



OFFICE OF INSPECTOR GENERAL

USAID/HAITI NEEDS TO IMPROVE OVERSIGHT OF THE QUALITY HEALTH SERVICES FOR HAITI CENTRAL AND SOUTH PROJECT TO BETTER ENSURE SUSTAINABILITY

AUDIT REPORT NO. 1-521-16-006-P
JULY 6, 2016

SAN SALVADOR, EL SALVADOR



Office of Inspector General

July 6, 2016

MEMORANDUM

TO: USAID/Haiti Mission Director, Jene Thomas

FROM: Regional Inspector General/San Salvador, Jon Chasson /s/

SUBJECT: USAID/Haiti Needs to Improve Oversight of the Quality Health Services for Haiti Central and South Project to Better Ensure Sustainability (Report No. 1-521-16-006-P)

This memorandum transmits our final report on the subject audit. Our objective was to determine whether USAID/Haiti's health project was achieving its goal of improving the health status of the Haitian people. We also identified other matters related to employee classification and compensation.

In finalizing the audit report, we considered your comments on the draft and included them in their entirety, excluding attachments, in Appendix II.

This report includes seven recommendations to help improve USAID/Haiti's implementation of the project. After reviewing information provided in response to the draft report, we acknowledge management decisions on Recommendations 1 through 6 and final action on Recommendations 3 and 4. Recommendation 7 remains without a management decision; the mission's determination of a target date for working with the Haitian Government to address this recommendation is pending because of uncertainty regarding when the Haitian elections will be held. Please give us this determination within 30 days of the date of this memorandum, and provide evidence of final action on Recommendations 1, 2, and 5 through 7 to the Audit Performance and Compliance Division.

Thank you and your staff for the cooperation and assistance extended to us during this audit.

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SUMMARY OF RESULTS

Living in one of the poorest countries in the world, many Haitians suffer from malnutrition and lack of access to basic health care. To help improve their health, USAID/Haiti developed the Quality Health Services for Haiti Central and South Project. The project is intended to:

- (1) Increase the use by Haitians—especially those in rural areas—of health services provided by the Ministry of Health.¹
- (2) Improve U.S. Government-supported health referral networks, through which health workers can refer those in their communities to providers in hospitals and other facilities when necessary.
- (3) Improve facilities’ and communities’ management of health services.
- (4) Train departmental health authorities to manage and monitor service delivery.

The project was designed to work through the staff in 80 health-care facilities in six of the ten departments that Haiti is divided into.² The facilities, which are operated by either the ministry or nongovernmental organizations (NGO), provide the health ministry’s essential services to nearly 2.7 million people.

The mission awarded the 3-year, \$36.5 million cost-plus-award-fee project contract to Pathfinder International, a U.S. nonprofit. The contract began on September 30, 2013, and included 2 optional years. As of March 31, 2015, USAID had obligated \$25.8 million, and Pathfinder had spent \$17.0 million on the project.

Our objective was to determine whether USAID/Haiti’s health project was achieving its goal of improving the health status of the Haitian people.

The project was making some progress. Project officials reported that the project met or surpassed several first-year targets (as shown below). For example, it reported exceeding its target by helping nearly 148,000 people get HIV testing, results, and counseling services. Those interviewed for the audit gave positive feedback on numerous training classes provided to health professionals throughout the targeted areas.

Reported Progress on Selected First-Year Targets

Indicator	Target	Actual
Number of individuals who received testing and counseling services for HIV and received their test results	118,555	147,813
Number of sites providing integrated ART	15	16
Percent of births attended by a skilled doctor, nurse, or midwife	15%	15%
Prevalence of exclusive breastfeeding of children under 6 months of age	44%	49%

¹ The ministry provides a package of essential services related to HIV/AIDS, tuberculosis, maternal and child health, and family planning.

² A separate contract was awarded to implement a project by nearly the same name in the country’s four northern departments.

However, we identified vulnerabilities that could impede the project's progress and long-term sustainability.

