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AUDIT OF  
HAITI FAMILY PLANNING OUTREACH  
PROJECT NO. 521-0124

Audit Report No. 1-521-87-31  
June 30, 1987

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**AGENCY FOR INTERNATIONAL DEVELOPMENT**

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June 30, 1987

MEMORANDUM

TO : Director, USAID/Haiti, Gerald Zarr

FROM : RIG/A/T, Fred Kalhammer (Acting) *F. Kalhammer*

SUBJECT: Audit of the Haiti Family Planning Outreach Project No. 521-0124

This report presents the results of audit of the Family Planning Outreach Project No. 521-0124. The Regional Inspector General's Office/Audit/Tegucigalpa performed a program results audit of the Family Planning Outreach project during the period January 20, 1987 to March 23, 1987. The audit objectives were to determine the extent of the project's accomplishments toward meeting its stated purpose and compliance with the requirements of the project agreement.

The achievement of the project's purpose was hindered by the government's decentralization of responsibility for managing family planning activities. Also, the implementing agency had not complied with the requirements of the project agreement.

The audit disclosed: 1) that the implementing agency did not have authority over project activities; 2) Title III reporting requirements were not met to ensure timely receipt of funds; 3) vehicles financed with project funds were not always used for project purposes; 4) project funds maintained at the regions were commingled with funds from other sources; and 5) counterpart contribution reports were not prepared.

Audit recommendations were developed to improve project implementation during the extended project amendment period. Accordingly, we have recommended that: 1) USAID/Haiti specify in the approved project agreement amendment that a national coordinator have management approval authority over family planning funds and activities; 2) USAID/Haiti require the implementing agency to submit the report on budgeted Title III funds earlier; 3) project vehicles be reassigned to project activities, vehicles usage records be maintained and an accounting of project vehicles be provided; and 4) the regions maintain separate accounting records and bank accounts for family planning project funds.

Mission officials suggested certain editorial changes, but generally agreed with our findings and recommendations. Mission comments are included as Appendix 1. Mission management submitted an executed project agreement amendment that resolved many issues raised in the audit report. In addition, a covenant to the agreement required the Government of Haiti to submit an action plan for appropriate management corrections based on recommendations in the final audit report within 60 days of receipt of the report. The agreement included according appropriate management authority over family planning activities to the National Coordinator in response to Recommendation No. 1. Mission officials plan to issue a Project Implementation Letter to require early submission of a proposed budget for Title III funds to USAID/Haiti in response to Recommendation No. 2. With regard to Recommendation No. 3, evidence had not yet been provided to account for and control the use of project vehicles. Recommendation No. 4 was closed on the issuance of this report since the amended agreement does not provide the regions with AID funds.

Please advise us within 30 days of any additional information relating to actions planned or taken to implement the recommendations. We appreciate the cooperation and courtesy extended our staff during the audit.

## EXECUTIVE SUMMARY

Recognizing the negative impact of continued population growth on its development, the Government of Haiti signed project agreement No. 521-0124 with USAID/Haiti on September 29, 1981. The agreement was for \$16.1 million (\$9.6 million in AID grant funds and \$6.5 million in GOH contributions) with an (extended) project completion date of September 1987. Mission officials were in the process of developing a project amendment to re-extend the project until September 1989 at an additional cost of \$4.3 million.

The project's purpose was to assist the Haitian Government to establish a cost-effective national family planning program, utilizing existing public and private institutions delivering health and nutrition services to the Haitian population. The project was designed to improve the government's management capability, improve and expand family planning services available to Haitians, increase the availability of contraceptives, and develop a national population policy.

The Regional Inspector General's Office/Audit/Tegucigalpa performed a program results audit of the Family Planning Outreach project during the period January 20, 1987 to March 23, 1987. Our objectives were to determine the extent of the project's accomplishments toward meeting its stated purpose and compliance with the requirements of the project agreement.

The achievement of the project's purpose was hindered by the government's decentralization of responsibility to manage family planning activities. Also, the implementing agency had not complied with the requirements of the project agreement.

The project had achieved a 38 percent increase in the number of public and private sector agencies offering family planning activities and information, thereby providing the population with an awareness of contraceptive methods. Surveys taken in the country indicated that approximately 90 percent of Haitian women knew about contraceptive methods and that about 50 percent would be ready to use them if they were made available. However, the public sector had been evaluated as relatively unsuccessful in providing family planning delivery services.

The audit disclosed: 1) that the implementing agency did not have authority over project activities; 2) Title III reporting requirements were not met to ensure timely receipt of funds, 3) vehicles financed with project funds were not always used for project purposes; and 4) project funds maintained at the regions were commingled with funds from other sources.

The agreement provided that the organizational structure of the designated agency responsible for planning and coordinating all family planning activities was to achieve improved management to assist the

government in implementing a cost-effective national family planning program. During the course of the project, responsibility was given to the regions to plan and manage family planning activities in their respective geographical areas as part of a government-sponsored decentralization move. The designated agency was left with administrative support functions to provide operating funds and contraceptives to the regions. With no central agency responsible for planning and managing, there were limitations on the effectiveness of providing family planning outreach services in those regions that did not give it a high priority. This resulted in varying levels of family planning outreach services available to the Haitian population. In addition, the designated implementing agency could not ensure the accomplishment of project objectives since it no longer had responsibility over project activities. We recommended that a National Coordinator have management approval authority over family planning funds and activities. The new project agreement amendment meets this requirement.

