

**Cooperative Housing Foundation  
Quarterly Performance Report**

**SAF Financial and Administrative Services  
Honduras**

**Contractor:** Cooperative Housing Foundation  
**Contract:** 522-C-00-01-0031-00  
**Reporting Period:** July 1, 2002 to September 30, 2002

**Submission Date:**

**I. Narrative**

**A. Background**

USAID contracted CHF to provide financial and administrative services for four components of the Sustainable Improvements to Family Health Program (The Program) which is implemented by the Ministry of Health (MOH) and the National Autonomous Water and Sewage Service (SANAA). This contract was signed August 3, 2001 and covers a time period of 18 months. USAID, however, may exercise options to limit the contract to 12 months or extend it to 24 months.

The contract options are as follows:

12 months	\$340,164
18 months	\$491,033
24 months	\$634,173

*The Contract* provides administrative and financial support for *the Program*. *The Program* contributes to the joint USAID/Government of Honduras (GOH) "Sustainable Improvements to Family Health." Specifically, the components included in this Statement of Work are:

- Increased Use of Child Survival Services through Health Reform
- Increased Use of Quality Reproductive Health and Family Planning Services
- Increased Use of STI/AIDS Prevention Practices
- Increased Use of Malaria, Dengue and TB Prevention and Control Services

In order for the MOH and SANAA to effectively implement these and other activities that may be mutually agreed to under *The Program*, it is crucial that CHF facilitate the disbursement of the USAID dollar grant funds in a timely and appropriate manner.

## B. Expected Results

The overall objective of this contract is to provide financial and administrative services for four components of the Sustainable Improvements to Family Health program which is implemented by the MOH and SANAA. CHF will be responsible for the management of USAID dollar grant resources going to the MOH operating units and to SANAA, including all disbursements, advances and liquidations, accounting, procurement and contracting, timely management of USAID funds for activities, and assurance of compliance of the above-mentioned activities with the procedures and norms of USAID.

Specifically, CHF will carry out the following tasks under *The Contract*:

1. Receive, review/audit and pay allowable, allocable/eligible costs billed under *The Program* to be implemented by MOH and SANAA: CHF will be responsible for managing USAID funds which includes establishing and reimbursing rotating funds in *The Program's* focus Health Areas; and for expenses, directly funding MOH central level activities.

The total amount of money that will be managed by CHF per year will be approximately US\$2.750 million. It is estimated that there will be approximately 2,000 individual transactions per year (167 per month). Following USAID approval of Program Work Plans and budgets of the MOH and SANAA, CHF will manage disbursements and submit to USAID requests for advances as needed and monthly liquidation reports. There will be eighteen potential technical and regional implementing units within the MOH and one administrative unit within SANAA.

2. Disbursements, Procurement and Contracting for Commodities and Services: CHF will make all disbursements, procurement of commodities and actions stipulated in annual work plans and budgets duly approved through Program Implementation Letters for both the MOH and SANAA except for those directly procured by USAID. Additionally, CHF will manage the contracting of short and long-term technical assistance as directed by USAID and the GOH agencies. It is estimated that under this Contract a total of 50 person months of technical assistance will be required.
3. Accounting: CHF will be responsible for maintaining accurate financial and accounting records and reports by component of all procurements and disbursements in accordance with generally accepted practices. All non-expendable items purchased with funds made available by this agreement will be clearly marked and inventoried. Property title will be held by the respective GOH implementing agency.
4. Reporting and Monitoring: CHF will provide USAID monthly financial status reports by component showing cash received and disbursed during the period. These status reports will separate contract and Program expenses and will be segregated by specific budget-line categories in each component. The amount of cash on hand at the end of the period will also be included in the report and, as required, a request for additional funds to cover the ensuing 90 day period.

