



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/PHILIPPINES' SUSTAINABLE HEALTH IMPROVEMENTS THROUGH EMPOWERMENT AND LOCAL DEVELOPMENT PROJECT

AUDIT REPORT NO. 5-492-10-001-P
October 9, 2009

MANILA, PHILIPPINES



Office of Inspector General

October 9, 2009

MEMORANDUM

TO: USAID/Philippines Acting Mission Director, Elzadia Washington

FROM: Acting Regional Inspector General/Manila, William S. Murphy /s/

SUBJECT: Audit of USAID/Philippines' Sustainable Health Improvements through Empowerment and Local Development Project (Report No. 5-492-10-001-P)

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

The audit report contains three recommendations to assist the mission in improving the data quality of the performance indicators and reported results of the Sustainable Health Improvements through Empowerment and Local Development Project in the Autonomous Region of Muslim Mindanao. On the basis of information provided by the mission in response to the draft report, we determined that final action has been taken on recommendation 2 and management decisions have been reached on recommendations 1 and 3. A determination of final action will be made by the Audit Performance and Compliance Division upon completion of the planned corrective actions for recommendations 1 and 3.

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

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SUMMARY OF RESULTS

The Autonomous Region of Muslim Mindanao (the autonomous region), home to 4.1 million Filipinos, is widely recognized to have the poorest health and development indicators among the country's 16 regions. It also has one of the highest fertility rates in the country, the highest proportion of women with unmet needs for family planning, and the lowest rate of contraceptive use. Recognizing that development needs are greatest in the conflict-affected autonomous region, USAID/Philippines' strategic objectives emphasize assistance in this region. In September 2006, the mission awarded a 5-year, \$15 million cooperative agreement to a consortium led by Helen Keller International, along with ACDI/VOCA, Christian Children's Fund, and Save the Children, to implement the Sustainable Health Improvements through Empowerment and Local Development Project in the autonomous region. The award was subsequently increased to \$15.2 million in 2007. As of September 30, 2008, USAID/Philippines had obligated \$7.9 million and disbursed \$3.9 million. The overall objective of the project is to achieve sustainable improvement of family health in communities in the autonomous region (see page 3).

The audit reviewed results for the first 2 years of the project and concluded that, in general, planned results were not being achieved or, in some cases, data to support the reported results either were unavailable or were flawed. For example, for fiscal year 2008, the second year of the project, the audit determined that planned results were achieved for only 3 of the 11 performance indicators selected for review. For instance, records showed that the project trained 576 individuals in child health and nutrition issues, greatly exceeding the project's target of training 380 individuals. As for the other eight indicators, planned results were not achieved for three indicators, performance data were not even available for three other indicators, and data underlying the reported achievements for two indicators were flawed. For one of these two indicators, the number of deliveries assisted by skilled birth attendants, the reported results could not be directly attributed to project interventions; for the other indicator, the number of counseling visits made, the reported results were based on assumptions in lieu of actual data (see page 5).

For fiscal year 2007, the first year of the project, it was even less clear that planned results were being achieved because there was no documentation available to support reported results for five of six indicators being used to measure results for that year. For example, the project planned to make 42,912 visits to counsel individuals on family planning and reproductive health issues; although the project reported that 10,399 visits were made, there was no supporting documentation to substantiate the reported achievements. As another example, the project planned that 28,482 deliveries would be assisted by skilled birth attendants; 27,444 such deliveries were reported as achieved, but there was no supporting documentation to confirm that number. As for the indicator that had supporting documentation, the audit determined that the project did not meet planned results for that indicator (see page 5).

At the time of audit, only 2 years of the project's 5-year life had been completed. As a result, it is premature to evaluate the project impact. For instance, it is much too early to measure changes in the proportion of women with unmet needs for family planning or changes in the use of contraceptives. While there is some evidence that the project may be laying the groundwork for improvements in family health, the deficient reporting of

data during the first 2 years of the project needs to be addressed to ensure that the project is on track (see pages 5 and 6).