- The project lacks a plan to transfer responsibility for paying health workers from USAID to other sources, impeding its long-term sustainability (page 3).
- USAID/Haiti did not ensure that key project oversight plans were approved or completed (page 4).
- USAID/Haiti did not validate performance data needed to oversee project progress (page 5).

In other matters (page 7), we found that USAID/Haiti had not documented a legal decision verifying that classification of health workers conformed to local labor law, and the project was not fairly compensating workers, as salaries and benefits varied greatly among those doing similar jobs.

To address these concerns, we recommend that USAID/Haiti:

1. Work with the Haitian Government to implement a detailed sustainability plan that transfers the responsibility for paying the facilities' health workers from USAID to another source (page 3).
2. Evaluate and document its decision regarding Pathfinder's request for additional funds and provide funds only as part of a long-term sustainable approach to funding the project's health workers (page 3).
3. Clarify in writing to Pathfinder its expectations for the work plan, project management plan (PMP), and quality assurance surveillance plan, and approve these plans when they are completed (page 5).
4. Establish a schedule with deadlines for Pathfinder to bring performance data for the project in line with USAID's data quality standards, and take corrective action if the deadlines are not met (page 6).
5. Instruct Pathfinder to provide each facility with written instructions on how to complete each field on the form used to record health services delivered. The instructions should include common examples of what should and should not be reported (page 6).
6. Evaluate and document its conclusion regarding the proper classification of project health workers, and set a deadline for Pathfinder to confirm that it complies with the Haitian Labor Code of 1984 (page 7).
7. In coordination with the health ministry, implement a plan to close the gap in health worker compensation and mitigate the challenges of retaining staff in the health-care industry (page 8).

Detailed findings appear in the following section. The scope and methodology are described in Appendix I. Management comments appear in their entirety in Appendix II, and our evaluation of management comments begins on page 9.

AUDIT FINDINGS

Project Lacks Plan to Transfer Responsibility for Paying Health Workers From USAID to Other Sources, Impeding Its Long-Term Sustainability

USAID's Automated Directives System (ADS) 200.3.1.5 states, "The ultimate goal of development cooperation is to enable developing countries to devise and implement their own solutions to key development challenges and to develop resilience against shocks and other setbacks." To meet this goal, USAID must "ensure that activities or services are tied to sustainable financing models."

One of the main challenges to the health project's sustainability is how to keep paying health workers at the 80 health-care facilities after U.S. funding ends. According to the contract, the expectation is that the health ministry will assume some of these costs. Furthermore, USAID's *Guidance on the Definition and Use of the Global Health Programs Account*, which also applies to this project, states that although "HIV/AIDS funds may be used by U.S. Government program contractors or grantees to pay for time-limited contractors . . . countries should develop a transition plan to ensure that contract staff can eventually be absorbed through sustainable long-term approaches using non-U.S. Government resources."

Despite these requirements, USAID/Haiti did not work with Pathfinder or the Haitian Government to develop and implement a detailed plan to transfer responsibility for staff salaries to another source. Project officials said they did not because they assumed the Haitian Government was not ready to take on these costs and that other donors would be needed. They said they also assumed USAID would continue to fund health projects in Haiti and would therefore keep providing money for salaries. However, they did not test these assumptions or develop alternatives.

Not developing a long-term plan to transfer responsibility for these salaries threatens the sustainability of the project's investment in health-care improvements, and the project's ability to operate for all 3 years of the contract. In March 2015 Pathfinder officials said it would run out of funds 6 months early and asked for an additional \$9.2 million—an increase of more than 25 percent. If Pathfinder does not get the money, health facilities that are already underfunded may be forced to shut down completely or reduce their services. To address these issues, we make the following recommendations.

Recommendation 1. We recommend that USAID/Haiti work with the Haitian Government to implement a detailed sustainability plan that transfers the responsibility for paying the facilities' health workers from USAID to another source.

Recommendation 2. We recommend that USAID/Haiti evaluate and document its decision regarding Pathfinder International's request for additional funds and provide such funds only as part of a long-term sustainable approach to funding the project's health workers.

