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AREA AUDITOR GENERAL - LATIN AMERICA (NORTH)

PANAMA CITY, R. P.

REPORT OF AUDIT

AUXILIARY HEALTH SERVICES

PROJECT No. 514-11-580-150.1

USAID/COLOMBIA

AUDIT REPORT No. 1-514-71-143

DATE ISSUED: MAY 28, 1971

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I. SCOPE OF AUDIT

Under the authority of M.O. 203.5, the Area Auditor General for Latin America (North), AAG/LA (N), performed an audit of the Auxiliary Health Services Project (No. 514-11-580-150.1) during the period January 21, 1971 to March 31, 1971.

An exit conference was held with the Special Assistant to the Director, and the Chief, Special Activities Division on May 19, 1971. The section concerning the Office of the Controller has also been discussed with the Controller, who has taken appropriate action.

This examination covers the period June 28, 1968 through March 31, 1971, and includes obligations totaling \$152,590, and disbursements totaling \$36,944.

The audit was performed primarily to: (1) ascertain the propriety of project expenditures, (2) verify compliance with the provisions of the Project Agreement, Manual Orders and governing regulations, and (3) review and evaluate, to the extent possible, the progress of the Program as compared with the goals outlined in the Country Assistance Program (CAP), and the Country Field Submission (CFS).

Accordingly we reviewed and analyzed pertinent documents and records of the USAID, the Ministry of Health (MOH), and the Association of Medical Schools (ASCOFAME). Visits were made to project sites at Caqueza, Chipaque, Quetame, Puente Quetame, Carmen de Bolivar, San Jacinto and Cartagens, as well as to the ASCOFAME Head Office in Bogota.

II. BACKGROUND INFORMATION

A. Project Information

In 1965, a GOC Manpower Study in Colombia revealed that there were only 8,000 physicians and 1,170 nurses for a total population of 18 million inhabitants. 74% of the physicians served 31% of the total population concentrated in the larger cities, whereas only 9% of the physicians worked in localities with less than 20,000 inhabitants which contain 64% of Colombia's population. Similarly, the nurse/population ratio in these latter areas was only 1.5 per 100,000 inhabitants.

An analysis of the time devoted to the care of hospital patients showed that the physician spent 52% of his time on the patient and the rest on other activities. Auxiliary nursing personnel devoted 53% of their time to patients and as much as 38% to activities unrelated to the nursing field, which could be performed by other categories of personnel.

On June 28, 1968, the Mission signed Project Agreement No. 13 with the Ministry of Health and the Association of Medical Schools (ASCOFAME) through a contract with the Pan American Health Organization (PAHO), to: (1) assist the Ministry in defining health manpower requirements, and (2) determine the most effective uses of Auxiliary Health Workers with a view to raising the productivity of health services. In accordance with the above mentioned Agreement the Ministry of Public Health on February 1, 1969, entered into a Letter of Agreement with PAHO and ASCOFAME concerning the Plan of Operation of the Project, including financial and administrative procedures.

B. Funds Authorized and Released

USAID accounting records reflect obligations for the Auxiliary Health Services Project (514-11-580-150.1) of \$152,590 and expenditures of \$36,944 through March 31, 1971. Summary by cost component:

<u>Cost Element</u>	<u>Obligated</u>	<u>Expended</u>	<u>Unliquidated</u>
Contracts	\$145,000	\$29,354	\$115,646
Participants	<u>7,590</u>	<u>7,590</u>	<u>-0-</u>
	\$152,590	\$36,944	\$155,646
	=====	=====	=====

III. SUMMARY

This Project involved research in two main areas to determine:

- A. The most effective uses of Auxiliary Health Workers with a view to raising the productivity of health services; and
- B. The receptivity of medical services by communities of less than 20,000 residents.

The Project has been successful to the extent that:

1. Study plans were developed, and study areas and communities selected.
2. Questionnaires were developed and tested, teaching programs, training materials and equipment furnished; and
3. Household surveys were made, and family interviews were initiated.

However, the following problem areas were encountered which should be brought to Management's attention:

- a. Ambiguity in the language of the Project Agreement and the attitude of PAHO resulted in non-effective monitoring by the Mission and little monitoring by PAHO. (Recommendation No. 1, page 6)
- b. The Project is at least one year behind schedule. (Recommendation No. 2, page 7)
- c. Processing of payments by PAHO was slow. Since the Project will terminate on June 30, 1971, no recommendation is made.
- d. No office in the Mission had copies of the Contract or of the PIO/T, reflecting poor documentation and follow-up. Since corrective action has been taken by the Office of the Controller, no recommendation is considered necessary.

