equipment observed in use on this project did not display an AID emblem. The emblems originally attached to refrigerators were too small and not durable. This occurred because inappropriate emblems were affixed by the manufacturer and USAID did not monitor their use. Thus, the United States missed the good public relations of being identified with this popular, life-saving program.

#### Recommendation No. 4

We recommend that USAID/Indonesia supply additional larger, more permanent emblems to the Ministry of Health and ensure that they are attached to all AID-financed project commodities.

#### Discussion

The Foreign Assistance Act requires that all programs carried out under the Act be identified overseas as "American Aid." The purpose of the requirement was to ensure the public of the recipient country was made aware that the resources were donated by the people of the United States. AID Handbook 15 explains how the requirement should be carried out by the AID missions overseas. Chapter 11 of Handbook 15 specifies that commodities purchased with AID funds must display an AID emblem. It also notes that the emblems must be as durable and at least as large as the trademarks affixed by the producer. The handbook also states it is the responsibility of the USAID to monitor arrivals of commodity shipments and make end-user checks to ensure compliance with AID marking requirements.

AID loan funds were used to purchase 3,700 refrigerators for the project to store vaccine at health centers. In addition, 59 Jeeps and two pick-ups were purchased for use of Ministry of Health (MOH) provincial officials for project operations and monitoring.

During our field work, we observed two of the seven AID-financed vehicles and nine of ten refrigerators in our sample did not have any AID markings. We were told by project officials that the original decals were frequently removed by people who wanted them for their privately-owned vehicles or for other decorative purposes.

The emblems placed on the refrigerators were the decal type about 2" x 2". They are easily removed. Emblems placed on similar refrigerators financed by United Nations Children's Educational Fund (UNICEF) were about 6" x 5" and more permanently affixed. The manufacturers' trademark is molded into

the plastic forming the refrigerator case and is about 5" x 5". AID emblems placed on vehicles were also the decal type, but larger and more difficult to remove.

When ordering equipment in the future, the USAID should specify that larger and more permanent emblems be attached to refrigerators. USAID should also provide additional such emblems to be attached to project vehicles and refrigerators already in use.

In summary, the refrigerators are used in health centers visited by the public and the vehicles are used by MOH officials. As immunization is a popular program, it is important for the public of Indonesia to see that the United States is providing support to the immunization program. Thus, USAID should take appropriate steps to ensure the marking requirements are met by the Indonesian program implementing agencies.

#### Management Comments

USAID/Indonesia stated that it continues to recognize the publicity value relating to the immunization program. USAID proposes to provide a larger, more durable emblem for USAID-financed refrigerators and other major equipment items after requesting the GOI to identify USAID-funded commodities which no longer have the AID emblem affixed. With regard to marking of vehicles, USAID has already implemented a system as described in USAID Order No. 1500.2 dated July 23, 1985. This order was issued in response to RIG/A/Manila Audit Report No. 2-497-85-05, dated May 12, 1985. USAID is following the system described in the above mentioned USAID order by identifying vehicles without AID emblems and taking corrective action to see that they are properly marked. Therefore, it requests that the portion of this audit recommendation pertaining to vehicles be dropped. USAID will also request that the GOI issue a directive to require that such emblems be clearly affixed to USAID-provided refrigerators and other major equipment items. USAID proposes that issuance of this directive be adequate to request closure of this recommendation.

#### Office of Inspector General Comments

We agree that it is not cost effective for USAID staff to inspect all equipment for emblems. However, project monitors should be alert to compliance with this requirement and raise the issue in their normal monitoring efforts. This applies for vehicles as well, even though there may be a system of assurances. We observed that reporting under this system is not always accurate. We do agree, however, to closing the recommendation when the actions promised by USAID/Indonesia are taken.

## B. Compliance and Internal Controls

### Compliance

Audit results showed USAID/Indonesia was generally in compliance with Agency regulations except in the two areas covered: disposal of one excess piece of equipment should have been but was not accomplished in accordance with AID regulations; and AID marking requirements were not met. USAID/Indonesia is taking action to correct these compliance deficiencies. Nothing came to our attention which caused us to believe that interested items were not in substantial compliance.