USAID/Haiti Did Not Ensure That Key Project Oversight Plans Were Approved or Completed

While Pathfinder was required to submit several plans to ensure proper oversight of the project's implementation and use of USAID funds, USAID/Haiti did not ensure that these plans were completed or approved in a timely manner. Pathfinder was required to deliver the following:

- *A work plan.* The plan should be submitted within 60 days after the contract is awarded. Any final revisions must be completed within 2 weeks of receiving comments from the contracting officer's representative (COR).
- *A PMP.* The plan should be submitted within 90 days after the contract is awarded. It would "include baselines, targets, and indicators pertinent to activity-level management and monitoring."
- *A quality assurance surveillance plan.* The plan is for monitoring the progress of activities and ensuring high-quality performance on them. The contract states that the plan should be reviewed and updated annually.

A mandatory reference for ADS 302 makes the COR responsible for approving the work plans and monitoring and evaluation plans.

These requirements were not met because of confusion and poor communications.

Pathfinder officials said USAID/Haiti did not approve the work plans³ and PMPs, even though mission officials reviewed multiple versions of them. The COR told them that their last version of the first-year work plan, submitted in July 2014, was still inadequate. Further, the COR did not approve the first-year PMP because some baseline results and targets were missing; setting the targets depended on obtaining baseline information, which was not available until April 2014, 7 months after the project started. Pathfinder said that obtaining baseline information was time-consuming because it required visits to nearly all of the 80 health facilities involved.

The cycle repeated with the second-year work plan and PMP. According to the COR, the mission asked Pathfinder to add or remove indicators for the second-year PMP and work plan—changes that resulted in revising work plan tasks. Pathfinder submitted eight versions of the PMP, each with a different number of indicators, none of which was approved.

Regarding the quality assurance plan, Pathfinder officials said they had not completed it because they were not clear on what the mission expected it to be. However, Pathfinder did not request clarification, and the mission did not ask Pathfinder about the status of this required deliverable

Without clear targets, definitions of deliverables, timely approvals, and a consistent set of indicators, the mission cannot track Pathfinder's progress in achieving the health project's goals or make adjustments to overcome any obstacles to progress. To address these concerns, we make the following recommendation.

³ USAID/Haiti officials said the first-year work plans were approved but could not provide support.

Recommendation 3. We recommend that USAID/Haiti clarify in writing to Pathfinder International its expectations on the work plan, performance management plan, and quality assurance surveillance plan, and approve these plans when they are completed.

USAID/Haiti Did Not Validate Performance Data Needed to Oversee Project Progress

According to ADS 203, “Assessing and Learning,” performance data must meet five data quality standards to be useful for monitoring and credible for reporting: validity, integrity, precision, reliability, and timeliness. The data must be protected to minimize the risk of error or manipulation. In addition, the contract requires Pathfinder to “develop a robust data collection system, which includes adequate data quality controls.”

We reviewed a sample of Pathfinder’s performance results and found they did not meet USAID’s standards.

First-Year Results Were Incomplete. The project’s first-year results (for October 2013 through September 2014) were understated because some results were not received in time to be included. In addition, the first-year annual reports to PEPFAR⁴ and USAID did not include results from September 2014, and Pathfinder officials did not verify the data thoroughly before submitting them.

PEPFAR requires USAID/Haiti to report results shortly after the end of the fiscal year. However, this tight deadline does not allow USAID/Haiti and Pathfinder enough time to receive reports from all 80 facilities and verify the data. In fact, an independent contractor responsible for data verification found that only 10 percent of the facilities submitted their reports on time. Once the information is received, Pathfinder officials said they do not have an opportunity to give an update to PEPFAR. And when they attempted to revise the annual report for USAID, mission officials told them not to because the mission wanted the results in it to match those reported for PEPFAR.