Government of Haiti counterpart funds generated by the sale of PL 480 Title III commodities were programmed on a fiscal year basis to fund salaries and other services crucial to the continuation of family planning activities. For fiscal year 1987, approximately \$750,000 was budgeted to pay the salaries of key family planning employees. However, at the time of our review the project had not yet received these funds, with the result that 174 project employees had not received salary checks for over two months. Approval for the release of funds for project purposes was delayed because of late submission of reports on planned expenditures by the implementing agency and by the linkage of the approval process to policy reform. We recommended that USAID/Haiti require the implementing agency to submit its report on proposed uses of Title III funds earlier. The Mission agreed but will have to coordinate with other AID offices and the Haitian Government.

The project agreement and a subsequent project implementation letter provided that nine project vehicles were to be used for specific purposes and assigned to specific family planning personnel for activities throughout the regions and districts. Four of the vehicles were appropriately assigned, four were used for other purposes and one vehicle had not been accounted for by the receiving agency. Also, our limited review of vehicle usage records showed that a majority of vehicles was used for other than family planning purposes. Our review was limited due to an unauthorized destruction of vehicle records by the implementing agency. Officials at the implementing agency stated that vehicles had not yet been assigned and that the issue of accounting for vehicles and their assignment to personnel was under consideration. As a result, project implementation progress was hindered by vehicles not being properly assigned to family planning purposes and there was non-compliance with the project agreement and the implementation letter. We recommended that USAID/Haiti obtain evidence that project vehicles have been reassigned to project activities, vehicle usage records are being maintained and that an accounting for vehicles be provided. The Mission agreed with the recommendation but have not yet received evidence.

The project agreement provided that funds and the accounting records for the family planning project be maintained separately. However, regions responsible for maintaining a separate accounting of project funds had commingled family planning project funds with funds provided from other sources into one bank account. The maintenance of one bank account by the regions was based on instructions from Ministry level officials. As a result, project funds could not be accounted for at the regional level. We recommended the maintenance of separate records and accounts for the family planning project. The Mission noted that the Title III funding for the new component does not require separate accounts.

*Office of the Inspector General*

AUDIT OF  
HAITI FAMILY PLANNING OUTREACH  
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AUDIT OF  
HAITI FAMILY PLANNING OUTREACH  
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PART I - INTRODUCTION

A. Background

Haiti is one of the poorest and most densely populated countries in the Western Hemisphere; its steadily increasing population was identified as a critical obstacle to improving its economic development and health status. Due to the decline in death rates and steady birthrates, the 2.51 percent annual growth rate for 1980-1985 was almost 50 percent higher than the rate of 1.73 for 1950-1955. Recognizing the negative impact of continued population growth on its development, the Government of Haiti (GOH) through the Ministry of Public Health and Population (MSPP) signed project agreement No. 521-0124 with USAID/Haiti on September 29, 1981. The agreement was for \$16.1 million (\$9.6 million in AID grant funds and \$6.5 million in GOH contributions) with an (extended) project completion date of September 1987. Mission officials were in the process of developing a project amendment for presentation to the current interim government to further extend the project until September 1989 and provide an additional \$4.3 million in AID funds.

The project's purpose was to assist the GOH to establish a cost-effective national family planning program utilizing existing public and private institutions delivering health and nutrition services to the Haitian population. The project was designed to improve the government's management capability, improve and expand family planning services available to Haitians, increase the availability of contraceptives and develop a national population policy.

As of December 31, 1986, \$5 million in grant funds had been disbursed for project implementation and \$4 million had been obligated for centrally purchased contraceptives. We were not able to determine the amount of GOH contributions to the project since financial reports had not been received. However, \$48,000 in Title III had been funds disbursed in fiscal year 1986 and approximately \$750,000 in fiscal year 1987 Title III funds had been approved by USAID/Haiti for use by the family planning project.

B. Audit Objectives and Scope

The Regional Inspector General's Office/Audit/Tegucigalpa performed a program results audit of the Family Planning Outreach project during the period January 20, 1987 to March 23, 1987. Our objectives were to determine the extent of the project's accomplishments toward meeting its stated purpose and compliance with the requirements of the project agreement.

To accomplish these objectives audit work included interviews with USAID/Haiti officials, officials at the Ministry of Health and at the Division of Family Hygiene and Nutrition, personnel at the four regional

offices, a review of project files and visits to two hospitals, a dispensary and four storage warehouses. The audit covered approximately \$2 million in disbursements for the period January 1, 1985 to December 31, 1986. The audit scope was limited due to the unauthorized destruction of vehicle use records (Finding No. 3) and the non-reporting of GOH counterpart contributions (see other pertinent matters No. 2). Internal controls over project implementation were reviewed only to the extent that they were identified in the reported findings. There had been no prior audit of the family planning project. The audit was made in accordance with generally accepted government auditing standards.

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PART II - RESULTS OF AUDIT

The achievement of the project's purpose was hindered by the government's decentralization of responsibility to manage family planning activities. Also, the implementing agency had not complied with the requirements of the project agreement.

The project had achieved a 38 percent increase in the number of public and private sector agencies offering family planning activities providing the population with an awareness of contraceptive methods. Surveys taken in the country indicated that approximately 90 percent of Haitian women knew about contraceptive methods and that about 50 percent would be ready to use them if they were made available. However, evaluations performed under USAID/Haiti contracts determined that the public sector, comprising the largest number of agencies providing family planning services, had been relatively unsuccessful in delivering family planning services.

