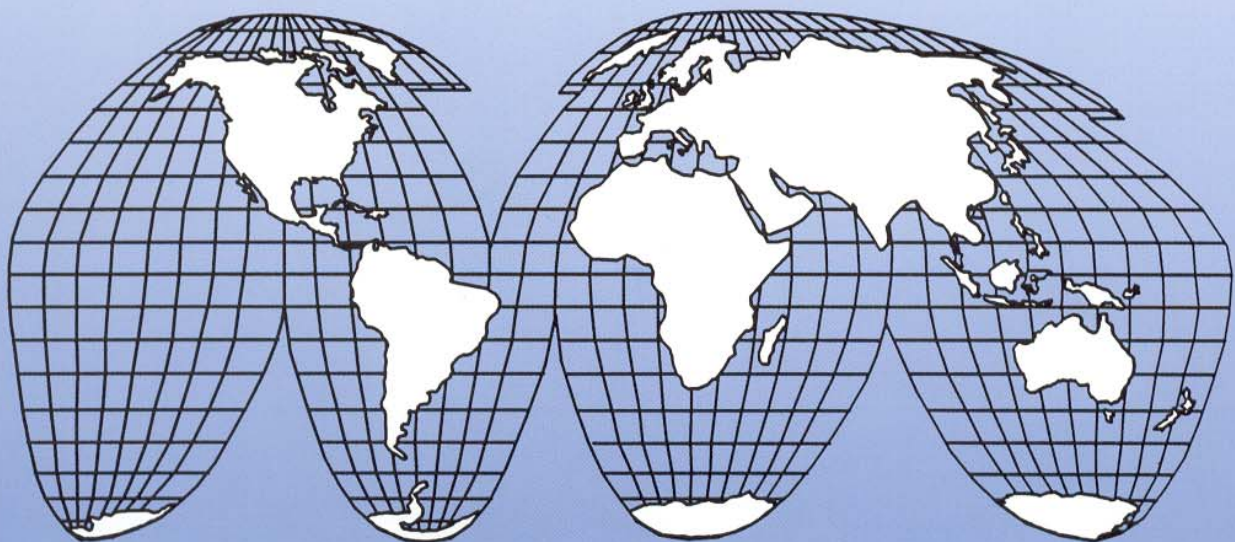# USAID

OFFICE OF INSPECTOR GENERAL

Audit of Selected USAID Bureaus' Training, Use and Accountability of Cognizant Technical Officers

Audit Report Number 9-000-03-009-P

September 22, 2003

Washington, D.C.

September 22, 2003

MEMORANDUM

FOR: GH/SPBO Director, Joyce M. Holfeld
                  ANE/SPO Director, Larry H. Brady
                  EGAT/PAICO Acting Director, Patricia L. Rader
                  M/PE Director, Timothy T. Beans

FROM: IG/A/PA Director, Nathan S. Lokos /s/

SUBJECT: Audit of Selected USAID Bureaus' Training, Use and Accountability of Cognizant Technical Officers
                  (Report No. 9-000-03-009-P)

This memorandum transmits our final report on the subject audit. In finalizing this report, we considered your comments on our draft report and have included this response in its entirety in Appendix II.

This report includes five procedural recommendations. In your written comments, you concurred with these recommendations and identified actions to address our concerns. Consequently, management decisions have been reached on all five recommendations. Please provide documentation supporting final action on these recommendations to USAID's Office of Management Planning and Innovation.

I want to express my sincere appreciation for the cooperation and courtesies extended to my staff during the audit.

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Summary of Results

An important member of any USAID acquisition or assistance team is its Cognizant Technical Officer (CTO). It is the CTO's responsibility to ensure, through liaison with the contractor or grant recipient, that the terms and conditions of the acquisition and assistance instrument are accomplished. (See last paragraph on this page.)

As part of the OIG's multi-year strategy for auditing USAID procurement activities and as part of a worldwide audit, the Performance Audits Division of the Office of Inspector General conducted this audit to determine whether selected USAID Bureaus[1] provided adequate training and guidance to their CTOs and held them accountable for performing their responsibilities in accordance with USAID policies and regulations. (See page 6.)