IV. AUDIT FINDINGS AND RECOMMENDATIONS

A. Overall Program Implementation Performance

1. General

The Colombian Association of Medical Schools (ASCOFAME) in collaboration with the Ministry of Public Health, and in accordance with the "Plan of Operations" (referred to in ProAg No. 13, dated June 28, 1968), is the local entity responsible for the implementation of this Project.

Considerable progress has been made toward the goals outlined in the Project Agreement. Specifically:

- a. In 1968, study plans were developed, and study areas and commodities selected for the Project.
- b. In 1969, (1) questionnaires were developed and tested, (2) teaching programs and training materials developed, (3) equipment was purchased, and (4) a staff was selected and trained, who completed the household survey in Caqueza, the first of the three areas chosen as research centers; and
- c. In 1970 and 1971, the staff for the other two areas (Carmen de Bolivar and Restrepo) were selected and trained, household surveys made for those areas, and the service program and family interviews initiated in all three areas.

2. PAHO Contract

Project Agreement No. 13, obligated \$145,000 for the Mission to "provide funds to finance a contract with PAHO which will organize, direct, supervise and provide partial financing for the project within the resources made available through the afore-mentioned contract."

Accordingly, AID/W, on behalf of the Mission, signed Amendments No's 5 and 6 increasing Contract AID/csd-1817 from \$40,000 of regional funds to \$180,903. This sub-obligated \$140,903 of the \$145,000 provided under PIO/T 80165.

3. Participant Training

Apart from the ProAg for \$145,000, the Mission sent four Participants (under PIO/P 80133) to Chicago for a Family Planning Workshop. All have completed their training and have returned to their former posts.

B. Findings Requiring Corrective Action

1. Monitoring of the Project

The Project Agreement was partially financed with Population funds (\$75,000) and partially with regular Technical Assistance funds (\$70,000). Additionally, the ProAg states that "USAID and/or AID/Washington will exercise normal monitoring and auditing functions with respect to the contractor."

The foregoing has led to confusion on the part of the Mission with regard to monitoring responsibilities. In addition, PAHO has not fulfilled its contractual responsibilities to supervise, organize and direct the Project.

The Chief of the Special Activities Division advised the Auditors that in conversations with PAHO in Washington and in Colombia, they (PAHO) had made quite clear that:

- a. Their contractual relations were with AID/W and any formal discussions were to be carried out with AID/W, and
- b. By Contract they were responsible for the supervision and direction of this Project, and as such, would accept only discreet and informal relations with the USAID in this regard.

This attitude was confirmed by the Auditors when we first contacted the (then) Director of PAHO in Colombia. We were advised that no information would be furnished to us until we presented him with a letter from the Mission Director, and only then would he contact the PAHO office in Washington for approval to release any information to us. (Normally, a letter signed by the Chief Resident Auditor is sufficient for us to exercise auditing rights.)

As a result of the above, ASCOFAME and the Ministry of Health have conducted the Project with very little guidance and/or monitoring. The Chief of the Special Activities Division took it upon himself to exercise some monitoring responsibility. He has advised AID/W, ASCOFAME and PAHO of what he considered to be short-comings in the Project. However, his observations did not produce any effective improvement in the progress of the Project.

The lack of monitoring contributed to doctors (at the working level) not being properly informed of the purpose of the experiment. Several stated that they were in it only for monetary reasons. Others did not attempt to delegate as much as possible to the Auxiliary Health Workers, thereby tending to distort the statistical results of the experiment.

Recommendation No. 1

AID/W, Latin America Bureau, should:
(a) determine if, in its judgement, PAHO has fulfilled its contractual obligation to supervise, organize and/or direct the Project, and, if not, (b) consider the feasibility and legality of reducing the amount of Contract AID/csd-1817 by the charges included therein for PAHO's supervision, organization and/or direction.

ACTION: AID/W, Latin America Bureau,
Contract Division

It is also suggested that future Project Agreements involving the use of Population and/or Regional funds include more specific language with regard to project objectives and monitoring responsibility by the Mission.

2. Project Implementation and Completion

Mission and ASCOFAME records, supported by discussions with Project personnel and by visits to Caqueza, Carmen de Bolivar and the relevant surrounding areas, indicate that the Project is approximately 12 months behind schedule, and likely to fall even further in arrears. This is due primarily to:

- a. Seven months delay in the signing of the Contract with PAHO.
- b. Four months delay in the final approval of the Plan of Operations, Phase II, submitted by ASCOFAME to PAHO in May 1969.
- c. Difficulties in hiring personnel to work full-time on the Project.

- d. Delays in signing agreements with the sectional health authorities to perform the study; and
- e. Delays in receiving funds from PAHO.

On November 17, 1970, the Mission requested that PAHO, in conjunction with the Ministry of Health and ASCOFAME, re-evaluate the Project and provide the USAID with a statement of their "opinion of completed actions, present procedures, and expected results." During December 1970, Drs. Paganini and Alvarez of PAHO made a study of this Project. Several requests have been made but the Mission has not been able to secure a copy of this report. The Mission, therefore, does not have all the information necessary to properly evaluate the present status of this Project and its potential for successful completion as a research project as contemplated in the Project Agreement.