The audit disclosed that: 1) the implementing agency did not have authority over project activities; 2) Title III reporting requirements were not met to ensure timely receipt of funds, 3) vehicles financed with project funds were not always used for project purposes; and 4) project funds maintained at the regions were commingled with other sources.

Audit recommendations were developed to improve project implementation during the period of project extension. Accordingly, we have recommended that: 1) USAID/Haiti specify in the amended project agreement that a national coordinator have management approval authority over family planning funds and activities; 2) USAID/Haiti require the implementing agency to submit a report on budgeted Title III funds earlier; 3) project vehicles be reassigned to project activities, vehicle usage records be maintained, and an accounting for project vehicles be provided; and 4) the regions maintain separate accounting records and bank accounts for family planning project funds.

## A. Findings and Recommendations

### 1. Decentralization of Authority Caused Implementation Problems

The agreement provided that the organizational structure of the designated agency responsible for planning and coordinating all family planning activities was to achieve improved management to assist the government in implementing a cost-effective national family planning program. During the course of the project, responsibility was given to the regions to plan and manage family planning activities in their respective geographical areas as part of a government-sponsored decentralization move. The designated agency was left with administrative support functions to provide operating funds and contraceptives to the regions. With no central agency responsible for planning and managing, there were limitations on the effectiveness of providing family planning outreach services in those regions that did not accord it high priority. This resulted in varying levels of family planning outreach services available to the Haitian population. In addition, the designated implementing agency could not ensure the accomplishment of project objectives since it no longer had responsibility over project activities. A National Coordinator was needed to ensure that all regions were according population activities the priority required in the project agreement.

#### Recommendation No. 1

We recommend that USAID/Haiti in the forthcoming project amendment establish the position of National Coordinator to:

- a) obtain reports on and evaluate regional accomplishments in comparison with stated regional goals, and;
- b) release funds (grant or Title III) to the regions based on their accomplishment of objectives.

#### Discussion

The project's principal purpose was to strengthen the Government of Haiti's capacity to implement a cost-effective national family planning program. The agreement specified that the Ministry of Public Health and Population (MSPP), through its Division of Family Hygiene and Nutrition (DHFN), was to implement five integrated activities. The DHFN was designated as the agency responsible to ensure the accomplishment of the grant's stated purpose when the project began in 1981. Accordingly, it received AID grant funds and Title III generated counterpart funds for project activities, disbursed funds primarily for salaries and travel expenses of family planning employees and had oversight authority to ensure accomplishment of the project's purpose.

After the project began, MSPP sought to reorganize the public health sector through decentralization of all its health program authority, including family planning activities, to the country's four

administrative regions (see Exhibit I). Decentralization was adopted to accommodate regional differences and allow regional management to make more realistic decisions to resolve local problems.

Each region became responsible for developing its own priorities and allocating its resources accordingly within the country's national objectives, which included family planning. The regions' annual workplans were submitted to the cognizant Director General at the MSPP, effectively bypassing DHFN's approval process.

Our visits to the regions revealed differing project implementation priorities. For example, in one region, malaria and other health problems were paramount concerns and officials told us there were many obstacles to implementing family planning activities. Hence, family planning became an integral part of administering general health services. Other regions accorded family planning services higher priority. As a recent evaluation stated, this resulted in, family planning activity being based on the quality of leadership demonstrated by the person in charge and the emphasis placed on it as a service priority. In another survey, it was found that 43 percent of women in union wanted no more children; however, only 10 percent practiced family planning. Although certain local facilities included family planning as a priority, it is clear that the broad population did not have access to family planning services.

The shift toward decentralization reduced DHFN's role in effectively implementing the family planning outreach project. Its responsibilities were primarily limited to the administrative functions of disbursing funds to the regions, storing and distributing contraceptives, and preparing financial reports for USAID/Haiti. A DHFN management official advised us that his office receives information copies of the region's workplans and can offer suggested modifications but it cannot require the regions to make any changes. Although DHFN had technical staff to oversee certain activities, it did not exercise management control over project implementation.

This decentralized management approach left a void in responsibility for project implementation and limited the implementing agency's ability to achieve the project purpose. As each region established its own priorities, there was no single agency or individual that evaluated regional accomplishments toward meeting specified goals in order to ensure that family planning activities received the attention attached to a national priority activity. This contributed to the lack of adequate family planning services for the population. Further, the decentralization resulted in USAID/Haiti funding the DHFN as the agency responsible for family planning activities, even though it had no authority over project activities.

USAID/Haiti has now recognized DHFN's lack of authority to exercise management control over regional implementation of family planning activities, and the project amendment established a National Coordinator

position that reports to the MSPP (see Exhibit). The Coordinator will monitor activities within other divisions in support of the regions/districts.

In addition to the monitoring functions, the Coordinator should have responsibility for ensuring that family planning activities are afforded the highest possible priority in each of the regions in order to ensure the accomplishment of the stated project purpose. In addition, the position should control the disbursement of grant and Title III funds flowing to the regions for family planning activities.

#### Management Comments

USAID/Haiti management officials agreed with our recommendation and had included in the signed project agreement amendment the National Coordinator's authority to obtain reports on and evaluate regional accomplishments.