The audit identified areas where the mission could improve the management of the performance data reported and strengthen the project's performance management system (see pages 6-10).

The report recommends that USAID/Philippines:

- Develop and implement procedures that require the agreement officer's technical representative to review and update the project's performance management plan on an annual or semiannual basis to ensure that it contributes to an effective system of measuring progress toward intended objectives (see page 10).
- Provide written guidance to its implementers as to what constitutes "training" for purposes of reporting project performance (see page 10).
- Develop and implement procedures that require the agreement officer's technical representative to periodically conduct an independent review of the performance data submitted by implementers (see page 10).

On the basis of an evaluation of the mission's response to the draft report, the audit determined that final action has been taken on recommendation 2, while management decisions have been reached on recommendations 1 and 3 (see page 11).

The mission's written comments on the draft report are included in their entirety, without attachments, as appendix II to this report (see pages 14–16).

BACKGROUND

The Autonomous Region of Muslim Mindanao (the autonomous region), home to 4.1 million Filipinos, is widely recognized to have the poorest health and development indicators among the country's 16 regions. It also has one of the highest fertility rates in the country, the highest proportion of women with unmet needs for family planning, and the lowest rate of contraceptive use. These indicators, worsened by extreme poverty, directly influence the very high rates of infant and under-five mortality. The region also has high rates of tuberculosis and malaria.

Recognizing that development needs are greatest in this conflict-affected autonomous region, USAID/Philippines' strategic objectives emphasize assistance in the region. In September 2006, the mission awarded a 5-year, \$15 million cooperative agreement to a consortium led by Helen Keller International, along with ACDI/VOCA, Christian Children's Fund, and Save the Children, to implement the Sustainable Health Improvements through Empowerment and Local Development Project in the Autonomous Region of Muslim Mindanao (the Sustainable Health Project). The award was subsequently increased to \$15.2 million in 2007.

In response to the autonomous region's unique political and cultural environment, the Sustainable Health Project partnered with the region's Department of Health, provincial and municipal health offices, local government officials, and nongovernmental and community organizations to address the region's health issues. The Sustainable Health Project was designed to be implemented in the context of the Philippine Government's Sector Development Agenda for Health.

The overall objective of the Sustainable Health Project is to achieve sustainable improvement of family health in communities in the autonomous region. The project aims to achieve this by implementing a program of activities that establish effective partnerships and stronger links between three components:

- Community partnership component – designed to empower, mobilize, and organize communities to adopt and practice optimal health behaviors;
- Health systems component – designed to strengthen health service providers through capacity building to enhance community participation in health service delivery; and
- Local government unit support component – designed to empower local governments to respond effectively to the health needs and demands of their constituencies through increased support to health service delivery systems and community health initiatives.

Within the health systems component, the project further focused on six health program intervention areas: (1) maternal and child health, (2) family planning, (3) tuberculosis control and prevention, (4) malaria control and prevention, (5) HIV/AIDS prevention and control, and (6) avian influenza prevention and control. This audit focused on the two most significant health interventions—maternal and child health and family planning

interventions, which received 81 percent of the total project obligations through September 30, 2008.

By that same date, USAID had obligated \$7.9 million and disbursed \$3.9 million for the Sustainable Health Project's activities. USAID/Philippines' Office of Population, Health and Nutrition is responsible for managing the project.

AUDIT OBJECTIVE

The Regional Inspector General/Manila conducted this audit as part of its fiscal year 2009 plan to answer the following question:

- Was USAID/Philippines' Sustainable Health Improvements through Empowerment and Local Development Project achieving planned results, and what has been the impact?

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

AUDIT FINDINGS

The audit reviewed results for the first 2 years of the project and concluded that, in general, planned results were not being achieved or, in some cases, data to support the reported results either were unavailable or were flawed.

For fiscal year 2008, the second year of the project, the audit determined that planned results were achieved for only 3 of the 11 performance indicators selected for review. For instance, records showed that the project trained 576 individuals in child health and nutrition issues—greatly exceeding the project’s target of training 380 individuals. Records also showed that the project assisted five provinces and one city with developing health and nutrition plans for maternal and child health and nutrition, meeting the project’s target for that year.