Some Reported Results Lacked Adequate Support, Were Inaccurate, or Were Omitted. Of the 77 indicators reported in the PMP, we initially selected 21 (more than 25 percent) to review but could not determine the strength of support for 8.⁵ Of the remaining 13, 7 had problems—2 had no support at all, 1 was understated, 3 were overstated, and 1 had no reported value (it was left blank).

Without their monitoring and evaluation specialist, who left the project in February 2015, Pathfinder’s staff struggled to provide support. They had misplaced some documents and relied on data reported by health facilities or the ministry, not remembering to date- and time-stamp screenshots of database values and not organizing any of the information in a useful way.

Indicators Lacked Standard Definitions. Many of the reported results come from monthly forms submitted by each facility. During visits to 16 of them, we found that staff interpreted indicators differently in filling out the forms. For example, staff at one facility took *Number of*

⁴ PEPFAR is the U.S. President’s Emergency Plan for AIDS Relief. Because this health project receives funding from PEPFAR, it is required to submit an annual PEPFAR report.

⁵ For those, we learned the project had reported the values shown in a Ministry of Health database without checking source data, which remained at the 80 facilities. Lacking the resources to verify that amount of data, we narrowed our review to the remaining 13.

visitors to mean any type of visitor and recorded a patient who came with a friend as two visitors instead of one; likewise, staff recorded supervisory visits by USAID or project staff in the total for that indicator. Other facilities reported only the number of client visits. These and other data captured by the forms need to be recorded consistently. An independent contractor responsible for data verification also concluded that more efforts were needed to improve data collection.

Staff at the facilities received training on how to complete these documents, but neither the ministry nor Pathfinder gave them written instructions. This would have been helpful because staff may turn over or forget certain rules. An independent contractor responsible for data verification also concluded that Pathfinder needed to make more efforts to improve data collection.

Because of all of these problems, the reported results for this project are not valid or reliable. Accordingly, USAID/Haiti is hindered in its ability to monitor the project's progress and make informed decisions about the project's future.

To improve data quality and performance reporting, we make the following recommendations.

Recommendation 4. We recommend that USAID/Haiti establish a schedule with deadlines for Pathfinder to bring performance data for the project in line with USAID's data quality standards and take corrective action if the deadlines are not met.

Recommendation 5. We recommend that USAID/Haiti instruct Pathfinder to provide each facility with written instructions on how to complete each field on the monthly form used to record health services delivered. The instructions should include common examples of what should and should not be reported.

OTHER MATTERS

USAID/Haiti Has Not Documented Its Determination That Health Workers Were Classified Properly Under Local Labor Law

According to the contract's "Contractor Code of Business Ethics and Conduct," Pathfinder has a commitment to comply with local law. This commitment includes determining if its health workers are properly classified as contractors or employees under the Haitian Labor Code.

Pathfinder classifies the doctors, nurses, assistants, administrators, community health workers, and guards working on the project as contractors and pays them as such, although they are under the Haitian health ministry's direct control and have the same duties as its employees. Many of Pathfinder's health workers have worked at the same health site for several years and probably will continue to do so after the project ends. Staff at many sites comprise people paid by the ministry and people paid by USAID-funded contractors.

Pathfinder and USAID/Haiti officials classify all health workers paid by the project as contractors because Pathfinder's contract prohibits paying the salaries of health ministry employees directly. Mission officials, who indicated this arrangement is common in other projects, said USAID lawyers confirmed that these workers are properly classified as contractors. The mission did not, however, document this legal opinion.

Without closely examining this situation and documenting the justification for classifying the employees as contractors, USAID/Haiti and Pathfinder are at risk of not complying with Haitian labor laws. To make sure the mission and Pathfinder comply with the Haitian Labor Code, we make the following recommendation.