### Internal Controls

Audit results showed that USAID/Indonesia's internal controls were generally sufficient to ensure project activities were carried out according to the project paper except in two areas. Action needs to be taken to determine whether the primary project objective of reducing the incidence of disease and death has been or can be achieved. Further, AID-financed commodities could not be traced to the end-users. USAID/Indonesia is taking action to correct these internal control deficiency. Other tests of internal controls made during our audit did not indicate the existence of inadequate controls or low level of compliance with these controls.

AUDIT OF  
EXPANDED PROGRAM IN IMMUNIZATION  
USAID/INDONESIA

PART III - APPENDICES

ACT: (AID-6) INFO: AMB DCM AA ECON ADB AGF CHPON/12

APPENDIX 1  
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26 SEP 86 0823  
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CALLER: **ACTION COPY**

AIDAC FOR FRANK A. DICKEY, RIG/A/M  
- FROM WILLIAM P. FULLEP

Action Taken: \_\_\_\_\_  
No action necessary:   
Date: 9/29/86 Info: \_\_\_\_\_

E.O. 12356: N/A

SUBJECT: DRAFT AUDIT REPORT ON THE EXPANDED PROGRAM IN  
IMMUNIZATION PROJECT 497-0253



THE MISSION HAS REVIEWED THE SUBJECT DRAFT REPORT AND FINDS THAT THE RECOMMENDATIONS PROVIDED ARE GENERALLY ACCURATE. WE NOTE WITH FAVOR AND AGREE WITH THE REPORT THAT THERE IS EVIDENCE TO DEMONSTRATE THAT IMPRESSIVE GAINS HAVE BEEN MADE SINCE THE BEGINNING OF THE PROJECT, MOST NOTABLY THAT THE VACCINE SUPPLY SYSTEM IS FUNCTIONING DOWN TO THE LOWEST LEVEL IN THE HEALTH SYSTEM, THE COLD CHAIN IS WORKING AND VACCINATIONS ARE BEING ADMINISTERED TO THE APPROPRIATE TARGET GROUPS IN A SATISFACTORY MANNER. IN VIEW OF THESE STATED FINDINGS USAID BELIEVES THAT YOUR STATEMENTS OPEN BRACKETS P.6 AND P.10 CLOSED BRACKETS THAT USAID DOES NOT KNOW IF FUNDS ARE BEING SPENT EFFECTIVELY ARE UNNECESSARILY HAPSH AND PLACE THE OVERALL ACCOMPLISHMENTS OF THE PROJECT IN TOO NEGATIVE A LIGHT.

THE RECOMMENDATIONS IN THE AUDIT ARE COMMENTED ON INDIVIDUALLY FOR INCLUSION IN YOUR FINAL REPORT AS APPENDIX 1.

1. RECOMMENDATION NO. 1

USAID/INDONESIA PROVIDE ASSISTANCE TO ENSURE THAT THE INDONESIAN MINISTRY OF HEALTH DEVELOPS ACCURATE AND RELIABLE INFORMATION SYSTEM ON THE INCIDENCE OF DISEASE AND DISEASE AND DEATH FOR IMMUNIZABLE DISEASES.

A. COMMENTS

1. USAID/INDONESIA HAS RECOGNIZED THE CONTINUED NEED TO ADDRESS REPORTING WEAKNESSES WITHIN THE MINISTRY OF HEALTH'S OVERALL HEALTH SERVICES REPORTING SYSTEM. THERE ARE BASICALLY THREE CONTINUOUS REPORTING SYSTEMS WHICH ARE COMPLEMENTED WITH REPORTS FROM NATIONAL SURVEYS, SPECIFIC OUTBREAK INVESTIGATION REPORTS, SELECTED SENTINEL AREA REPORTS AND MINISTRY INTEGRATED CENTRAL LEVEL REPORTS. FOR PURPOSES OF THE IMMUNIZABLE DISEASES WHICH REQUIRE IMMEDIATE RESPONSE TO IDENTIFY OUTBREAK SITUATIONS, THE BUREAU OF COMMUNICABLE DISEASES