As for the other eight indicators, planned results were not achieved for three indicators, performance data were not available for three other indicators, and data underlying the reported achievements for two indicators were flawed. For example, the project intended to train 200 people in maternal and newborn health issues, but records indicated that only 91 were trained. Additionally, the project planned to assist 36 municipalities in setting up functional local health boards in fiscal year 2008, but records showed that only 9 were established. Furthermore, the audit could not confirm that 36,963 of the 44,831 planned deliveries assisted by skilled birth attendants were achieved because the data underlying the reported achievements were flawed and could not be directly attributed to project interventions. In addition, records showed that results reported for the indicator measuring the number of visits made for family planning and reproductive health counseling were based on assumptions in lieu of actual data.

For fiscal year 2007, the first year of the project, it was even less clear that planned results were being achieved because there was no documentation available to support reported results for five of six indicators being used to measure results for that year. For instance, the project planned to assist six municipalities in setting up functional local health boards; however, according to supporting documentation only two were established. The project also planned to make 42,912 visits to counsel individuals on family planning and reproductive health issues; although the project reported that 10,399 visits were made, there was no supporting documentation to substantiate the reported achievements. As another example, the project planned that 28,482 deliveries would be assisted by skilled birth attendants; although 27,444 such deliveries were reported as achieved, there was no supporting documentation to confirm that number. As for the indicator that had supporting documentation—the number of municipalities assisted by the project in setting up functional local health boards—the audit determined that the project did not meet planned results for that indicator.

The selected performance indicators, targets, reported results, and audited results are provided in appendix III.

With regard to project impact, only 2 years of the project’s 5-year life had been completed at the time of audit; therefore, it is premature to evaluate the impact. For instance, it is much too early to measure changes in the proportion of women with unmet needs for family planning or changes in the use of contraceptives. However, it appears

that the project is laying the groundwork for regional improvements in family health. For example, the project provided technical assistance to the autonomous region's health department in drafting a 5-year health investment plan. This plan provides direction and identifies the priorities for attaining better health services and health outcomes in the region for years 2007 to 2011.

Additionally, the project provided assistance in developing 2-year annual operational plans for provincial health units. These plans consisted of annual activities and budget and annual goals to aid provincial health units in implementing the health investment plan. Furthermore, the project provided training in areas such as caring for mothers and newborns, and family planning and reproductive health. Health service providers interviewed also reported that the project's training courses improved their skills. Moreover, the community-based health organizations were assisting health workers in the provision of health services and in increasing health awareness in the community.



Rural Health Unit located in the Municipality of Balindong, Lanao del Sur. Health service providers in this unit were trained by the Sustainable Health Project. (Photo by OIG staff, October 2008)

Nevertheless, the deficient reporting of results data during the first 2 years of the project needs to be addressed to ensure the project is on track. The following section discusses areas where the mission could improve its management of performance data and strengthen the project's performance management system for the remaining years of the project.

Management of Performance Data Needs to Be Improved

Summary: USAID's Automated Directives System (ADS) 203.3.5.1 states that to be useful in managing for results and credible for reporting, operating units should ensure that performance data in the mission's performance management plan meet certain data quality standards. Also, USAID guidance includes requirements that the agreement officer's technical representatives ensure the accuracy of reported data. However, data for some of the Sustainable Health Project's performance indicators fell short in several ways with regard to meeting the standards of validity, integrity, precision, and reliability. These standards were not met, in part, because the mission did not independently review reported data and did not maximize the use of its performance management plan. Inconsistent, imprecise, and inaccurate data hindered the mission's ability to gauge the progress of this project.

According to USAID's ADS 203.3.5.1, to be useful in managing for results and credible for reporting, operating units should ensure that the performance data in the mission's performance management plan meet data quality standards, such as validity, integrity, precision and reliability. To meet the standard of validity, performance data should clearly and adequately represent the intended result. To meet the integrity standard, data that are collected, analyzed, and reported should have established mechanisms in place to reduce the possibility that data might be intentionally manipulated. The precision standard requires that data be sufficiently precise to present a fair picture of performance and enable decision-making. The reliability standard requires that data reflect stable and consistent data collection methods over time and that operating units be confident that progress toward performance targets reflects real changes rather than variations in data collection methods.

