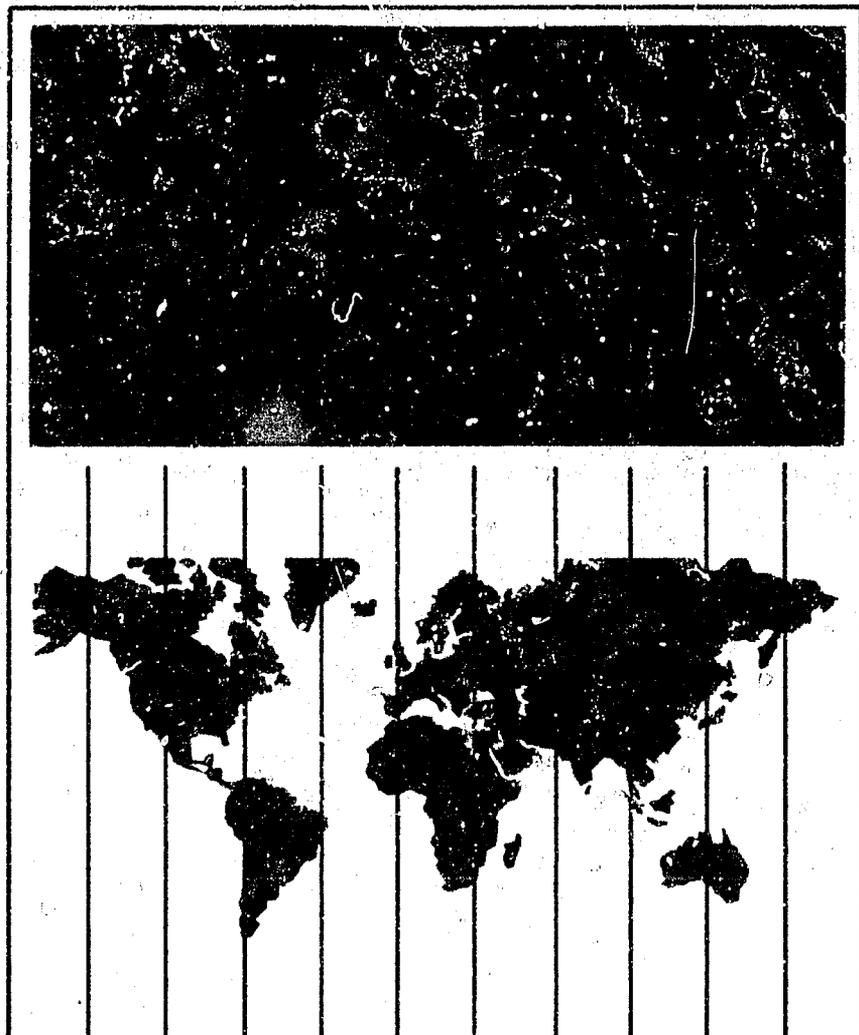


6-67-582

UNITED STATES
AGENCY FOR INTERNATIONAL DEVELOPMENT

THE
INSPECTOR
GENERAL



Regional Inspector General for Audit
WASHINGTON

19 July 1982

AFR/PMR/EMS, John Copes

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Audit Report No. 82-84 dated 6/25/82 on "Medical Services Consultants, Inc. (MSCI) Performance Under Contract AID/AFR-C-1557 in Sudan"

AFR/EA, Ms. Mariadene Johnson

Attached is one copy of subject audit issued by RIG/A/W. It contains a total of five recommendations, all of which have been assigned to USAID Sudan for implementation.

In concert with AFR/DR, your office should monitor Mission implementation activity to ensure satisfactory compliance. The first requirement is for USAID Sudan to provide, within 30 days after audit receipt, an initial report to RIG/A/W describing the actions taken and/or planned to implement the recommendations.

Please ensure that I receive a copy of all communications on this subject.