***Recommendation 6.** We recommend that USAID/Haiti (1) evaluate and document its conclusion regarding the proper classification of project health workers and (2) set a deadline for Pathfinder to confirm that it complies with the Haitian Labor Code of 1984.*

Project Did Not Fairly Compensate Some Health Workers

The project's activity approval document recognizes that in Haiti health worker salaries and benefits are "not harmonized." In other words, workers could be receiving different compensation even though they do very similar tasks, depending on their employer—the private sector, an NGO, or a government ministry. According to the approval document, private doctors earn \$9,000 a month or more; NGO doctors between \$2,000 and \$5,000 a month; and those at ministry sites only about \$600 a month.

The activity approval document also noted the importance of providing adequate wages and benefits to health workers:

The MOH [Ministry of Health]'s ability to retain professional staff and have them [devoted] full-time to their posts is a critical issue, in part because they do not earn a living wage as [Haitian Government] employees . . . USAID's strategy

takes into consideration the urgent need to address salary discrepancy and "brain drain" issues in coordination with other donors and the MOH. Although this will remain a challenge, USAID will work with the MOH to mitigate these identified challenges by harmonizing the salary scales paid by funded NGOs and the MOH and working with the MOH to establish a benefit and allowance package for health personnel in remote areas.

However, the project has not taken any action to make sure all health workers are paid fairly. According to Pathfinder, the project paid workers salaries that varied depending on their site and positions—for doctors between \$588 and \$1,569 a month.

Further, the project has not paid standard benefits. According to Article 154 of Haiti's Labor Code, ministry employees must receive an annual bonus. A departmental director explained that the ministry's contractors usually receive this benefit as well. However, 694 contractors working on the USAID health project were not receiving this bonus or other benefits.⁶ This practice set the project apart not only from the ministry but also from other USAID/Haiti projects—including the 6-year, \$101 million project that preceded the current one⁷—which paid annual bonuses and other benefits. The preceding project also paid the same health workers at the same 80 facilities.

Pathfinder officials said they did not pay benefits because of budget restrictions and because a Haitian lawyer advised them that they did not need to for contractors. But after the ministry intervened, asking them to make sure health workers in Haiti get fair, reasonable compensation benefits, Pathfinder included nearly \$1.1 million in its budget request for the benefit of 694 health workers (in addition to salaries of nearly \$5 million).

Mission officials expressed differing views on benefits. One said she relied on Pathfinder's judgment and believed that USAID was not in a position to determine whether benefits should be paid since the workers have a three-party contract with the ministry and the project. The official added that USAID/Haiti's role is limited to funding the project so it can pay the workers the amounts agreed on in the labor contracts. USAID/Haiti's COR said she learned about this issue at the beginning of 2015 and expected Pathfinder to address it. Mission officials also explained that it was acceptable to pay less than the industry norm as long as the health workers were classified properly and paid in accordance with Haitian law.

If the compensation package received by health workers in Haiti is not competitive, the project may be unable to retain key staff—hindering the ministry's ability to keep employees and sustain improvements in Haiti's health-care system. To address this concern, we make the following recommendation.

Recommendation 7. *We recommend that USAID/Haiti, in coordination with the Haitian Government, implement a plan to close the gap in health worker compensation and mitigate the challenges of retaining staff in the health-care industry.*

⁶ The other benefits that workers receive are (1) "boni," an extra month's salary that is received annually during the holiday season and represents 8.3 percent of annual salary; (2) "ONA," which is similar to Social Security and represents 6 percent of salary; (3) "OFATMA," accident insurance that is 3 percent of salary; and (4) "TMS," a payroll tax that is 1 percent of salary.

⁷ Health Program for the Development and Stability of Haiti, August 2007 to September 2012.

EVALUATION OF MANAGEMENT COMMENTS

The mission agreed with all seven recommendations. We acknowledge management decisions on Recommendations 1 through 6 and final action on Recommendations 3 and 4. Recommendation 7 remains without a management decision for reasons discussed below. Our evaluation of management comments follows.

Recommendation 1. USAID/Haiti agreed, but with the contract ending by September 2016, said there would not be time to transfer responsibility for paying health workers to another source under this project. The mission was designing a follow-on project and planned to address sustainability issues in the new award, which it expected to make in September 2017. Accordingly, we acknowledge USAID/Haiti's management decision.