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HAS DEVELOPED A TIMELY REPORTING SYSTEM WHICH MONITORS IMMUNIZABLE DISEASES AND IS CAPABLE OF INITIATING EARLY OUTBREAK INVESTIGATIONS. DR. STANLEY FOSTER'S REPORT, WHICH IS MENTIONED IN THE SUBJECT DRAFT REPORT, COMMENDS THIS AS A MAJOR SURVEILLANCE ACHIEVEMENT, SEE P.16. EPIDEMIOLOGISTS FROM CDC ATLANTA AND JAKARTA-BASED EPIDEMIOLOGY CONSULTANTS ARE AGREED THAT THIS SYSTEM IS EFFECTIVE FOR MONITORING MORBIDITY AND MORTALITY FOR THE IMMUNIZABLE DISEASES BEING ADDRESSED BY THIS PROJECT. WHAT IS QUESTIONABLE IS THE DATA EMANATING FROM THE OTHER BUREAU'S IN THE MINISTRY WHERE REGULAR REPORTING SYSTEMS ARE STILL SLOW AND DATA REMAIN QUESTIONABLE. THE PROJECT CONTINUES TO INFLUENCE THE MINISTRY TO STREAMLINE THEIR VARIOUS REPORTING SYSTEMS. FOR INSTANCE, PRIOR TO THE INITIATION OF THIS AUDIT, USAID RECOGNIZED THE IMPORTANCE OF STRENGTHENING THE SURVEILLANCE NETWORK AND IN AUGUST 1985 AGREED TO PLACE AN EPIDEMIOLOGIST IN THE PROJECT SPECIFICALLY TO IDENTIFY THESE SYSTEM CONSTRAINTS AND DEVELOP RECOMMENDATIONS FOR TIMELY AND CONSISTENT REPORTING THROUGHOUT THE MINISTRY, BUT PRIMARILY WITHIN THE BUREAU OF COMMUNICABLE DISEASES.

- 2. ADDITIONALLY, WITHIN TWELVE MONTHS OF A 30 MONTH CONTRACT, USAID THROUGH ANOTHER CONTRACT HAS INFLUENCED POLICY MAKERS IN THE BUREAU OF PLANNING, WHICH HAS OVERALL MINISTRY RESPONSIBILITY FOR HEALTH PLANNING ISSUES, TO INITIATE COMPUTERIZED INFORMATION STORAGE AND RETRIEVAL SYSTEMS AND REVIEW EXISTING DISEASE REPORTING SYSTEMS WITH A VIEW TO REDUCING EXCESSIVE INFORMATION REQUIREMENTS.

- 3. ESTABLISHMENT OF A RECORDING SYSTEM THAT PROVIDES ACCURATE INFORMATION CONCERNING THE NUMBERS OF IMMUNIZATIONS PROVIDED BY TYPE AND AGE IS A PREREQUISITE FOR AN EFFECTIVE SURVEILLANCE SYSTEM. THAT SAME SYSTEM WILL ALSO PROVIDE COVERAGE DATA AND ULTIMATELY REFLECT COVERAGE TRENDS OVER TIME. THE INDONESIAN FPI PROJECT HAS EFFECTIVELY DEMONSTRATED ANNUAL INCREASES IN COVERAGE OVER THE PAST TEN YEARS. THIS FACT IS HIGHLY SIGNIFICANT AS AN INDICATOR OF POSITIVE PROGRAM IMPACT. FOR INSTANCE, IN 1979 ONLY 43 PERCENT OF THE POPULATION HAD ACCESS TO IMMUNIZATIONS, BUT IN 1985 THE PROGRAM INCREASED THIS TO 91 PERCENT. COVERAGE LEVELS IN 1983