The audit found that the Bureaus had not provided CTOs enough training to acquire core competencies or to understand and perform the full range of tasks assigned to them; moreover, the Bureaus lacked a mechanism to identify the training needed. (See pages 7 and 10.) In addition, they lacked a process to formally hold all their CTOs accountable for the performance of the tasks assigned to them and did not ensure that designation letters were obtained for all contracts. (See page 12 and page 15.)

This report includes five recommendations to help the Bureaus improve CTO training and to hold CTOs accountable for the performance of their tasks. (See pages 11 and 15, and 17.)

Management's comments are included in their entirety in Appendix II. In their comments, the Bureaus and the Office of Procurement concurred with our recommendations and described the actions planned to address our concerns. When fully implemented, these actions should significantly improve CTO training and accountability. (See page 21.)

Background

USAID uses the term Cognizant Technical Officer (CTO) in lieu of other commonly used U.S. Government terms, such as *contracting officer's technical representative* or *contracting officer's representative*. The term CTO denotes that the individual may be responsible for certain defined actions involving grants and cooperative agreements, as well as contracts. CTOs fulfill a vital role in USAID's acquisition and assistance process; when acting within the scope of their

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[1] For purposes of this report, the term "Bureau(s)" refers to the three bureaus selected for audit: Global Health (GH), Economic Growth, Agriculture and Trade (EGAT), and Asia and the Near East (ANE).

delegated authority, they bind the U.S. government as surely as the contracting officer.[2]

As a practical matter, contracting officers do not have sufficient technical expertise or time to ensure successful administration and completion of all aspects of each award. Therefore they rely on CTOs to act for them with respect to certain critical administrative actions and technical issues arising under these awards. It is the CTO's responsibility to ensure, through liaison with contractors and grant recipients, that the technical and financial aspects of the acquisition or assistance instrument are realized. For that reason, contracting officers have been instructed to designate a properly trained individual to serve as the CTO for each contract or assistance award.

USAID's Office of Human Resources, Learning Support Division, has designed a training program, based on the core competencies required by the Office of Federal Procurement Policy. The training program is designed to provide CTOs with the basic knowledge and skills needed to effectively fulfill their responsibilities. A designated CTO is certified after successfully completing the program.

Three of the seven Washington bureaus were selected for audit: one geographic Bureau—Asia and the Near East—and two pillar Bureaus—Global Health and Economic Growth, Agriculture and Trade. As of March 2003, these three Bureaus had approximately 136 designated CTOs, who, according to information provided by the Bureaus, were responsible for managing contracts, grants, and cooperative agreements estimated at $5.7 billion.

Audit Objectives This audit was conducted as part of a worldwide audit and as part of the OIG's multi-year strategy for auditing USAID's procurement activities.

The audit was conducted to answer the following questions:

- Did USAID Bureaus provide adequate training and guidance to their Cognizant Technical Officers to help ensure that they were aware of and capable of performing their responsibilities?

- Did USAID Bureaus hold their Cognizant Technical Officers accountable for performing their responsibilities in accordance with USAID policies and regulations?

Appendix I contains a discussion of the audit's scope and methodology. (Page 19)

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[2] For purposes of this report, the term "contracting officer" is used to represent warranted contracting office staff responsible for awarding contracts, grants, or cooperative agreements.

Audit Findings　　**Did USAID Bureaus provide adequate training and guidance to their Cognizant Technical Officers to help ensure that they were aware of and capable of performing their responsibilities?**

USAID Bureaus did not provide enough training to their Cognizant Technical Officers (CTOs) to ensure that they not only understood the full range of assigned tasks but also had the competence and confidence to perform these tasks successfully. Only 5 of the 136 individuals in the Bureaus designated as CTOs were certified.[3] In addition, CTOs responding to a questionnaire reported that they needed additional training in many of the core competencies established by USAID. Contracting officers and contract and grant recipients also reported that CTOs needed more training, especially in the following areas: financial management, procurement regulations, and CTO authorities. The need for the Bureaus to provide training is discussed in further detail below.