5. End-Use checking and Adequate Control, inventory of financed commodities: CHF will perform end-use checking of all financed commodities to ensure that the implementing agencies have in place adequate inventory control records and procedures and that commodities are used only for intended purposes. This end-use checking procedure will require CHF to ensure that all program-funded commodities and equipment and vehicles are marked with the USAID emblem and adequately maintained, respectively.
6. CHF will establish monitoring and reporting systems and provide quarterly progress reports by component to USAID reporting any difficulties with the execution of the contract. These reports will contain recommendations, methodology and a timetable for ensuring their immediate resolution. CHF will also provide additional information required by USAID/Honduras, USAID audits, evaluations, and reports.
7. CHF will handle travel and per diem expenses, advances and liquidations for all travel in accordance with USAID and GOH rules and regulations.
8. CHF will document in hard copy and electronic form all system, policies (i.e. personnel management, travel & per diem rates, contracting) and controls for implementing, overseeing, assessing, and reporting of all activities and responsibilities under the contract.
9. CHF will ensure immediate resolution of any resulting external and/or internal audit recommendations.

### **C. Current Core Activities**

#### **CHF Personnel**

- In order to provide the required financial and administrative support and to accomplish the Program's goals, CHF made personnel adjustments in order to make the administration of the program more effective and efficient and maintain a customer-oriented attitude. A Program Assistant was hired. The Program Manager now can meet with Central Units, Region Directors and Administrators to provide them with more personalized service, solve problems or identify options.
- After an internal evaluation and meeting with the Regional Directors and Administrators to find out why bottlenecks are occurring in the regions, CHF, the MoH and USAID have decided to reorganize the Regional Facilitators. The facilitator in Region 5 has been let go and the Facilitator in Region 2 will be moved to Tegucigalpa.

- CHF continued to hold its monthly meetings with the SAF work team to find ways of improving its service to the MoH. In these meetings each team member expresses his/her concerns, achievements and commitments to CHF and the Program.

### **Intra-institutional meetings**

- CHF continued attending meetings with USAID, the MoH personnel and Cooperative Agencies, which helped the organizations to better understand and identify the problems with the program's execution. These meetings allowed CHF to make more sound decisions regarding the administration of the program's funds.
- CHF and USAID continue their open communication channels which aides CHF in providing more efficient and effective customer service.
- To ensure that USAID and the MoH receive good customer service during the Program's main events, a CHF representative will attend all such events.

### **Internal Controls**

- CHF's accounting system continues to aid in the internal administrative control system. Changes may be made quickly and easily to provide the required information at the right time for the MoH and SANAA, improving the program's administrative controls.
- CHF's Manual of Operating Procedures (POMP) was distributed and implemented. CHF trained Central Units and Regions to assure that all administrative personnel had the procedures on hand to start executing their Annual Plans. CHF's training is aimed at avoiding misunderstanding of the Program's administrative procedures. A copy of the manual was distributed to all MoH administrators, including 8 regions for the MoH HIV/AIDS program which were not originally included directly under the program.
- The CHF-SAF program's internal administrative controls have enabled the better use of the program's funds.
- The program saved approximately \$30,000 per quarter due to CHF's purchasing negotiations. This savings could be used to pursue additional health priorities.

### **Region and Central Unit Visits**

- CHF management also conducted visits to Region 2 and Region 5 to keep abreast of the conditions and to measure customer service satisfaction. These visits are improving the communication and improving the relationship.

- The CHF-SAF Program's Manual of Operating Procedures (POMP) has been distributed to the Secretariat of Health involved with the program's execution. A workshop has been given to the Central Units of the Secretariat of Health and the relevant regions.
- The CHF Program Manager met with the Central Units, Region Directors and Administrators involved with the program. These meetings led to almost immediate improvement in the program's execution.