Attachment: AR No. 82-84 dated 6/25/82

cc: AFR/DR, Mr. Norman Cohen (w/attachment)

*Traced 7/28 and
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M. J. C. C.*

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MEMORANDUM REPORT ON
MEDICAL SERVICES CONSULTANTS, INC.
PERFORMANCE UNDER CONTRACT
AID/AFR-C-1557 IN SUDAN

AUDIT REPORT NO: 0-650-82-84
June 25, 1982

memorandum

DATE: June 25, 1982

REPLY TO
ATTN OF: RIG/A/W, Ernest H. Gustman 

SUBJECT: Memorandum Audit Report No: 0-650-82-84 - Medical Services Consultants, Inc. Performance Under Contract AID/AFR-C-1557 in Sudan

TO: See Distribution

BACKGROUND

One long range goal of the Government of Sudan (GOS) is to develop a health care system that will deliver curative and preventive care to the people of Sudan. The most important element of this system is the Primary Health Care Program (PHCP), which is specifically designed to reach the rural poor and the nomads.

The Ministry of Health (MOH) is the agency responsible for all health affairs of the Government of Sudan. It is responsible for implementing the PHCP and integrating AID's assistance into the program.

One element of AID assistance to the Sudan health plan is the Northern Sudan Primary Health Care project (No: 650-0011) initiated in FY 1978. This grant agreement provides AID financing of \$5,863,000 for life of project costs through June 30, 1982. As of September 30, 1981 all of the \$5,863,000 had been obligated and \$3,492,000 had been expended.

While the PHCP is a national program, this AID project focuses primarily on the development and implementation of the program in the northern region of Sudan, and especially on its four poorest provinces.

AID contracted with Medical Services Consultants, Inc. (MSCI) to implement the Northern Sudan Primary Health Care project under a cost reimbursement contract (AID/Afr-C-1557), with an estimated total cost of \$3.3 million. The contract objective is to assist the Sudan in the implementation of its Primary Health Care Program in the Northern Region of Sudan. Under the contract, technical assistance personnel are to provide the expertise needed to help the Ministry of Health (MOH) overcome constraints that hamper expansion of the PHCP. The contract anticipates that Sudan will have made significant progress in implementing its PHCP for the rural and nomad poor in the north at the end of three years (7/31/82). Project success will be measured in terms of the operational capability of the PHCP.

Purpose and Scope

We reviewed MSCI operations under contract No. AID/Afr-C-1557 (Sudan) for the purpose of evaluating contractor performance. Our evaluation included a review of the achievement of contract objectives; the quality of work performed; the provision of contract personnel; and home office support.

The examination was conducted in AID/Washington and included a visit to Sudan. It included a review of Agency and contractor records and interviews with host government personnel.

Our examination of contractor performance was conducted in conjunction with a fiscal review of all AID-funded MSCI contracts which will be the subject of a separate report. Our review was performed in accordance with generally accepted auditing standards which included tests of records and other procedures that we considered necessary under the circumstances.

A draft of this report was provided to USAID Sudan prior to the issuance of this report. Their comments were taken into account in preparing this report.

FINDINGS CONCLUSIONS AND RECOMMENDATIONS

The project, of which this contract is a major part, has problems that are common to many AID projects. It is far behind schedule and contains some design deficiencies. However, on balance the contractor's performance was adequate. This is readily apparent upon analysis of our recommendations. All of them deal with changes in project operations or flaws in project design. They are not particularly critical of the contractor's performance.

The contractor has provided most of the services specified in the contract. In those cases in which the project has not progressed as planned it is generally the result of inadequate project plans or other problems beyond the control of the contractor. Except for a gap of six months in one of the three advisory positions, the contractor had a full complement of technicians in Sudan during the contract. Short term technical assistance is behind schedule primarily because the project is behind schedule. The training of Sudanese is on schedule. The construction of facilities is behind schedule primarily because of faulty project planning and a change of Government of Sudan Plans. The procurement of medical supplies is behind schedule because of delays in construction and delays on the part of the GOS in developing a satisfactory list of commodities.

Technical Services

The contractor has provided the technical services required under the contract, but not entirely in accordance with specific contract provisions. There has been a shortfall in the amount of technical services provided.

The contract and the project Grant Agreement originally called for three long term technical advisors:

1. Community Health Advisor, M.D.
2. Health Information System Advisor
3. Logistics and Supply Advisor

These three advisors arrived in Sudan in September 1979. The Community Health Advisor left Sudan in October 1979, one month after arrival. With his departure, the MOH and USAID agreed to change the position to that of a Training & Evaluation Specialist. This advisor arrived in April, 1980. All three advisors were still in Sudan at the conclusion of our audit.