**Bureaus Need to Provide
CTO Training**

Contrary to requirements published by the Office of Federal Procurement Policy (OFPP), and USAID's Automated Directive System (ADS), the Bureaus did not provide enough training to their CTOs to ensure that they understood and could perform the tasks assigned to them. More than half of the 61[4] CTO questionnaire respondents working in the Bureaus reported that they needed training in specific competencies required to perform their tasks. This occurred because the Bureaus had not prepared written training plans for their uncertified CTOs and had not developed a mechanism to ensure that they received appropriate training. As a result, the Bureaus' CTOs required additional training to equip them with the knowledge and skills needed to adequately perform core responsibilities.

OFPP Policy Letter No. 97-01, dated September 12, 1997, requires agencies to (1) identify and publish model career paths, (2) establish education, core training, and experience requirements for their acquisition workforce, and (3) develop mandatory education, training and experience requirements to ensure that individual members of the workforce possess core competencies required of the position. According to OFPP the "acquisition workforce" includes contracting and purchasing officers, contracting officer representatives (CORs), and contracting officer technical representatives (COTRs). USAID uses the term "CTO" rather than COR or COTR. Additionally, OFPP defines "core competencies" as those in the Federal Acquisition Institute's COR/COTR Workbook.

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[3] According to information obtained from the CTO database developed and maintained by USAID's Learning Support Division, as of March 2003.

[4] Of the 64 CTOs responding to the questionnaire, 61 completed the in-depth question regarding specific training needs.

ADS 202.3.1.2(c), entitled *Achieving*, acknowledges OFPP's training requirements and discusses how USAID officials should comply with them. However, it also recognizes that that there may be times when it is necessary to nominate an individual to be designated as CTO who does not have the mandatory training required by OFPP. In these cases, the operating unit should develop a written plan that allows that individual to receive the necessary training as quickly as possible in order to obtain these competencies and subsequent certification.

CTOs responding to the OIG questionnaire reported a need for more training. One of the questions asked respondents to indicate the amount of training they had taken in various core competencies within the last two years—on the average, nearly two-thirds of the respondents indicated they had not taken any training in the core competencies listed.

Another question asked whether they needed additional training in the various core competencies to perform CTO duties. On the average, more than half of the 61 respondents indicated they needed more training in various core competencies. As shown in the table on page 9, a significant number believed they needed additional training in specific competencies. The questionnaire results for some selected competencies are summarized as follows:

Table 1: Number and Percentage of CTOs Responding to an OIG Questionnaire Who Said They Needed Additional Training in Selected Competencies Required to Administer Contracts, Grants, or Cooperative Agreements

	No. of CTOs Responding	CTOs Who Said They Needed More Training	
		No.	%
Required Competencies for Contracts			
Knowledge of contracting law and regulations	61	39	64
Knowledge of contracting ethics including conflicts of interest and security of information	61	31	51
Ability to develop contract requirements, conduct market research, and prepare required documents and statements of work	60	36	60
Ability to request/assess and bids and proposals	60	35	58
Ability to conduct price and cost determinations	60	35	58
Ability to monitoring contractor performance	59	28	47
Ability to process contracting actions	59	24	41
Knowledge of documentation including tracking orders, deliverables, timesheets, and other record keeping	55	28	51
Ability to close-out, terminate contract appeals and protests	57	39	68
Ability to administratively approve vouchers for payment	59	19	32
Required Competencies for Grants and Cooperative Agreements			
Knowledge of elements of an award	57	30	53
Knowledge of USAID's policy on competition	58	37	64
Knowledge of types of assistance instruments	59	32	54
Knowledge of USAID source/origin/nationality requirements	59	32	54
Ability to process closeout procedures	58	36	62
Ability to monitor and evaluate recipients' performance	58	24	41
Ability to review and analyze performance and financial reports and verify timely delivery	57	22	39
Other Skills and Competencies			
Proficiency using Phoenix and NMS systems	60	31	52

Additionally, the contracting officers interviewed reported that CTOs needed training in the following areas:

- Phoenix/New Management System (NMS), USAID's financial management/procurement systems.
- Procurement regulations and the procurement process.
- Limits on CTO authorities.
- Ethics and conflicts of interest.
- Performance management reporting and writing performance-based statements of work.
- Proposal evaluation and scoring.

- Source origin issues.
- "Working with numbers," including cost reviews.
- USAID policies and procedures.