**D. Current Buy-Ins**

None

**E. Current Sub-Contracting Activities**

None

**F. Performance**

- CHF executed 1,070 quarterly transactions, and had an average of 357 transactions monthly. This means CHF will likely manage about 4,200 transactions per year. This exceeds the 2,000/year expected (167/month) and stated on the USAID/CHF contract. The number of transactions to date for the 18 month contract totals 4,682.
- CHF administered L.6.91 million (\$42,000) or an average of L. 2.33 million (\$14,000) per month. The expected amount per year was \$2.75 million (\$230,000/month). This amount is significantly below the amount that needs to be spent to reach the expected goal. The reason for this delayed spending was due to a Dengue crisis which caused the MoH to reprogram activities and funds
- CHF kept with the minimum 3-day rule to reimburse the rotating fund and process the per diem requests.
- CHF continued to train the Ministry of Health's Central Units and Regions on the Program's financial and administrative procedures on a daily basis.

## **G. PROBLEMS/ISSUES AND RESOLUTIONS**

### **REGIONS**

**Problem/Issue:** Of the pending liquidations, all have paid except Region 2, which still needs to return L23,000, unless CHF and USAID decide to accept those as eligible expenses. However, in order to not stop activities we have granted the region its rotating funds. In order to liquidate and based on a report given by the Area 1 Director, CHF-SAF decided to request all documents mentioned. However, CHF received only part of the required information.

**Resolution:** A third reminder was sent and CHF is waiting for the response to take other actions.

**Problem/Issue:** Region 2 has expressed dissatisfaction with CHF service regarding the construction of the La Paz office, a computer malfunction, and mattresses which were purchased with program funds that did not meet specifications.

**Resolution:** CHF is repairing the roof on the La Paz office, investigating the reasons why the computer continues to malfunction, and has met with the provider of the mattress so that new mattresses could be purchased.

**Problem/Issue:** Region 5 administrative personnel were dissatisfied with the CHF Facilitator's service.

**Resolution:** The CHF Director, Program Manager and USAID personnel met with the Region 5 administrative personnel, and the decision was made to remove the Facilitator position. CHF-SAF is providing the service directly from Tegucigalpa by the Program Manager. Two field visits were made to Region 5 and the administrative personnel are now satisfied with the service provided by CHF.

### **PURCHASES**

**Problem/Issue:** CHF is exploring methods to expedite the purchasing process and provide better service by making bulk purchases. In order to do this, CHF-SAF sent a request well in advance to the MoH requesting their purchasing needs; however, due to the administrative changes made by the MoH with the change in government, it has been a challenge for CHF-SAF to obtain these purchasing requests.

**Resolution:** The CHF Program Manager has been meeting with Central Units Directors to identify possible administrative procedures which they can use to expedite this process.

**Problem/Issue:** There have been MoH complaints directed at CHF's purchasing service. MoH personnel felt that CHF took too much time to process their purchasing requests. Most of the complaints were due to an inappropriate channel of communication. Most of the information was provided via telephone.

**Resolution:** The Program Manager is working closely with the Program Assistant and the Purchasing Agent to have a weekly purchasing status report of all purchases in process so that corrective actions can be taken.

**Problem/Issue:** CHF contracted a computer specialist to design and implement a computer data application for TB last fiscal year. The MoH's central unit was satisfied with the product. Now that they are entering data, they have found that new adjustments need to be made to the application. This means that the contractor is going to charge extra for the changes made to the application. The main issue is that regions continue to make changes.

**Resolution:** A meeting with the MoH, computer specialist and CHF was held to reach an agreement. The contractor provided a report including problems found and recommendations for the MoH to follow.

**Problem/Issue:** CHF did not process Geminis final payment due to lack of all related contract documentation.

**Resolution:** A letter requesting the contract documentation was sent and Geminis agreed to pay questionable expenditures that had been charged to the Program. CHF will make the final disbursement once the campaign committee certifies that the service was provided.

## **OTHER**

**Problem/Issue:** Engender Health audit findings.

**Resolution:** A new Engender Associated Manager took over and she submitted a response to CHF regarding the audit findings. Engender reimbursed some funds that could not be justified. However, there are still some details that need to be discussed to close this issue.