Recommendation 2. USAID/Haiti agreed to evaluate its decision regarding Pathfinder's request for additional funds. Because mission officials decided not to exercise the additional 2-year option, Pathfinder's contract was to end by September 2016. Officials determined funding would last through July 2016 and were negotiating the amount Pathfinder would need for August and September 2016. They anticipated resolving their budget differences with Pathfinder by June 2016. We acknowledge USAID/Haiti's management decision.

Recommendation 3. USAID/Haiti agreed and confirmed it had approved the work plan and performance management plan for fiscal year 2016. Officials did note, however, that they did not approve the HIV component of the work plan because of unresolved technical issues. Although the mission issued a cure notice⁸ to Pathfinder on November 27, 2015, clarifying what it wanted in a quality assurance surveillance plan, the mission did not require Pathfinder to update the annual plan because the project is scheduled to end on August 31, 2016. Nevertheless, mission officials said they would continue detailed monitoring of activities until the end date. We acknowledge the mission's management decision and final action.

Recommendation 4. USAID/Haiti agreed to require Pathfinder to bring data in line with quality standards. It did so in a cure notice to Pathfinder dated November 27, 2015. We acknowledge the mission's management decision and final action.

Recommendation 5. USAID/Haiti agreed. In an e-mail on March 10, 2016, it asked Pathfinder to train personnel at all project health facilities on filling out the record. USAID/Haiti anticipated that a training plan would be completed by June 2016. We acknowledge USAID/Haiti's management decision.

Recommendation 6. USAID/Haiti agreed with the recommendation and confirmed that project health workers are contractors under Haitian law. However, the mission disagreed that Pathfinder should confirm it is complying with the Haitian Labor Code of 1984, noting that the contracts are established by the Ministry of Health and are not Pathfinder's legal responsibility. Nevertheless, USAID/Haiti agreed that the follow-on instrument would require the awardee to

⁸ According to Federal Acquisition Regulation 49.607(a), a cure notice notifies a contractor that it is in default of its contract and will be terminated unless it "cures" the deficiency within a set period.

confirm that contracts with Haitians are legal and follow the Haitian Labor Code of 1984. The mission expected to make the new award in September 2017. Accordingly, we acknowledge USAID/Haiti's management decision.

Recommendation 7. USAID/Haiti agreed, stating that while it could not close the gap in health worker compensation or mitigate brain drain in the health-care industry in the time remaining on this contract, it would explore options for doing so in its overall health portfolio. As for working with the Haitian Government on these issues, the mission stated that current political instability and the uncertain timing of upcoming elections render the makeup of the new Haitian Government unclear and prevent USAID from giving a target completion date. Accordingly, Recommendation 7 remains without a management decision.

SCOPE AND METHODOLOGY

Scope

We conducted this performance audit in accordance with generally accepted government auditing standards. They require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions, in accordance with our audit objective. We believe that the evidence obtained provides that reasonable basis.

The objective of the audit was to determine whether USAID/Haiti's Quality Health Services for Haiti Central and South Project was achieving its main goal of improving the health status of the Haitian people.

USAID/Haiti awarded Pathfinder a \$36.5 million, 3-year, cost-plus-award-fee contract to implement the project. The contract included a 2-year optional extension. As of March 31, 2015, USAID/Haiti had obligated \$25.8 million and disbursed \$17.0 million for project activities. The disbursed amount represents the amount tested during this performance audit.

The audit covered from the project's inception, September 30, 2013, through March 31, 2015. We conducted fieldwork from March 16 to April 30, 2015, at USAID/Haiti and at Pathfinder's office in Port-au-Prince, and at the health ministry's offices in Les Cayes and Miragoâne. In preparation for these meetings, we reviewed Pathfinder's monitoring files and tested supporting documentation for 21 of the 77 performance indicators that it reported in the fiscal year 2014 PMP. We completed our tests of this documentation at USAID/Haiti.