#### Inspector General Comments

The signed Project Agreement Amendment No. 7 dated May 22, 1987, provided the appropriate authority to the National Coordinator to obtain reports on and evaluate regional accomplishments. Recommendation No. 1 (a) is closed with the issuance of this report. As regards Recommendation No. 1 (b), we believe the National Coordinator should have the management authority or at least participation in the management decision to release Title III funds to the regions based on their level of family planning activities. This recommendation will be closed based upon evidence that the National Coordinator will participate with DHFN or other appropriate offices in programming and approving the release of Title III funds to the regions.

## 2. PL 480 Title III Funds Were Not Received in a Timely Manner

GOH counterpart funds generated by the sale of PL 480 Title III commodities (wheat and vegoil), were programmed on a fiscal year basis to fund salaries and other services crucial to the continuation of family planning activities. For fiscal year 1987, approximately \$750,000 was budgeted to pay the salaries of key family planning employees. However, the project had not yet received these funds, with the result that 174 project employees had not received salary checks for over two months, since January 1987, causing low employee morale and a lack of incentive to continue family planning activities. Approval for the release of funds for project purposes was delayed because of late submissions of reports on planned expenditures by the implementing agency and by the linkage of the approval process to policy reform.

### Recommendation No. 2

We recommend that USAID/Haiti require that the Title III program budget for the family planning program be submitted to USAID/Haiti at least 60 days prior to the beginning of the fiscal year.

### Discussion

The Haiti Family Planning Outreach project had approval to receive a portion of PL 480 Title III funds from the sale of agricultural commodities. The GOH was required to prepare a report on its planned expenditures and submit it to USAID/Haiti for approval before funds were released for project purposes. Project Implementation Letters (PILs) were used to document USAID/Haiti's approval to release funds to the project.

For 1986, \$300,000 in Title III funds was budgeted for the family planning project and approved in a PIL dated April 26, 1986. However, only \$48,000 had been disbursed. The first Title III funds were not released to the project until June 1986.

For 1987, \$750,000 in Title III funds was budgeted for the family planning project to be used for the payment of salaries of personnel engaged in family planning activities and other services crucial to the continuation of activities throughout the country. USAID/Haiti had issued a PIL dated February 18, 1987 to release Title III funds to the project; however, at the time of our audit those funds had not yet been released to the project, even though they were programmed for activities from October 1, 1986 to September 30, 1987.

The delays in each of the fiscal years were caused by the GOH's late submission of the required reports. In both 1987 and 1986, the GOH did not submit the report of programmed budget until October. USAID/Haiti's normal review and approval process requires about four weeks, and it then takes approximately ten working days before the Title III funds start flowing to the project. Accordingly, if this report is not submitted until October, these funds cannot begin to flow to the project until well into November, at the earliest.

Title III funds were also delayed because USAID/Haiti would not authorize their release until the GOH agreed to certain changes in the project agreement amendment. Since the GOH was reluctant to agree to these changes, Title III funds were not released for project purposes. USAID/Haiti in its efforts to properly implement GOH policy reforms as provided in the Title III agreement, withheld authority to release these funds.

The delay in funds reaching the project seriously affected family planning activities since Title III funds were programmed to pay the salaries of 174 personnel, of which 106 employees were community agents providing outreach services throughout the country. At the time of our audit (mid-March 1987), these employees had not received any paychecks since those of December 31, 1986, which were funded by grant funds remaining from the previous year.

Our recommendation attempts to resolve in part the issue of delays in Title III funding to the family planning project. Requiring early submission of the budget report by two months -- the length of time necessary for the review and approval process and related administrative procedures -- should assist project management in obtaining Title III funds in a more timely manner. In addition, this step should also help speed up the dialogue between the GOH and USAID/Haiti, enabling both governments to work out their policy differences sooner.

#### Management Comments

USAID/Haiti Mission officials requested rewording of the recommendation to reflect that it is a budget report. In response to our Record of Audit Finding, they stated a PIL would be issued to the Title III Management Office requiring the implementing agency to submit the report 60 days prior to October 1.

#### Inspector General Comments

We will close this recommendation upon receipt of a signed PIL containing the necessary instructions.

### 3. AID-Financed Vehicles Had Not Been Used Exclusively For Project Purposes

The project agreement and a subsequent project implementation letter provided that nine project vehicles were to be used for specific purposes and assigned to specific family planning personnel for activities throughout the regions and districts. Four of the vehicles were appropriately assigned, four were used for other purposes and one vehicle had not been accounted for by the receiving agency. Also, our limited review of vehicle usage records showed that a majority of vehicles were used for other than family planning purposes. The review was limited however, due to an unauthorized destruction of vehicle records by the implementing agency. Officials at the implementing agency stated that vehicles had not yet been assigned and that the issue of accounting for vehicles and their assignment to personnel was under consideration. As a result, project implementation progress was hindered by vehicles not being properly assigned to family planning purposes and there was non-compliance with the project agreement and the implementation letter.

#### Recommendation No. 3

We recommend that USAID/Haiti obtain evidence that the Division of Family Hygiene and Nutrition has:

- a) assigned project vehicles to family planning activities on a full-time basis -- with prior approval by the regional and district family planning officer, project vehicles could be used for other health activities, but only when not needed for family planning purposes;
- b) accounted for all AID-financed vehicles in the family planning project; and
- c) maintained adequate records showing all pertinent information concerning vehicle usage.