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FOR DPT 3, MEASLES, POLIO 3, AND TT2 WERE 6.1, 6.5, 6.3 AND 6.6 PERCENT RESPECTIVELY. IN MAY 1986 THOSE FIGURES ARE DEMONSTRABLY UP TO 26, 26, 25 AND 24 PERCENT RESPECTIVELY. VIFAL VACCINES WERE ONLY INTRODUCED IN 1983. ADDITIONALLY, RECOGNITION OF THE DIFFICULTIES ENCOUNTERED IN DEVELOPING COUNTRIES IN OBTAINING RELIABLE MORBIDITY AND MORTALITY DATA - PRIMARILY DUE TO INABILITY TO MAKE DIFFERENTIAL DIAGNOSIS BY HEALTH PERSONNEL - HAVE LED THE USAID/INDONESIA EPI PROGRAM TO DEVELOP AND SUPPORT A FIELD EPIDEMIOLOGY - FETP - TRAINING PROGRAM WHICH TRAINS INDONESIANS IN THE PRINCIPLES OF EPIDEMIOLOGY AND OUTBREAK INVESTIGATION AND CONTROL. THIS COMPONENT OF EPI STRENGTHENS THE CAPABILITY OF THE MINISTRY OF HEALTH TO RESPOND TO DISEASE OUTBREAKS WHILE ADDRESSING THE CONTINUED PROBLEM OF ESTABLISHING A RELIABLE MORBIDITY AND MORTALITY REPORTING SYSTEM. USAID SUPPORT TO GOI HAS FOCUSED ON IMMUNIZABLE DISEASES AND ASSOCIATED MORBIDITY/MORTALITY.

- 4. THERE IS NO SINGULAR CAUSE OF MORTALITY. IRRESPECTIVE OF CAUSE, MORBIDITY & MORTALITY REPORTING STILL REQUIRES MORE ATTENTION WITHIN THE MINISTRY OF HEALTH. HOWEVER IN A LARGE PART, AS A RESULT OF THE CONTRIBUTIONS OF THE EPI PROJECT, ON AUGUST 17, THE GOVERNMENT OF INDONESIA OFFICIALLY ANNOUNCED A REDUCTION OF ITS INFANT MORTALITY RATE FROM 94/1000 TO 82/1000. IN SOME AREAS OF ACCELERATED EPI ACTIVITY, THAT RATE IS NOW OFFICIALLY RECOGNIZED AS APPROXIMATING 74/1000. THIS RECENT ANNOUNCEMENT CLEARLY DEMONSTRATES THE SOLID EFFECTIVENESS OF EPI ACTIVITIES AND A REFLECTION OF APPROPRIATELY TARGETED PROGRAMMING OF USAID FUNDING WITHIN THE PROJECT.

- 5. COMPARING COVERAGE RATES AND DISEASE AND DEATH INCIDENCE IS ONLY ONE MEASURE OF PROGRAM EFFECTIVENESS. SOME OTHER INDICATORS ARE THE NUMBERS OF IMMUNIZABLE DISEASE OUTBREAK INVESTIGATIONS CONDUCTED, SUSTAINED UPRATE COVERAGE TRENDS OVER A REASONABLY LONG PERIOD OF TIME, SUSTAINED MAINTENANCE OF THE COLD CHAIN - OPEN PACKETS CONFIRMED BY THE AUDITORS AND NOTED IN B.1 BELOW CLOSED PACKETS, RELIABLE VACCINE DISTRIBUTION AND SUPPLY, SPECIAL SURVEYS TO DETERMINE DISEASE INCIDENCE, ANALYSIS OF SELECTED HOSPITAL REPORTS. FOR INSTANCE, THROUGH FETP 84 EPIDEMIC INVESTIGATIONS AND 81 DISEASE SURVEYS HAVE BEEN DONE. THESE INVESTIGATIONS HAVE DOCUMENTED HIGH ATTACK RATES AND CASE FATALITY RATIOS IN CHILDREN UNDER 3. NEONATAL TETANUS SURVEYS HAVE IDENTIFIED IMPORTANT FOCI OF THE DISEASE AND HAVE LED TO NEW STRATEGIES FOR IMMUNIZATION. REPORTING OF BIRTHS AND DEATHS HAVE BEEN IMPROVED IN WEST SUMATRA AS A RESULT OF FETP VALIDATION STUDIES. A NATIONAL FETP STUDY OF MORBIDITY AND MORTALITY FROM DIARRHEAL DISEASES HAS SERVED AS THE BASIS FOR MAJOR MANAGEMENT DECISIONS IN THE NATIONAL DIARRHEAL DISEASE CONTROL PROGRAM.