We visited select activity sites and met with health facility officials in Arcahaie, Cabaret, Cavaillon, L'Azile, Les Cayes, and Port-au-Prince. They are located in three of six departments covered by the project—Nippes, South, and West. We observed ongoing activities, spoke with beneficiaries about USAID/Haiti and the project, verified the type of services provided, and confirmed adherence to the project's branding and marking plan.

As part of the audit, we identified and assessed the mission's significant internal controls for project management. In particular, we reviewed (1) the contract and modifications, (2) work plans, (3) semiannual progress reports, (4) PMPs, and (5) field trip reports. We also reviewed the mission's annual fiscal year 2014 assessment of internal controls required by the Federal Managers' Financial Integrity Act of 1982.

Methodology

To determine whether USAID/Haiti appropriately managed the project activities, we met with USAID/Haiti officials including the contracting officer, COR, deputy health office chief, program officer, regional legal advisor, and monitoring and evaluation officer. We reviewed the contract, work plans, PMPs, progress reports, and the subcontracts. We interviewed Pathfinder's technical team and monitoring and evaluation team to understand the management controls, assess the progress of activities, and identify constraints to implementation. We also interviewed ministry officials. We asked about allegations of fraud or other potential illegal acts or noncompliance with laws and regulations during interviews.

To answer the audit objective, we evaluated the project's performance against the contract and results in progress reports. We verified reported results for 21 of 77 performance indicators by reviewing source documents. We judgmentally selected these indicators to cover all four project objectives and to include different types of health services. We observed project activities and solicited feedback during visits to 16 of the 80 health facilities. During these visits, we interviewed 33 health workers with varying job titles. We judgmentally selected sites for ongoing activities based on services provided and geographic location. Since the testing and site selections were based on judgmental samples, the results are limited to the items tested and cannot be projected to the entire audit universe.

We considered, but did not rely exclusively on, computer-processed data in Pathfinder's Excel databases and data reported by the Haitian Government. We did not verify the reliability of these resources. Nonetheless, as discussed in the audit report, the audit tests showed weaknesses that cast doubt on the accuracy of the project's reported results. Accordingly, we made a recommendation to address this issue. When these data are viewed with other available evidence obtained during interviews, document reviews, and site visits, we believe the opinions, conclusions, and recommendations in the report are valid.

MANAGEMENT COMMENTS



TO: Jon Chasson, Regional Inspector General

FROM: Jene Thomas, Mission Director /s/

DATE: February 26, 2016

SUBJECT: Mission response to the Draft Audit of USAID/Haiti's Services De Sante De Qualite Pour Haiti Central and South Project Report No. 1-521-16-0XX-P

This memorandum represents USAID/Haiti's written comments on the draft report, including management decisions in response to the recommendations reported in the draft OIG Report No. 1-521-16-0XX-P for USAID/Haiti's Services De Sante De Qualite Pour Haiti Central and South Project. The mission acknowledges all recommendations and herein provides a plan and timeline for its implementation.

Recommendation 1: *We recommend that USAID/Haiti work with the Haitian Government to implement a detailed sustainability plan that transfers the responsibility for paying the facilities' health workers from USAID to another source.*

Mission Response:

The Mission agrees with this recommendation.

The project is scheduled to end in September 30, 2016 and would not have the time to develop and implement a detailed sustainability plan that transfers the responsibility for paying the facilities' health workers from USAID to another source. However the Mission is working on a follow on design which will include addressing these sustainability issues in the new award.

Plan of Action and Timeline:

A sustainability strategy with implementation plan will be included in the new award anticipated to be awarded in September 2017.

Recommendation 2: *We recommend that USAID/Haiti evaluate and document its decision regarding Pathfinder International's request for additional funds and provide such funds only as part of a long-term sustainable approach to funding the project's healthcare workers.*

Mission Response:

The Mission agrees with this recommendation.