#### Discussion

The Project Agreement provides in Special Covenant, Section 5.2 (b) and in Annex III, Section B3, that all equipment financed with project funds should be used for project purposes. The Division of Family Hygiene and Nutrition (DHFN) listed 16 vehicles purchased under the current family planning project with 9 of these vehicles assigned to the main office (5 to motor pool and 4 to officials.)

Based on our review of vehicle usage records, motor pool vehicles were seldom used for family planning activities. For example, during the month of January 1987, of the 75 trips for which there were records, 3 trips were taken by family planning employees. We attempted to expand our sample to review vehicle usage records over several months, however, an employee in DHFN's Transport Section, acting on his own, destroyed all vehicle records prior to March 1987.

Vehicles assigned to DHFN officials were not used exclusively for family planning activities as a large part of their responsibilities were in the health and nutrition fields. DHFN officials were responsible for providing policy guidance and direction to their agency and required little travel, while the regions had greater need for vehicles to implement project outreach activities.

Project Implementation Letter No. 9, dated February 7, 1985, provided financing for the purchase of 10 vehicles, of which 9 were to be transferred to DHFN for specific purposes as follows: one vehicle to each of the four regions for use in the sterilization program; one to service family planning in the Division; one to each of the three sections of family planning (Community Support, Institutions Activities and Surgical Contraception); and one to the DHFN, Materials Section. DHFN had accounted for only eight of the vehicles and they were being used as follows: one by the DHFN Division Director; one by the DHFN Deputy Director; one by each regional sterilization program; and two were unassigned. These vehicles were received by DHFN on August 18, 1986; we observed that the unassigned vehicles were accumulating kilometers. Officials stated that none of the new vehicles had been officially assigned. Project management had not ensured that vehicles were assigned in accordance with the provision of the PIL.

This record of AID-financed vehicle usage is not in compliance with the special covenants in the project agreement, and it hindered the progress of project implementation.

#### Mission Comments

USAID/Haiti officials agreed with our recommendation; however, evidence had not yet been obtained to satisfy the recommendation.

#### Inspector General Comments

The recommendation will be closed upon receipt of evidence that the Division of Family Hygiene and Nutrition has established adequate controls over project vehicles.

#### 4. Project Funds Maintained in the Regions Were Commingled with Funds From Other Sources

The project agreement provided that AID funds and the corresponding accounting records were to be maintained separately. However, regions responsible for maintaining a separate accounting of project funds had commingled family planning project funds with funds from other sources into one bank account. The maintenance of one bank account by the regions was based on instructions by Ministry level officials. As a result, AID project funds could not be separately accounted for at the regional level.

#### Recommendation No. 4

We recommend that USAID/Haiti obtain evidence from the Government of Haiti that the regions establish and maintain separate bank accounts and accounting records for the AID-financed family planning project.

#### Discussion

Project Agreement Section B, Annex III requires that project records be maintained to account separately for project funds, and the condition precedent to disbursement Section 4.1 (c) requires that a separate bank account be maintained for the receipt of project funds.

The regions were responsible for many other programs concerning health, nutrition, family planning, etc. and received funds to operate these programs from DHFN, Title III, Ministry of Public Health and Population and other donor organizations. Funds received by regions were separated in the accounting records by source; however, each source provided funds for several programs. We were not able to segregate funds for family planning from other funds available. In addition, Title III funds were programmed for specific purposes, but Title III funds for family planning activities were not specifically identified in the accounting records. Regional personnel stated that they kept records by source of funds for the sake of simplicity.

Funds were maintained in one bank account in each of the regions. Officials in two of the regions informed us that the Ministry of Public Health and Population required that only one bank account be maintained at the regional level. We were not able to determine the amount of family planning project funds available nor readily ascertain the amounts of funds disbursed for family planning activities.

#### Mission Comments

USAID/Haiti maintains that with the project amendment, no dollar-generated local currency would be given to the regions, negating the requirement to maintain separate bank accounts. Although regions would receive Title III funds, there is no requirement to maintain separate bank accounts for these funds.

Inspector General Comments

We concur in the Mission's position, and were provided a signed copy of the Project Agreement Amendment No. 7, dated May 22, 1987. The agreement provides for only Title III funds as a financial resource to regions for family planning activities. The recommendation is closed upon issuance of this report.

## B. Compliance and Internal Control

### 1. Compliance

The audit disclosed non-compliance with two sections of the project agreement. AID-financed project vehicles were not used exclusively for project purposes as provided in Project Agreement Special Covenant Section 5.2(b) (Finding No. 3). Regional project funds were commingled with other sources of funds resulting in non-compliance with the Project Agreement Section 4.1(c) of the Conditions Precedent to Disbursement and Section B, Annex III. (Finding No.4).

### 2. Internal Control

An internal control weakness in the implementing agency's operations that adversely affected project implementation had to do with the fact that the designated implementing agency did not have management authority over project activities.

### C. Other Pertinent Matters

1. The project employed community agents to perform family planning outreach services to the communities throughout the country. They were responsible to go into people's homes to discuss family planning, monitor the progress of program participants through repeat visits to their homes, and make follow-up visits to participants who dropped out of the program. By the end of the project, there were only 106 community agents in the entire country, all of whom were operating in the larger urban areas. In the entire Port-Au-Prince area there were only 48 community agents. This meant there was 1 agent for every 5,500 women of child-bearing age (15-49). The Regional Director of the North Region (with 10 community agents for a population of 800,767) stated that even if the number of community agents in his region were tripled, they would still not suffice.