Article III.B of the contract states, "No diversion shall be made by the contractor without the written consent of the Contracting Officer...." The change in contract position was made without amending the contract scope of work or obtaining the written consent of the Contracting Officer. Under Federal Procurement Regulations (Subpart 1-3-8), it is the responsibility of the Contracting Officer to perform all administrative actions necessary for effecting changes to contracts.

According to the GOS Ministry of Health, a Training & Evaluation Specialist position better served the project than the original position because of the importance of training in the MOH's program. This notwithstanding, written ratification of the contract is required.

Recommendation No. 1

USAID/Sudan should obtain a formal contract change from the Contracting Officer specifying the change in the technical advisor position.

Of the 109 person months of long term technical services set out in the contract, the contractor had provided 66 person months through September, 1981. On the basis that all positions remain filled through the contract expiration date (July 31, 1982), a total of 96 person months will be provided by the contractor, a shortfall of one person year over contract life. Since the project is behind schedule in other aspects, this does not seem significant.

Except for a period at the earliest stages of the contract, the MOH was well satisfied with the contractor's long term technical assistance. The Ministry was, however, concerned with the lack of short term technical services. The contract provides for 32 person months of short term consultant services to be determined by the contractor in cooperation with the MOH, but this had hardly been utilized. The Chief of Party said that short term technical services would be delivered, but this should be done when the project was more advanced to get the most benefit. This may be true but, the contract should have a definite plan by now for use of short term services.

Recommendation No. 2

USAID/Sudan should obtain a plan from the contractor for use of short term technical services.

Training

The training component of the project was generally on schedule and in accordance with project objectives. One element of training carried out by the contractor, while essential to the project, was not within the contract scope of work for training.

The contract calls for three long term participants to be selected by the MOH for 12 months training in the USA to obtain an M.A. or equivalent degree. The contractor had sent two participants for training in the USA; they were expected to receive M.P.H. degrees in December 1981 and return to Sudan before the contract expires in order to work as counterparts to the U.S. Advisors.

No U.S. academic training is planned for the third participant. Instead, the MOH and USAID have approved an orientation/training activity at a U.S. Air Force medical supply facility in Germany. The MOH Medical Supplies Division plans to automate its medical supply system when it receives a computer from another donor, and feels it would benefit more from training in computer operations than the planned academic training.

The contract target of 12 participants for short term U.S. training will be met. Six have completed training and returned to the MOH in Sudan while six additional participants were scheduled to depart for training soon. As for in-country training, the contractor expects to meet the contract target of 131 reorientation and refresher courses for Community Health Workers, Nomad Community Health Workers, and their supervisors. The MOH Director General of Rural Health also expects the target to be met, although there was some initial delay in getting started. The status of in-country courses is as follows:

	<u>Planned</u>	<u>Completed</u>	<u>In Process</u>
Reorientation	67	25	4
Refresher (Continuing Medical Education, CME)	28	16	3
Previously Completed	<u>36</u>	<u>36</u>	=
	131	77	7

The contract and grant agreement do not provide for any automotive vocational training. However, the contractor has instituted such training outside the scope of contract work. Fifty project vehicles were procured at a cost of \$1,317,000 and delivered without provision for operation and maintenance training. Three vehicles were involved in accidents while being delivered from Port Sudan, and a total of nine are deadlined at present according to the U.S. Logistics Advisor. In fact, more vehicles may be deadlined because the U.S. Advisor did not have up-to-date vehicle status reports from the provinces.

Training is needed to keep vehicles operational. Yet, there is no mention in the contract of what the contractor is supposed to do regarding the vehicles, except that the Logistics Advisor is responsible for assignment of vehicles to the provinces. Whether or not this type of training was intended it should be added to the contract scope of work to keep the vehicles running. The contractor has already completed a three month automotive training course, stressing the need for preventive maintenance.

Recommendation No. 3

USAID/Sudan should have the contract scope of work changed to include automotive training for AID financed and MOH vehicles in the primary health program.

Construction

The construction component of this project was far behind schedule. According to the Project Paper Implementation Plan, construction of the first Primary Health Care Units (PHCU) was scheduled to begin in August, 1979. Delays were caused by changing GOS requirements, lack of engineering services, and flawed project planning. No units had been built.

The contract states that PHCUs, which are small health facilities serving a population of 4,000 persons, are one of the

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key components of the primary Health Care Program. The contractor was to work with the MOH in selection of sites and report on progress of construction.