- 6. AID FUNDS HAVE BEEN USED TO STRENGTHEN THE CAPABILITY OF THE MINISTRY OF HEALTH TO RESPOND IN A

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TIMELY MANNER TO REPORTS OF IMMUNIZABLE AND OTHER DISEASE OUTBREAKS RESULTING IN REDUCED INFANT AND CHILD MORTALITY; DEVELOP A REPORTING SYSTEM TO ACCURATELY IDENTIFY COVERAGE TRENDS OVER A TEN YEAR PERIOD; ESTABLISH A RELIABLE COLD CHAIN; IMPROVE MANAGEMENT TO ASSURE ADEQUATE SUPPLY OF VACCINE AND TIMELY DISTRIBUTION TO UTILIZATION POINTS; SUPPORT SPECIAL STUDIES TO DETERMINE THE INCIDENCE OF TETANUS IN THREE PROVINCES; POLIO LAMENESS SURVEYS IN ELEVEN PROVINCES; CARRY-OUT RECORD REVIEWS IN SEVEN METROPOLITAN HOSPITALS.

- 7. RECOGNIZING THE IMPORTANCE OF DEVELOPING PROGRAM EFFECTIVENESS INDICATORS, USAID/INDONESIA'S SUPPORT FOR THE INDONESIAN EXPANDED PROGRAM IN IMMUNIZATION SET OUT NOT JUST TO STRENGTHEN THE WPAK MORBIDITY AND MORTALITY REPORTING SYSTEM, BUT, GIVEN WORLD-WIDE EXPERIENCE IN THIS AREA, EXPANDED SUPPORT TO OTHER ACTIVITIES NOTED ABOVE WHICH ARE ALSO CLEAR MEASURES OF OVERALL PROJECT SUCCESS. THE COLLECTIVE USE AND FAVORABLE RESULTS OF THESE INDICATORS DEMONSTRATE THAT AID FUNDS ARE BEING USED EFFICIENTLY AND EFFECTIVELY TO IMPROVE INFANT AND CHILD HEALTH IN INDONESIA.

- 8. NONETHELESS, USAID RECOGNIZES THAT SURVEILLANCE DATA COLLECTION IN A TIMELY MANNER MUST BE IMPROVED AT

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THE NATIONAL LEVEL. TO THIS END USAID AGREES WITH THE AUDIT FINDINGS THAT SURVEILLANCE SYSTEMS SHOULD BE STREAMLINED RATHER THAN OVERLAPPING AND THAT A FOCAL POINT AT THE NATIONAL LEVEL MUST PROVIDE STRONGER GUIDANCE FOR THE PROVINCES TO COLLECT AND PROVIDE REASONABLY ACCURATE DATA. TO ASSIST THE MOH UNIFY ITS DISEASE SURVEILLANCE SYSTEM AND PROVIDE FEEDBACK TO PROVINCES, USAID HAS PROVIDED AN EPIDEMIOLOGIST CONSULTANT TO ADDRESS THIS CONCERN.

- 9. USAID WILL REQUEST CLOSURE OF THIS RECOMMENDATION UPON ESTABLISHMENT AND OPERATION OF A SURVEILLANCE SYSTEM THAT PROVIDES THE NATIONAL LEVEL SURVEILLANCE UNIT REGULAR DATA IN A TIMELY MANNER FROM PROVINCIAL LEVELS CONCERNING THE IMMUNIZABLE DISEASES WHICH ARE WITHIN THIS EPI PROJECT. SPECIFIC REPORTING CRITERIA WILL BE DEFINED SO AS TO ADDRESS THE GAP BETWEEN CASES REPORTED AND ESTIMATED CASES. WE EXPECT THIS TO BE ACCOMPLISHED BY MARCH 1987.