While the project amendment addressed the need for better supervision and coordination at the higher levels, it did not give sufficient attention to the community agent program. The project amendment called for a continuation of the same number of community agents as existed at the end of the project. It parenthetically mentioned a possible doubling of the number of community agents, but it gave no mention of a timetable, nor did it provide any support or justification for such action. Indeed, the project amendment understated the role and contribution made by community agents to the family planning program. At the time that the project amendment was prepared, USAID personnel were not fully aware of the contribution to the family planning program made by the community agents.

Before the preparation of the project amendment, USAID/staff had discussed the possibility of conducting a survey to measure the effectiveness of the community agent program. However, none was ever carried out. We believe that the plan to carry out a special study of the community agent program should be performed to show where additional community agents can be most effective.

#### Inspector General Comments

USAID/Haiti did not provide any additional comments on this issue. Their response to our Record of Audit Finding stated that the project amendment includes funds for ad hoc studies. However, we could not identify the budgeted funds referred to, and encourage officials to study this important aspect of delivering family planning services to the population.

2. Section 3.2 of the standard language for AID project agreements requires the host country to provide funds and other resources needed to carry out the project effectively. Handbook 3 provides for monitoring systems that cover grantee's financial inputs. The project agreement specified that the GOH contribute \$6.5 million, as follows: Public Treasury, \$376,000; Title I (now Title III) \$1,160,000 and in-kind \$5,018,000.

We were not able to determine the extent of GOH contributions to the project since management officials had not required the GOH to report on its contributions. They also stated that reports were not part of the agreement. During the project's five years, Mission management had not determined the amount of contributions made by GOH, and was only able to surmise that contributions had been made.

Management Comment

Management officials provided project agreement Amendment No. 7, which provides only Title III funds as counterpart project inputs. Quarterly reports on Title III fund uses are provided by the Government of Haiti to the USAID/Haiti Mission as stated in the sales agreement for agricultural commodities.

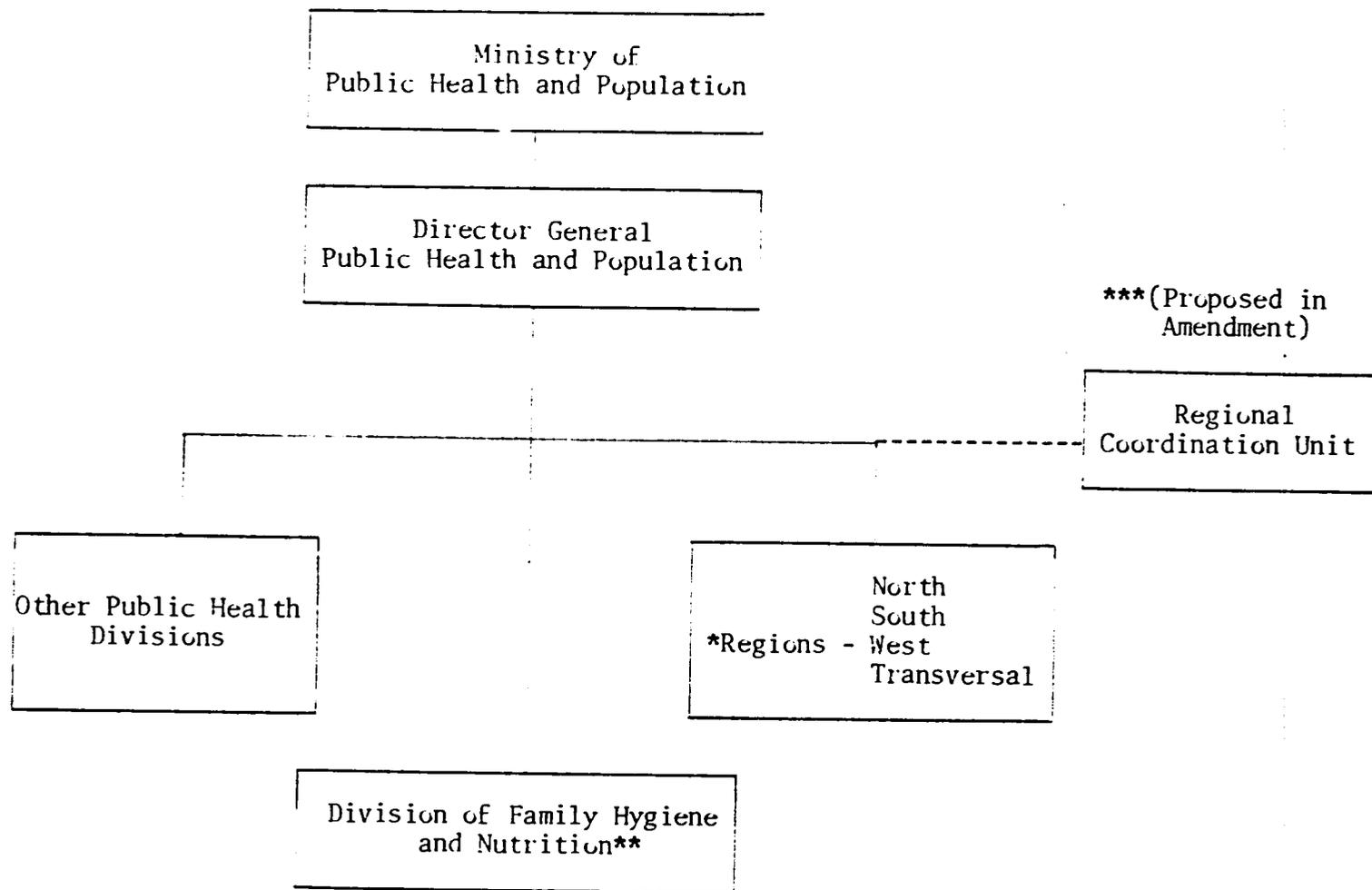
Inspector General Comments

Counterpart project inputs were verified in the agreement amendment and our workpapers on Title III state that quarterly reports are required for those expenditures. Based on this information, this issue is considered closed.