Additionally, according to USAID's Guidebook for Managers and Cognizant Technical Officers on Acquisition and Assistance, the agreement officer's technical representatives¹ are responsible for ensuring the accuracy of all reports submitted by their implementers.

However, data for some of the Sustainable Health Project's performance indicators fell short of meeting data quality standards in several ways. Below are examples where data quality standards were not met.

The following are examples of performance data lacking validity:

- The project could not quantify the degree to which its project interventions had contributed to increasing the number of deliveries assisted by skilled birth attendants. For example, in fiscal year 2008, the project reported that skilled birth attendants assisted in 36,963 live-birth deliveries (see indicator no. 3 in appendix III). The reported result was obtained from the autonomous region's Department of Health information system. These figures assumed that the total increase in the number of recorded live births attended by skilled birth attendants

¹ In January 2009, USAID's guidance replaced the term "cognizant technical officer" with "agreement officer's technical representative," for use in grants and cooperative agreements.

(medical doctors, nurses, and midwives) were influenced by interventions supported by the project alone. However, because the government's information system collects regionwide (non-project specific) information, the project's direct contribution could not be quantified. Furthermore, neither the implementer nor the mission could quantify the project's contribution to the reported figures. Therefore, the data reported did not clearly and adequately represent the intended result, and therefore they lack validity.

- The project did not use and apply a consistent definition of training in collecting and reporting data for its performance indicators. For example, in the project's performance management plan, training was defined as new training or re-training of individuals with specific learning objectives, a course outline or curriculum, and expected knowledge, skills, and/or competencies to be gained by the participants. However, the audit identified that for two training indicators, the reported results included participants that attended general orientation courses only (see indicator nos. 2 and 5 in appendix III). While these courses may have included some discussions on child health and nutrition or family planning and reproductive health matters, they were more general in nature and were intended to give the attendees merely an overview of the project or the subject. Therefore, the data reported did not clearly and adequately represent the intended result, thus not meeting the standard of validity.

The following is an example of performance data lacking integrity:

- The figures reported for some performance indicators were not sufficiently supported. For example, the implementer reported that 522 people had been trained in one province in child health and nutrition subject areas. (The number relates to indicator no. 2 in appendix III.) Neither the provincial office nor the main office could produce sufficient documentation to support this figure. In fact, supporting documentation maintained by the provincial office showed that only 397 people were trained, while the main office did not have documentation to support any figure. This occurred because the primary implementer did not institute sufficient reporting controls for data coming from the provincial level. For example, many of the figures were obtained through phone calls from the provincial offices, but no subsequent supporting documentation followed. Since there was no established mechanism for data collecting and reporting, it was possible that the data could have been compromised or manipulated, thereby losing its integrity.

The following is an example of performance data lacking precision:

- Figures reported for one indicator were obtained by using assumptions and estimates because actual data were not available. For instance, in fiscal year 2008, it was reported that 92,412 counseling visits were made by trained health service providers to counsel individuals on family planning/reproductive health issues (see indicator no. 6 in appendix III). The indicator defined counseling visits as one-on-one sessions or sessions with a small group (2–10 people). Since the health service providers did not maintain documentation on the number of counseling visits made, the implementer decided to estimate the figure by extrapolating the reported number of health service providers trained in family planning and reproductive health issues and assuming that over a 12-month period each

trained individual counseled three individuals in these issues each month. However, even the underlying data—the number of health service providers trained—used for this extrapolation was flawed because the data included individuals who attended courses that did not meet the definition of training (see first bullet on page 8). Moreover, the calculation method used was not approved by the mission. Therefore, the reported results could not be relied upon because they did not present a fair and accurate picture of the actual performance and were not sufficiently precise, and therefore did not meet the data quality standard of precision.