## 2. RECOMMENDATION NOS. 2 AND 4

NO. 2. USAID/INDONESIA REQUIRE THE INDONESIAN MINISTRY OF HEALTH TO REVISE ITS DISTRIBUTION INFORMATION SYSTEM TO ENSURE ADEQUATE END-USE ACCOUNTABILITY FOR AID FINANCED COMMODITIES.

NO. 4. USAID/INDONESIA SUPPLY ADDITIONAL LARGER, MORE PERMANENT EMBLEMS TO THE MINISTRY OF HEALTH AND ENSURE THAT THEY ARE ATTACHED TO ALL AID FINANCED PROJECT COMMODITIES.

## B. COMMENT ON RECOMMENDATION NO. 2

- 1. THE USAID HAS REQUESTED THE MINISTRY OF HEALTH TO ESTABLISH A REFRIGERATOR TRACKING SYSTEM FOR USAID SUPPLIED REFRIGERATORS. THAT SYSTEM IS CURRENTLY IN THE PROCESS OF IDENTIFYING END-USERS BEYOND THE PROVINCE LEVEL. THIS INFORMATION WILL BE PROVIDED TO RIG/A/MANILA OR CERTIFICATION OF THE AVAILABILITY OF THAT INFORMATION WHEN COMPILED. WE NOTE HOWEVER, THAT THE REFRIGERATORS WERE FOUND TO BE PROPERLY MAINTAINED AND FUNCTIONING DURING THE AUDIT.

- 2. USAID WILL REQUEST CLOSURE OF THIS RECOMMENDATION UPON NOTIFICATION AND VERIFICATION BY GOI THAT ALL PROVINCES WHICH HAVE RECEIVED AID FINANCED REFRIGERATORS HAVE RESPONDED TO THE USAID DEVELOPED QUESTIONNAIRE WHICH CLEARLY IDENTIFIES END USERS BEYOND THE PROVINCE LEVEL. WE EXPECT THIS TO BE ACCOMPLISHED BY FEBRUARY 1987.

## COMMENT ON RECOMMENDATION NO. 4

1. USAID CONTINUES TO RECOGNIZE THE PUBLICITY ISSUE RELATING TO THIS PROGRAM THROUGH THE AID EMBLEM ATTACHED TO AID FINANCED COMMODITIES. WHEN ORDERING

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THESE COMMODITIES USAID PREPARED PIO/C'S AND CONTRACT DOCUMENTS FOR THE PURCHASE OF REFRIGERATORS WHICH INCLUDED THE STANDARD AID LANGUAGE REQUIRING THE SUPPLIER TO AFFIX EMBLEMS - SUBSTANTIALLY AS DURABLE AS THE TRADEMARK OR BRAND NAME AFFIXED BY THE PRODUCER - AND - LARGE ENOUGH TO BE CLEARLY VISIBLE AT A REASONABLE DISTANCE. FURTHERMORE THE CONTRACT REQUIRED THAT THE REFRIGERATORS BE INSPECTED BY SOCIETE GENERALE DE SURVEILLANCE PRIOR TO SHIPMENT FROM LUXEMBOURG. THIS INSPECTION DID NOT REVEAL ANY PROBLEM WITH THE MARKINGS OF THE REFRIGERATORS. USAID INSPECTION OF THE REFRIGERATORS AT ARRIVAL CONFIRMED THAT EMBLEMS WERE AFFIXED TO THE SAMPLED REFRIGERATORS. AFTER DELIVERY TO END-USERS HOWEVER, USAID AGREES THAT SOME EMBLEMS HAVE BEEN REMOVED. CONTINUED EFFORTS WILL BE MADE TO ENSURE THAT THE APPROPRIATE SIZE AND QUALITY EMBLEMS WILL BE AFFIXED TO USAID FINANCED EQUIPMENT. USAID NOTES THAT OF THE SEVEN VEHICLES AND TEN REFRIGERATORS INSPECTED, ALL WERE BEING USED FOR THE PURPOSE INTENDED AND MAINTAINED IN A SATISFACTORY MANNER.