AUDIT OF  
HAITI FAMILY PLANNING OUTREACH

PART III - EXHIBIT AND APPENDICES

Haiti Family Planning Project No. 521-0124  
Public Health and Population Organization Chart



\* (Project Activities) - each region establishes work plans and priorities; carries out all activities of the public health and population, including family planning.

\*\* (Funded by AID as agency responsible to carry out activities of project) - Provides funds and contraceptives to regions.

\*\*\* Project Agreement Amendment signed May 22, 1987, finalized this proposal.

ACTION: RIG-3 INFO: AMT DCM/5

08-JUN-87 TOR: 19:26  
CN: 46477  
CHRG: AID  
DIST: RIG  
ADD:VZCZCTG0222  
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FF RUFHFU #3627/01 159191E  
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FM AMEMBASSY PORT AU PRINCE  
TO AMEMBASSY TEGUCIGALPA IMMEDIATE 0314  
BT  
UNCLAS FCPT AU PRINCE 03627

AIDAC

FCR RIG/A/T, R. HEBB

I.C. 12356: N/A

SUBJECT: AUDIT OF FAMILY PLANNING OUTREACH (521-0124)

COPIES OF THE SIGNED PROJECT PAPER AND PROJECT GRANT AGREEMENT AMENDMENT NO. 7 WERE SENT TO RIG/A/T VIA EXPRESS MAIL ON JUNE 4, 1987. FOLLOWING ARE USAID/HAITI'S COMMENTS ON RIG/A/T DRAFT AUDIT FOR SUBJECT PROJECT, CONDUCTED JANUARY 20, 1987 TO MARCH 23, 1987.

1. PAGE II, PARA 1. MISSION DISAGREES WITH AUDIT STATEMENT THAT QUOTE PROJECT HAD NOT ACHIEVED ITS PURPOSE OF STRENGTHENING THE GOVERNMENT'S CAPABILITY TO IMPLEMENT A COST-EFFECTIVE NATIONAL FAMILY PLANNING PROGRAM UNQUOTE. WE FEEL THAT SUCH A STATEMENT DISCREDITS THE ACHIEVEMENTS MADE BY THE PROJECT SINCE 1981, AND IS TOO HARSH TO BE INCLUDED IN THE AUDIT REPORT. WE PROPOSE THE TEXT READ, QUOTE ALTHOUGH THE PROJECT HAD ACHIEVED ITS PURPOSE OF STRENGTHENING THE GOVERNMENT'S ABILITY TO

IMPLEMENT A COST-EFFECTIVE NATIONAL FAMILY PLANNING PROGRAM, ADMINISTRATIVE CHANGES WITHIN THE MINISTRY OF HEALTH HINDERED THE IMPLEMENTING AGENCY'S ABILITY TO PROVIDE FAMILY PLANNING SERVICES UNQUOTE. PLEASE MAKE CHANGE IN SAME SENTENCE WHICH ALSO APPEARS ON PAGE 4 OF REPORT. PLEASE REFER TO ANNEX 2 OF PROJECT PAPER FOR ADDITIONAL BACKGROUND AND PROGRESS TO DATE.

2. PAGE III, PARA 2, LAST SENTENCE. WE PROPOSE SENTENCE BE CHANGED AS FOLLOWS QUOTE WE RECOMMEND THAT USAID/HAITI REQUIRE THE IMPLEMENTING AGENCY TO SUBMIT THE REPORT OF TITLE III PROGRAMMED BUDGET EARLIER UNQUOTE. PLEASE MAKE SAME CHANGE ON PAGE 5, RECOMMENDATION 2.

3. PAGE 2, SECOND PARAGRAPH, SECOND SENTENCE. PLEASE CHANGE TEXT TO QUOTE WE WERE NOT ABLE TO DETERMINE THE AMOUNT OF GOP CONTRIBUTIONS TO THE PROJECT SINCE FINANCIAL REPORTS HAD NOT BEEN RECEIVED UNQUOTE.

4. PAGE 2, SECOND PARAGRAPH, LAST SENTENCE SHOULD READ QUOTE HOWEVER, THERE WERE DOLS 48,200 IN TITLE III FUNDS DISBURSED FOR FISCAL YEAR 1986, AND APPROXIMATELY DOLS 750,000 IN FISCAL YEAR 1987 TITLE III FUNDS WERE APPROVED BY USAID/HAITI FOR USE BY THE FAMILY PLANNING PROJECT UNQUOTE.

5. PAGE 4. SEE COMMENT FOR PAGE II THAT WE MADE IN PARA 1 OF THIS CABLE.

6. PAGE 5, SECOND RECOMMENDATION: PLEASE CHANGE TITLE III PROGRAMMED EXPENDITURES TO QUOTE TITLE III PROGRAMMED BUDGET UNQUOTE (SEE COMMENT FOR PAGE III, PARA 2 OF THIS CABLE).