The following is an example of performance data lacking reliability:

- The project lacked consistency in its data collection and analysis methods. For example, for reporting the number of individuals trained in child health and nutrition issues, participants were counted either once or multiple times depending on the data collection method (these data collection inconsistencies relate to indicator no. 2 in appendix III). For instance, in one location, implementers submitted one report for a 2-day training course, thereby counting a participant one time for attending the 2-day training course. At the same time, implementers in another location submitted two separate reports for the same 2-day training course, thereby counting a participant twice for attending the 2-day training course. Therefore, the reported results of 1,884 participants trained in child health and nutrition did not actually represent 1,884 separate individuals that completed a particular set curriculum of training courses for child health and nutrition. This data collection method lacked stability and consistency, thereby weakening the reliability of the reported results.

The above instances occurred, in part, because the mission did not independently review reported data and the mission did not maximize the use of its performance management plan. The mission did not independently review the accuracy of the data reported by the implementer because, according to the agreement officer's technical representative, data quality was reviewed by a technical working group created by the USAID/Philippines Office of Health. The group was composed of representatives from the mission and the various implementers carrying out health activities for the purpose of discussing and harmonizing performance management practices. While there was evidence that this group reviewed the indicators, definitions, and targets, the mission is ultimately responsible for ensuring the accuracy of all reported data. The mission could benefit greatly from conducting periodic independent reviews of the reported performance data to better ensure their accuracy.

In addition, the mission did not maximize the use of its performance management plan, which is a critical tool for planning, managing, and documenting data collection. This occurred because the mission had not approved the performance management plan during the project's first 2 years of implementation. According to the mission, the plan was not approved because it was still a "work in progress." The mission explained that targets for some of the fiscal years 2007 and 2008 indicators would be subject to change after baseline data collection was completed. Also, the indicators needed to be simplified and revised to conform to USAID/Washington definitions. Additionally, the number of indicators in the plan needed to be reduced to better capture the direct impact of the project's activities. As a result, several performance indicators were not precisely defined and indicators lacked baselines and targets. Furthermore, confusion existed

because the definition of training included in the performance management plan was not the same as what was widely used for reporting training data.

Inconsistent, imprecise, and inaccurate data and an unapproved performance management plan hindered the mission's ability to gauge the progress of this project. However, in February 2009, in response to the audit's findings, the implementers submitted an updated performance management plan to address issues on data quality. The mission approved this plan on March 3, 2009, with the condition that it include any additional requirements (e.g., revision of indicators, data quality assessment, and data collection tools) to be imposed by the technical working group. The approved plan also included measures, such as revised internal data reporting forms, a list of project-supported training to be included in the training indicator, and standard training reports for the provincial offices—all aimed at bringing about consistent, accurate, and verifiable results.

However, to ensure that the project's performance management plan contributes to the effectiveness of the performance management system, this audit is making a recommendation to ensure the mission maximizes the use of this plan going forward. Additionally, because there is still a need to harmonize the definitions of "training" for purposes of reporting performance and to ensure that performance data submitted by the implementers are independently reviewed by the mission to ensure accuracy, this audit makes the following recommendations.

Recommendation No. 1: We recommend that USAID/Philippines develop and implement procedures that require the agreement officer's technical representative to review the Sustainable Health Improvements through Empowerment and Local Development Project in the Autonomous Region of Muslim Mindanao's performance management plan on an annual or semiannual basis to ensure that it contributes to an effective system of measuring progress toward intended objectives.

Recommendation No. 2: We recommend that USAID/Philippines provide written guidance to its implementers as to what constitutes "training" for purposes of reporting project performance.

Recommendation No. 3: We recommend that USAID/Philippines develop and implement procedures that require its agreement officer's technical representative to periodically conduct an independent review of the performance data submitted by implementers.

EVALUATION OF MANAGEMENT COMMENTS

In response to the draft report, USAID/Philippines concurred with all three recommendations.

On the basis of an evaluation of the mission's response to the draft report, this audit determined that final action has been taken on recommendation 2, while management decisions have been reached on recommendations 1 and 3.