The contract with Pathfinder International ends September 2016. The Mission has decided not to exercise the additional two year option. Upon review of the Mission's PHOENIX system and Pathfinder's current burn rate submitted during their latest accruals, the Mission has determined Pathfinder will have sufficient funding to carry out their activity through July 2016. The Mission is in process of negotiating with Pathfinder the funding necessary through the end of contract, September 30, 2016 to end activities and close-out the project.

As per the Mission's response to recommendation #1, the follow-on project will include strategies to address sustainability issues related to payment of health care workers.

Plan of Action and Timeline:

The Mission is in process of determining the amount of funding needed by Pathfinder to implement activities for the months of August and September 2016.

Timeline: June 2016

Recommendation 3: *We recommend that USAID/Haiti clarify in writing its expectations from Pathfinder International on the work plan, performance management plan, and quality assurance surveillance plan, and approve these plans when they are completed.*

Mission Response:

The Mission agrees and requests this recommendation be closed.

The Mission has provided written comments to Pathfinder upon receipt of the project's work plan and Performance Monitoring Plan. These plans have been revised as per the Mission's comments and re-submitted. The work plan and performance monitoring plans have been approved for the fiscal year 2016.

The quality assurance surveillance plan has been integrated within a cure notice sent to Pathfinder, which will be addressed in the recommendation #4 below.

Plan of Action and Timeline:

The Mission requests this recommendation be closed upon issuance of the report.

Recommendation 4: *We recommend that USAID/Haiti establish a schedule with deadlines for Pathfinder to bring performance data for the project in line with USAID's data quality standards and take corrective action if the deadlines are not met.*

Mission Response:

The Mission agrees with this recommendation.

The Mission has issued a Cure Notice to Pathfinder, which addresses performance issues noted in the implementation of the project. This Cure Notice set out a timeline of ninety (90) days for Pathfinder to develop and implement suitable solutions to bring the project's overall performance in line with USAID's data quality standards. This Cure Notice also addresses activities included in the quality assurance surveillance plan, thus addressing Recommendation 3.

Plan of Action and Timeline:

We request that this recommendation be closed upon issuance of the report.

Recommendation 5: *We recommend that USAID/Haiti instruct Pathfinder to provide each facility with written instructions on how to complete each field on the monthly form used to record health services delivered. The instructions should include common examples of what should and should not be reported.*

Mission Response:

The Mission agrees with this recommendation.

The Mission will send out an official communication to Pathfinder to request that all facilities be appropriately trained on how to fill out monthly report forms which record health services delivered.

Plan of Action and Timeline:

Mission to send out official communication to Pathfinder specifying the detailed requirements. Pathfinder will send the schedule and the record of training completed to USAID.

Timeline: June 2016

Recommendation 6: *We recommend that USAID/Haiti 1) evaluate and document its conclusion regarding the proper classification of project health workers and 2) set a deadline for Pathfinder to evaluate and document its conclusion to confirm that it complies with the Haitian Labor Code of 1984.*

Mission Response:

The Mission agrees with the recommendation.

USAID/Haiti confirmed at the time of the audit (1) that the Government of Haiti Ministry of Health contract workers are contractors under Haitian law, and (2) that the terms and conditions of these contracts are established by the Ministry of Health and are not Pathfinder's legal responsibility. USAID/Haiti notes that the Pathfinder contract will be ending in September 2016, but USAID/Haiti agrees generally with this recommendation and has raised this issue with the Ministry and considered it in the design of the follow-on instrument.

Plan of Action and Timeline:

We request that this recommendation be closed upon issuance of the report.

Recommendation 7: *We recommend that USAID/Haiti, in coordination with the Haitian Government, implement a plan to close the gap in health worker compensation and mitigate the challenges of*

retaining staff in the healthcare industry.

Mission Response:

The Mission agrees with this recommendation.

The Mission believes that this recommendation cannot be resolved within the context of this specific program, however Mission agrees to address means of making progress on this issue within the context of the its overall Health portfolio.

Plan of Action and Timeline:

This issue will be addressed during Health's portfolio review, which is scheduled to occur Mid-March of 2016. The plan of action to address this issue will be documented.

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