7. PAGE 7. RECOMMENDATION NO. 1(A). WE AGREE WITH THIS RECOMMENDATION AND HAVE INCLUDED IT IN THE DUTIES AND RESPONSIBILITIES OF THE NATIONAL COORDINATOR WHICH APPEAR IN PROAG ANNEX II A. WE THEREFORE REQUEST THAT THIS RECOMMENDATION BE ELIMINATED.

8. PAGE 7. RECOMMENDATION NO. 1(B). WE AGREE WITH THIS RECOMMENDATION. MISSION COMMENT: SINCE THIS RECOMMENDATION WAS NOT MADE PREVIOUSLY AND INVOLVES THE TITLE III OFFICE, IT WILL REQUIRE DISCUSSION AMONG TITLE III OFFICE, USAID, AND MINISTRY OF HEALTH OFFICES. HOWEVER, MISSION AGREES WITH THE AUDITORS THAT THE NATIONAL COORDINATOR SHOULD HAVE AUTHORITY TO APPROVE FUNDS RELEASED TO THE REGIONS.

9. PAGE 9, PARA 2, FIRST SENTENCE. PLEASE CHANGE TEXT TO READ QUOTE: THIS DECENTRALIZED MANAGEMENT APPROACH LEFT A VOID IN RESPONSIBILITY OVER PROJECT IMPLEMENTATION AND LIMITED THE IMPLEMENTING AGENCY'S ABILITY TO ACHIEVE THE PROJECT PURPOSE UNQUOTE.

10. PAGE 11. RECOMMENDATION NO. 2. PLEASE CHANGE WORDING AS FOLLOWS: QUOTE, WE RECOMMEND THAT USAID/HAITI REQUIRE THAT THE TITLE III PROGRAM BUDGET FOR THE FAMILY PLANNING PROGRAM BE SUBMITTED TO USAID AT LEAST 60 DAYS PRIOR TO THE BEGINNING OF THE FISCAL YEAR UNQUOTE.

11. PAGE 15. RECOMMENDATION NO. 3 MISSION AGREES WITH THIS RECOMMENDATION.

12. PAGE 21. MISSION MAINTAINS COMMENTS SUBMITTED PREVIOUSLY TO INSPECTOR GENERAL REGARDING RECOMMENDATION NO. 4. PLEASE REFER TO THE PROJECT PAPER SECTION ON METHODS OF IMPLEMENTATION, AND TO GRANT AGREEMENT AMENDMENT ARTICLES D, E AND H. ONLY TITLE III CURRENCY WILL BE DISBURSED TO THE REGIONS. ALL DOLLAR-GENERATED LOCAL CURRENCY WILL BE ADMINISTERED BY DPFN, OR BY ST/PCP COOPERATING AGENCIES. WE REQUEST THEREFORE THAT THIS RECOMMENDATION BE ELIMINATED.

13. PAGE 23. REGARDING RECOMMENDATION NO. 5 ON REPORTING OF COUNTERPART CONTRIBUTIONS, PLEASE REVIEW THE GRANT AGREEMENT AMENDMENT TO VERIFY THAT TITLE III FUNDS ARE THE ONLY COUNTERPART CONTRIBUTIONS REQUIRED. THE TITLE III AGREEMENT STATES THAT THE TITLE III MANAGEMENT OFFICE WILL SUBMIT QUARTERLY PROGRESS AND FINANCIAL REPORTS TO USAID. WE THEREFORE REQUEST THAT THIS RECOMMENDATION BE ELIMINATED.

14. MISSION WISHES TO EXPRESS ITS APPRECIATION TO FIG/A/T FOR CONDUCTING A THOROUGH ANALYSIS OF THIS PROJECT. WE BELIEVE THE FINDINGS ARE FAIR, AND THAT THE RECOMMENDATIONS WILL IMPROVE OUR ABILITY TO IMPLEMENT A SUCCESSFUL FAMILY PLANNING PROGRAM.

15. PLEASE INCLUDE COPY OF THIS CABLE IN FINAL REPORT.

HOLMES

PT

#3627

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LIST OF REPORT RECOMMENDATIONS

Page No.

Recommendation No. 1

4

We recommend that USAID/Haiti in the forthcoming project amendment establish the position of National Coordinator to:

- a) obtain reports on and evaluate regional accomplishments in comparison with stated regional goals, and;
- b) release funds (grant or Title III) to the regions based on their accomplishment of objectives.

Recommendation No. 2

7

We recommend that USAID/Haiti require that the Title III program budget for the family planning program be submitted to USAID/Haiti at least 60 days prior to the beginning of the fiscal year.

Recommendation No. 3

9

We recommend that USAID/Haiti obtain evidence that the Division of Family Hygiene and Nutrition has:

- a) assigned project vehicles to family planning activities on a full-time basis -- with prior approval by the regional and district family planning officer, project vehicles could be used for other health activities, but only when not needed for family planning purposes;
- b) accounted for all AID-financed vehicles in the family planning project; and
- c) maintained adequate records showing all pertinent information concerning vehicle usage.

Recommendation No. 4

11

We recommend that USAID/Haiti obtain evidence from the Government of Haiti that the regions establish and maintain separate bank accounts and accounting records for the AID-financed family planning project.

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