In response to recommendation no. 1, the mission stated that it has addressed the issue of regularly reviewing and updating the project's performance monitoring plan in the Office of Health's Monitoring and Evaluation Manual that is currently being developed. The mission expects to finalize this manual by November 30, 2009. As a result, a management decision has been reached on this recommendation.

In response to recommendation no. 2, the mission revised its mission order to further explain the definition of participant training. The mission order clearly states what "training" should contain including background/rationale, learning objectives, expected knowledge, skills and/or competencies to be gained by participants, a course outline or curriculum as appropriate. On the basis of the management comments and the supporting documentation provided, we consider that final action has been taken on this recommendation.

In response to recommendation no. 3, the mission stated that the conduct of a periodic and independent review of the performance data submitted by the implementers is also being addressed by the Office of Health's Monitoring and Evaluation Manual that is currently being developed. As stated above, the mission expects to finalize this manual by November 30, 2009. Consequently, a management decision has been reached on recommendation no. 3.

The mission's written comments on the draft report are included in their entirety, without attachments, as appendix II to this report.

SCOPE AND METHODOLOGY

Scope

The Regional Inspector General/Manila conducted this audit in accordance with generally accepted Government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective, which was to determine whether USAID/Philippines' Sustainable Health Improvements through Empowerment and Local Development Project in the Autonomous Region of Muslim Mindanao was achieving planned results, and what the impact has been.

The audit covered results achieved in each of the three project components—community partnership, health systems, and local government unit support. For the health systems component, the audit focused on two of the six health project interventions—family planning and maternal and child health. Funding data showed that of the \$7.9 million obligated as September 30, 2008, \$5.05 million or 64 percent was obligated for family planning project interventions and \$1.3 million or 17 percent was obligated for maternal and child health project interventions. Audit fieldwork was conducted from October 14, 2008, through February 24, 2009, in the offices of USAID/Philippines and project offices in Manila, Iligan City, Cotabato City, and Zamboanga City. Visits were conducted to four activity sites in Lanao del Sur and Iligan City. In addition, the audit reviewed an updated performance management plan submitted by the implementers in February 2009 and approved by the mission in March 2009.

In conducting this audit, we reviewed and assessed the significant internal controls developed and implemented by the mission to manage and monitor the activities. The assessment included internal controls related to whether the mission (1) reviewed progress and financial reports submitted by the implementers, (2) conducted and documented periodic meetings with the implementers, (3) performed and documented visits to the activity sites, and (4) developed and implemented policies and procedures to safeguard the assets and resources of the activities. Further, we determined whether the mission prepared an assessment of its internal controls and reported it in its Federal Managers' Financial Integrity Act report for fiscal year 2008.

Methodology

To answer the first part of the audit objective on achieving planned results, we judgmentally selected 11 of 125 performance indicators that we and the mission regarded as key to assessing the project's progress. However, of the 11 selected indicators, only 6 were in use during the first year of the project; the other 5 either were added in the second year or activities related to the indicators were initiated only in the second year of the project. We also selected indicators from each of the three program components but limited our selection of indicators for one component—the health systems component—to indicators pertaining to family planning and maternal and child

health interventions only. We also reviewed the accomplishments reported during the defined audit period and evaluated the accuracy, appropriateness, and sufficiency of the documentation supporting the reported progress data.

To answer the second part of the audit objective on the impact of the project, we obtained the views of the project recipients, such as the community health service providers, community-based health workers, local government officials, and community members. Specifically, we met with the region's Department of Health key officers, officials of the Lanao del Sur Integrated Provincial Health Office, and the staff of the Balindong Municipal Health Office. We visited a training venue and observed training and interviewed responsible training facilitators and training participants. We also met with officers of the community-based health organization in Lalabuan, Balindong, Lanao del Sur and interviewed a community member from Wao Municipality in Lanao del Sur.