Recommendation No. 2

AID/W, Latin America Bureau, should furnish the Mission a copy of the report prepared by Drs. Paganini and Alvarez, together with an evaluation by AID/W experts of the statements made therein, and of the Project's potential for successful completion.

ACTION: AID/W, Latin America Bureau, Health and Population Division

3. Project Funding

Article 5,2,1 of the sub-contract between PAHO and ASCOFAME stipulates that ASCOFAME be paid in advance every six months. ASCOFAME records indicate that although they have submitted to PAHO annual budgets, financial reports and activity reports in accordance with contract requirements, PAHO has not made prompt and regular payments to ASCOFAME. The last time ASCOFAME received funds from PAHO was June 9, 1970. Vouchers totaling Ps. 635,492 were sent to PAHO on January 4, 1971, but as of March 31, 1971, reimbursement of these vouchers had not been received by ASCOFAME.

As of March 31, 1971, the financial status of this Contract was as follows:

Per ASCOFAME Records:

Total Expended	US \$109,672
Total Received from PAHO	<u>70,740</u>
Amount Not Reimbursed by PAHO	US \$ 38,932*

Per Mission Records:

Total sub-obligated under PAHO Contract	US \$140,903**
Total billings received from AID/W (AOC's)	<u>29,354</u>
Total Unpaid to PAHO	US \$111,549

* On April 14, 1971, the local PAHO representative advised the Auditors that a check for Ps. 1,157,902 (equivalent to US \$59,471) had been prepared for ASCOFAME for payment on that day.

** The amount obligated under the ProAg was \$145,000, of which only \$140,903 was utilized for the Contract leaving a balance of \$4,097 which has since been deobligated by the Controller's Office (see "Other Findings").

The contract between PAHO and ASCOFAME expires June 30, 1971. Also, as a result of our audit, PAHO is now paying approximately six months in advance. Therefore we do not consider that any recommendation is necessary.

C. Other Findings

On June 28, 1968, \$145,000 was obligated under ProAg No. 13 and PIO/T's 80165 and 80193, to finance a contract with PAHO.

Neither the Program Office nor the Office of the Controller had copies of the PIO/T's or of the Contract. On November 23, 1970, the Office of the Controller sent AID/W a telegram requesting the missing documents. Only after several follow-up telegrams and memos, PIO/T 80165 and the Contract with Amendments 1 through 8 were forwarded to the USAID on March 10, 1971. It was then that the USAID became aware that:

1. Only one PIO/T (80165) was used.
2. The Contract with PAHO was for \$180,903, of which \$40,000 was funded from Washington allotted funds, and the balance of \$140,903 from PIO/T 80165; and
3. The balance of \$4,097 (\$145,000 minus \$140,903) was not sub-obligated under the Contract and was therefore available for deobligation.

The lack of AID/W issued documents in both the Program Office and the Office of the Controller has been the subject of previous audit reports. Manual Circular 735.1, dated August 26, 1969, amends M.O. 735.1 to require that "all charges on any given Advice of Charge be either accepted or rejected within 30 calendar days after receipt." Since charges on this Contract have usually been included on an Advice of Charge covering several items, the Mission has in the past accepted AID/W payments by AOC that pertain to Mission funding even though all documentation against which to check had not arrived at the Mission. This was accepted on the basis of a valid ProAg obligation and that the Contract was an AID/W issued document. Since corrective action has already been taken by the Mission, no recommendation is considered necessary at this time.

However, it is suggested that AID/W, Office of the Controller, bring to the attention of the Latin America Bureau, the difficulties encountered by the Mission in its attempts to obtain copies of documents initiated by AID/W. These are mandatory to enable Missions to properly monitor the financial aspects of contracts signed by AID/W on behalf of the USAID.

LISTING OF RECOMMENDATIONS

EXHIBIT A

Recommendation No. 1

AID/W, Latin America Bureau, should; (a) determine if, in its judgement, PAHO has fulfilled its contractual obligation to supervise, organize and/or direct the Project, and, if not, (b) consider the feasibility and legality of reducing the amount of Contract AID/csd-1817 by the charges included therein for PAHO's supervision, organization and/or direction.

ACTION: AID/W, Latin America Bureau,
Contract Division

Recommendation No. 2

AID/W, Latin America Bureau, should furnish the Mission a copy of the report prepared by Drs. Paganini and Alvarez, together with an evaluation by AID/W experts of the statements made therein, and of the Project's potential for successful completion.

ACTION: AID/W, Latin America Bureau,
Health and Population Division

Clearance Date