**Problem/Issue:** Program funds have still not been legalized.

**Resolution:** CHF made the first contacts to look for alternatives to legalize the Program's accounting documentation.

## **CHF Evaluation Performance.**

On September 12<sup>th</sup>, an evaluation of CHF's performance was held with Ministry of Health and USAID personnel. CHF's general performance was evaluated based upon the services rendered to the Ministry of Health (MOH) in the following areas:

- Management of rotating funds
- Procurement & contracting
- Sub advances
- Role of the CHF field management facilitators

## **Management of Rotating Funds**

- Closer and more formal communication with the administrators in the field
- CHF Tegucigalpa and Field Facilitators must be consistent with the information they are portraying
- In the future, CHF should be more involved with the elaboration of the MoH's work plans and budgets
- Timely response on why reimbursements are delayed

## **Procurement and Contracting**

- CHF should notify regional administrators immediately when the purchasing specifications requested are not complete to avoid procurement delays and inform them of the purchasing status.
- CHF should not distribute equipment without its certification.
- CHF should assure that the distribution means is adequate to avoid equipment damage.
- CHF and the MoH should not send or receive any equipment without proof of receipt.
- CHF should assure that the equipment has the USAID sticker.
- CHF should periodically train the MoH administrative personnel on the Manual of Administrative Procedures.

## **Sub advances**

- CHF must control more efficiently the incoming and outgoing correspondence.
- CHF should identify a person responsible for receiving correspondence and should notify the MoH of its receipt.
- CHF should review and discuss the findings with the Region and Area Directors immediately.

## **Role of the CHF field management facilitators**

- CHF should provide a copy of the facilitators' functions to the MoH administrative personnel.
- The facilitators are not proactive problem solvers.
- The facilitator visits to the field need to be planned.
- CHF should delegate more responsibilities to facilitators and assure that they are prepared to handle these responsibilities.
- CHF facilitators need more administrative and logistical support from CHF.
- CHF should provide a formal report when facilitators conduct field trips to Areas.

In conclusion, most of the problems and recommendations presented during the CHF Evaluation were related to communication and the way problems were handled. Some action has already been taken and communication has improved.

### **Current Action**

- CHF is providing the monthly financial report to Central Units and Regions.
- On September 20, CHF provided a copy of the facilitator's position description to the MoH Program's counterpart and USAID to reach an agreement. After meeting with Region 5 and Region 2 Directors and with USAID on the topic, CHF will remove facilitators from the regions, and will have monthly meetings with regions 2 and 5.
- CHF organized a training with Central Units administrative personnel on September 27<sup>th</sup>. The attendees were satisfied with the training and expressed the need for a follow up training every three months.
- On October 23rd, a training on the Manual of Administrative Procedures will be held in Region 2 including the 5 Sanitary Areas.
- On October 30th a second Manual of Procedures training will be held for Region 5 Administrators.
- The Manual of Procedures is now being utilized by all administrators. All administrative personnel have a copy and must follow the stated procedures.
- A training on any revisions will be held in March 2003.
- CHF is negotiating with Regional Directors for them to include a CHF financial visit in their schedule.
- CHF will participate in the elaboration of the project plans and budgets.
- CHF and the MoH agreed to work together to improve communication and interpersonal relations.

### **H. Statement of Work**

The statement of work has not changed

## II. Administrative Information

### A. Contract Data

#### Total level of effort for 18-month Contract

Headquarters	90	person days
Local (including expatriates)	4,100	person days

#### a. Level of effort used this quarter (07/01/02 – 09/30/02)

Headquarters	14	person days
Local (including expatriates)	1096	person days

#### b. Cumulative level of effort used to end of report

Headquarters	34	person days
Local (including expatriates)	3139	person days

#### c. Unused level of effort

Headquarters	56	person days
Local (including expatriates)	961	person days

### B. Standard Form 269A

A copy of Standard Form 269A, the Financial Status Report, Short Form, for the project will be sent under separate cover.