Additionally, we interviewed responsible officials and staff from USAID/Philippines, Helen Keller International, Save the Children, ACDI/VOCA, and the Christian Children's Fund. Furthermore, we reviewed and analyzed relevant documents at both the mission and the implementing partners' offices. This documentation included award instruments including applicable modifications, such as the cooperative agreement between USAID/Philippines and Helen Keller International and the subagreements awarded by Helen Keller International to the subimplementers; performance management plans; annual work plans; progress and financial reports; and the mission's Federal Managers' Financial Integrity Act report for fiscal year 2008.

MANAGEMENT COMMENTS



USAID
FROM THE AMERICAN PEOPLE

PHILIPPINES

September 28, 2009

MEMORANDUM

TO: Bruce N. Boyer, Regional Inspector General
(original signed by EWashington)

FROM: Elzadia Washington, Acting Mission Director

SUBJECT: Audit of USAID/Philippines' Sustainable Health Improvements through Empowerment and Local Development Project (Report No. 5-492-09-00X-P)

REFERENCE: Audit Report No. 5-492-09-00X-P, received on September 8, 2009

USAID/Philippines wishes to thank the Regional Inspector General for the professional and constructive manner in which this audit was performed. The Mission agrees that implementation of the audit recommendations will help in improving the efficiency and effectiveness of the Mission's health activities as well as the Mission's operations.

For recommendations 1 and 3, a management decision has been reached and a concrete plan has been made. We request RIG/Manila to concur that a management decision has been reached on these two recommendations. For recommendation 2, a Mission Order has been revised thus, we request RIG/Manila to close this recommendation upon issuance of the final audit report.

Recommendation No. 1: Develop and implement procedures that require the agreement officer's technical representative to review and update the project's performance monitoring plan on an annual or semi-annual basis to ensure that it contributes to an effective system of measuring progress towards intended objectives.

USAID/Philippines concurs with this recommendation and has made a Management Decision that the Agreement Officer's Technical Representative must regularly review and update the project's performance monitoring plan (PMP). This has been clearly delineated in the Office of Health/SO3 Monitoring and Evaluation Manual that was jointly developed with USAID/OH's grantees and contractors.

Although the manual is still being finalized, the part discussing the Agreement Officer's

Technical Representative or Contracting Officer's Technical Representative's (A/COTR) responsibility for regular monitoring and evaluation of the project has been drafted. This includes the regular reviewing and updating of the PMP, on an annual and semi-annual basis. In addition, the manual also clearly establishes that the A/COTR shall conduct an independent monitoring and data quality checks to verify the data submitted by the project implementers.

We expect to finalize the SO3 Monitoring and Evaluation Manual on November 30, 2009.

Based on this management decision, the Mission requests RIG/Manila's concurrence that a management decision has been reached to resolve the recommendation.

Recommendation No. 2: Provide written guidance to its implementers as to what constitutes "training" for purposes of reporting project performance.

USAID/Philippines concurs with this recommendation. On May 18, 2009, the Mission revised Mission Order 253 to further explain the definition of participant training (attached: copy of Mission Order 253). In relation to this, on May 19, 2009, the Office of Regional Procurement issued ORP Notice No. 09-006 to USAID/Philippines' contractors and grantees (attached).

The Mission Order provides guidance to Mission staff and implementers as to what constitutes training. Further, the Mission Order clearly states what "training" should contain including background/rationale, learning objectives, expected knowledge, skills and/or competencies to be gained by participants, a course outline or curriculum, as appropriate.

The said Mission Order was discussed with the Office of Health project implementers where it was agreed that only training that meets the parameters set forth in the Mission Order shall be reported as "training" in the Operational Plan (reported to Washington) and project performance reports.

Based on the action taken, the Mission requests that this recommendation be closed upon issuance of the final audit report.

Recommendation No. 3 Develop and implement procedures that require its agreement officer's technical representative to periodically conduct an independent review of the performance data submitted by implementers

As stated in the response to Recommendation No. 1, the Mission has provided clear guidance to the AOTR as delineated in the SO3 Monitoring and Evaluation Manual that the AOTR shall conduct periodic reviews to verify the performance data submitted by the implementers.