None of the 35 PHCUs called for in the project had been built. The GOS was undecided about going ahead with building PHCUs under the AID grant because these were being built by local communities and another international donor - the Netherlands. In fact, the GOS reported (Third Annual Report, 7/79 to 6/80) 81 PHCUs built by local communities of which 42 were in the project area.

Since PHCUs were already being built, the GOS with USAID's concurrence decided to build dispensaries instead. A draft implementation letter to the Grant Agreement was prepared by USAID on July 31, 1981 which specifies construction of an estimated 15 to 20 Phase I dispensaries in lieu of the 35 PHCUs. We could find no explanation in USAID's files why the project did not anticipate ongoing construction of PHCUs. Also, the project officer was not on-board at the time the project was started and, therefore, was unable to explain what had happened.

Participation by the contractor in site selection and construction planning has been peripheral. Furthermore, it does not have the technical capability in Sudan to report on construction progress because the contract did not provide a technical position to perform this function. Thus, either a change in contract scope of work is needed or a position should be provided in the contract for construction services.

Lack of engineering services also contributed to delays in getting construction of any health facilities started. According to the project officer, the Regional Economic Development Services Officer/East Africa located in Nairobi was not available to the extent needed and USAID was unable to fill the engineer position on the Sudan Mission staff.

In order to get construction moving, the GOS and USAID arranged to have the GOS Ministry of Works build the dispensaries. Meanwhile, recruitment for the USAID engineering position has continued. One further step that needs to be taken is to clarify the contractor's role in the construction process. Although the contract requires the contractor to report on construction progress, it does not have the technical capability in Sudan to do so.

Recommendation No. 4

USAID/Sudan should have the contract scope of work changed to delete references to construction services by the contractor or provide a position in the contract for appropriate technical services.

Commodities

The contractor was supposed to procure equipment, drugs, and supplies to stock health care facilities. Very little had been procured. The Project Implementation Plan indicated that the ordering of these commodities should have taken place in June, 1979. Procurement of equipment, drugs and supplies had been delayed over two years because the MOH had not submitted an acceptable list of items and because physical facilities where equipment and supplies are to be used had not yet been built.

The contract stated that a logistics supply system that would provide equipment, drugs, and supplies to health care facilities was one of the key components of the Primary Health Care Program. Under the contract, the contractor was to provide for an initial supply of equipment and drugs to 600 health facilities for nomads. The contract provides \$333,000 for the procurement of equipment and supplies. At the time of our audit, only \$7,000 had been expended. This consisted essentially of one Nashua paper copier, which we inventoried and found in good working condition.

The MOH had submitted lists of commodities for the contractor's review and USAID's approval, but they were not entirely suitable for project purposes. In April, 1981 the contractor notified USAID that once qualitative and quantitative final decisions were made on the health commodities, it was prepared to procure and ship them in time for completion of construction. Since then, the contractor received an acceptable list of items, but at the time of our field work, it had not yet been cleared by USAID and the Ministry of Health.

The Chief of Party believed that the health commodities could be procured and delivered to health facilities in Sudan before the contract expiration if air shipment is used. According to him, however, it is important to receive the commodities after the health facilities are built because they may be subject to diversion if stored within the Ministry of Health.

Priority should be given to the procurement of equipment, drugs and supplies, but not until suitable storage for them has been identified.

Recommendation No. 5

The Mission should revise project procurement plans to reflect a realistic schedule.

Management Comments

In responding to a draft of this report the Mission informed us that subsequent to our field work, an intensive informal

review of the project was conducted (in Feb. 1982). They advised us that a number of modifications to the contract/project were under way. For example, they stated that the contract ending date was to be extended at no increase in contract price and that the levels of short term technical assistance was being reduced and a plan being developed for its use.

Auditor's Note:

When the actions started by the Mission are complete, many of the recommendations contained in this report will be satisfied.

MEDICAL SERVICES CONSULTANTS, INC.
PERFORMANCE UNDER CONTRACT
AID/AFR-C-1557 IN SUDAN

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MEDICAL SERVICES CONSULTANTS, INC
PERFORMANCE UNDER CONTRACT
AID/AFR-C-1557 IN SUDAN

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Assistant Administrator/Bureau for Africa (AA/AFR)	5
Director, USAID/Sudan	5
Director, Office of Contract Management (M/SER/CM)	5
Inspector General (IG)	1
RIG/A/EAFR	1
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