- 2. IN ORDER TO CLOSE OUT THIS RECOMMENDATION, AS IT IS IMPOSSIBLE TO VISIT THE APPROXIMATELY FOUR-THOUSAND SITES TO WHICH THESE REFRIGERATORS WERE SENT, AND IN ORDER TO CONDUCT A MARKING SURVEY, USAID PROPOSES THE FOLLOWING APPROACH:

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- C.2.A. USAID WILL PROVIDE A LARGER, MORE DURABLE EMBLEM FOR USAID FINANCED REFRIGERATORS AND OTHER MAJOR EQUIPMENT ITEMS AFTER REQUESTING THE GOI TO IDENTIFY USAID FUNDED COMMODITIES WHICH NO LONGER HAVE THE AID EMBLEM AFFIXED. NOTE: WITH REGARD TO MARKING OF VEHICLES, USAID HAS ALREADY IMPLEMENTED A SYSTEM AS DESCRIBED IN USAID ODFP NO. 1500.2 DATED JULY 23, 1985. THIS ODFP WAS ISSUED IN RESPONSE TO RIG/A/MANILA AUDIT REPORT NO. 2-497-85-03 DATED MAY 13, 1985 AND WAS ACCEPTED BY RIG/A IN ITS MAY 12, 1986 MEMO AS SATISFYING THE RECOMMENDATIONS OF THAT AUDIT REPORT. USAID IS FOLLOWING THE SYSTEM DESCRIBED IN THE ABOVE MENTIONED USAID ODFP IN IDENTIFYING VEHICLES WITHOUT AID EMBLEMS AND TAKING CORRECTIVE ACTION TO SEE THAT THEY ARE PROPERLY MARKED. THEREFORE, WE REQUEST THAT THE PORTION OF THIS AUDIT RECOMMENDATION PERTAINING TO VEHICLES BE DELETED.

- C.2.B. THAT THE GOI ISSUE A DIRECTIVE TO REQUIRE THAT SUCH EMBLEMS MUST BE CLEARLY AFFIXED TO USAID PROVIDED REFRIGERATORS AND OTHER MAJOR EQUIPMENT ITEMS. USAID PROPOSES THAT ISSUANCE OF THIS DIRECTIVE BE ADEQUATE TO REQUEST CLOSURE OF THIS RECOMMENDATION.

### 3. RECOMMENDATION NO. 3

USAID/INDONESIA ENSURE DISPOSAL OF THE EXCESS PIECE OF EQUIPMENT IN ACCORDANCE WITH AID HANDBOOKS 3 AND 15.

#### A. COMMENT

- 1. USAID NOTES THAT THE PIECE OF EQUIPMENT IN QUESTION REPRESENTS LESS THAN 4 PERCENT OF THE ENTIRE PURCHASE. THE ORDERING, RECEIPT, INSPECTION AND DELIVERY OF THE DOLLS. 1.5 MILLION PURCHASE WAS HANDLED BY USAID IN A TIMELY MANNER.

- 2. USAID WILL CONSULT WITH THE GOI TO AFFIRM THAT THE EQUIPMENT IN QUESTION IS EXCESS TO PROJECT NEEDS. IF IT IS PROVEN TO BE EXCESS, AID WILL PROVIDE THE GOI WITH APPROPRIATE GUIDANCE FOR DISPOSAL. WE EXPECT CLOSURE BY FEBRUARY 1987.

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List of RecommendationsPageRecommendation No. 1

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We recommend that USAID/Indonesia provide assistance to ensure that the Indonesian Ministry of Health develops an accurate and reliable information system on the incidence of disease and death for targeted immunizable diseases.

Recommendation No. 2

7

We recommend that USAID/Indonesia require the Indonesian Ministry of Health to revise its distribution information system to ensure adequate end-use accountability for AID-financed commodities.

Recommendation No. 3

9

We recommend that USAID/Indonesia ensure disposal of the excess piece of equipment in accordance with AID Handbooks 3 and 15.

Recommendation No. 4

11

We recommend that USAID/Indonesia supply additional larger, more permanent emblems to the Ministry of Health and ensure that they are attached to all AID-financed project commodities.

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