Based on this management decision and plan to address this recommendation, the

Mission requests RIG/Manila's concurrence that a management decision has been reached and a concrete plan to resolve the recommendation is underway.

**SELECTED PERFORMANCE INDICATORS and REPORTED RESULTS
for FISCAL YEARS 2007 and 2008**

Fiscal Year 2007²

No.	Performance Indicator	Target	Reported Results	Audited Results	Target Met
1	Number/Proportion of deliveries assisted by skilled birth attendants through U.S. Government-assisted programs	28,482	27,444	No supporting documents	No supporting documents
2	Number of counseling visits for family planning/reproductive health as a result of U.S. Government assistance	42,912	10,399	No supporting documents	No supporting documents
3	Number of municipalities with functional local health boards	6	2	2	Not met
4	Number of health workers paid per local government unit	None	253	No supporting documents	No supporting documents
5	Number of barangays (neighborhoods) with additional midwives hired by the local government unit	None	99	No supporting documents	No supporting documents
6	Total amount or percentage of internal revenue allotment actually disbursed per local government unit	None	None	No data	No data

² Of the 11 performance indicators selected for review, only 6 were in use during the first year of the project. The other five either were added in the second year or activities related to the indicators were initiated only in the second year of the project. Therefore, our review covered only six indicators for fiscal year 2007.

Fiscal Year 2008

No.	Performance Indicator	Target	Reported Results	Audited Results	Target Met
1	Number of people trained in maternal/newborn health through U.S. Government-supported programs	200	91	100	Not met
2	Number of people trained in child health and nutrition (including breastfeeding) through U.S. Government-supported programs	380	1,884 ³	576 ⁴	Met
3	Number/proportion of deliveries assisted by skilled birth attendants through U.S. Government-assisted programs	44,831	36,963	Could not determine ⁵	Could not determine
4	Number of provinces/cities with maternal newborn child health and nutrition plans as part of annual operational plans	6	6	6	Met
5	Number of people trained in family planning/reproductive health with U.S. Government funds	195	2,567 ⁶	215 ⁷	Met
6	Number of counseling visits for family planning/reproductive health as a result of U.S. Government assistance	88,305	92,412	Could not determine ⁸	Could not determine
7	Number of community-based health organization members trained in family planning (Level 1 and 2)	135	1,850 ⁹	0 ¹⁰	Not met
8	Number of municipalities with functional local health boards	36	9	9	Not met

³ Reported figure is overstated due to inconsistent data collection methods.

⁴ Auditor included training courses on maternal and child health only and excluded overview and orientation sessions.

⁵ The project reported 36,963 from the Department of Health's information system, which included all deliveries in the autonomous region attended by skilled birth attendants. While the audit was able to verify this figure, neither the auditors nor the implementers could identify the number directly attributable to the project's interventions.

⁶ The reported figure included participants that attended overview and orientation sessions that did not meet the definition of training.

⁷ Auditor included training courses on family planning/reproductive health only and excluded overview and orientation sessions.

⁸ Auditor could not determine because reported figure was based on estimates and assumptions and flawed data were used in the calculation.

⁹ The reported results included number of community-based health organization members trained at level 1 only. Indicator calls for number of members trained at levels 1 and 2. Additionally, the reported figure included participants that attended overview and orientation sessions that did not meet the definition of training.

¹⁰ Auditor did not accept reported results because the data reported was incomplete and inaccurate. (Refer to footnote number 9.)

APPENDIX III

No.	Performance Indicator	Target	Reported Results	Audited Results	Target Met
9	Number of health workers paid per local government unit	0	0	0	No target set; no data available
10	Number of barangays (neighborhoods) with additional midwives hired by the local government unit	0	0	0	No target set; no data available
11	Total amount or percentage of internal revenue allotment actually disbursed per local government unit	0	0	0	No target set; no data available

Note: Targets were not set for indicators 9, 10, and 11 for fiscal year 2008 due to the lack of baseline data.

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Ave, NW
Washington, DC 20523
Tel: 202-712-1150
Fax: 202-216-3047
www.usaid.gov/oig