Contractors and recipients interviewed also stated that some CTOs needed more training in the types of USAID award instruments and the limits of their authority under each type of award.

The Bureaus did not provide sufficient training because they had not developed a mechanism to ensure that CTOs received the training they needed. None of the three Bureaus maintained a master list of CTOs and were therefore unable to verify whether they had received the training necessary for certification. Although USAID's Learning Support Division had recently developed a database of those who have completed training, there was no mechanism in place at the Bureau level to ensure that CTOs who needed training actually received it. Master lists were not maintained because neither Phoenix nor NMS contained up-to-date CTO information. Bureau personnel indicated that they had made repeated attempts to correct the CTO-related information in Phoenix/NMS but the information remained outdated. Additionally, Bureau personnel reported that the lack of master lists resulted in delays in voucher processing and problems managing quarterly accruals, unexpended balances, and deobligations.

Compounding the problems caused by the lack of the master lists was the fact that the Bureaus did not maintain the required individual training plans for their uncertified CTOs and, therefore, did not know which individuals required training or which specific courses were necessary. Such training plans would document the training each CTO needed to become certified. Individual training plans were not developed as Bureau management had other priorities and did not realize the plans were required for uncertified CTOs.

Additionally, CTOs reported that they lacked training because the training program had been suspended in the late 1990s, while the Learning Support Division redesigned the certification courses. Four new courses required for certification began in 1998. In the fall of 2002, the four courses were condensed into three; effective April 1, 2003, these were further condensed into two courses. When the new streamlined certification courses began in the fall of 2002, courses were over-subscribed and many CTOs were unable to attend.

Fortunately, the Learning Support Division reported that the 2004 fiscal year CTO training budget has been increased. The budget increase will enable the Division to offer additional courses in the upcoming fiscal year.

CTOs also indicated that their heavy workloads precluded spending one or two weeks at a time in training. Most (69 percent) of the questionnaire respondents worked on two or more awards at the same time, while many (33 percent) worked on at least four simultaneously. In addition to their CTO responsibilities, they had programmatic and sometimes supervisory responsibilities. Therefore, they reported that they often had only limited time to dedicate to CTO training.

CTOs who understand their roles and responsibilities contribute to a proper and efficient procurement process. It is critical that trained personnel administer this process, given that USAID is essentially a procurement and project management agency. Contracting officers who worked directly with CTOs described problems that occurred because CTOs had not fully understood the responsibilities and authorities delegated to them. For example:

- On occasion, CTOs had inappropriately approved actions without the prior approval of the Contracting Officer:

  ✓ On at least one such occasion, this caused the Contracting Officer to subsequently modify the contract, creating additional cost for USAID.

  ✓ In a recent case, a CTO performed unauthorized procurement activities in modifying an award by $1 million.

  ✓ In another case, a CTO performed work that the contracting officer should have done, causing the contractor involved to file a protest.

- Contracting officers reported that they often found it necessary to spend time training CTOs on an ad hoc basis as to what they can and cannot do.

Contractors and recipients also reported problems that arose because CTOs did not understand the limits of their authority. Several recipients stated that some CTOs were inappropriately involved in staffing and office space decisions. One recipient noted that there seemed to be a fair amount of confusion over CTO roles and their authority to make certain decisions, as well as in determining their boundaries.

In summary, when untrained individuals do not perform their duties properly or on a timely basis, the contracting officer must ultimately complete or correct the CTO's work. This in turn, interferes with the performance of the contracting officer's already burdensome workload. Furthermore, untrained CTOs might act outside the authorities delegated to them or inappropriately delegate some administrative responsibilities to individuals who are not designated CTOs. If CTOs are expected to perform critical tasks efficiently and correctly, they must be fully aware of the extent of their responsibilities and have the requisite competencies to perform them.

> **Recommendation No. 1: We recommend that the Global Health Bureau, the Economic Growth, Agriculture and Trade Bureau, and the Asia and the Near East Bureau develop training plans for their uncertified Cognizant Technical Officers, in accordance with the Office of Federal Procurement Policy Letter No. 97-01 and Automated Directive System 202.3.1.2(c), and schedule them to attend the required certification training.**

Recommendation No. 2: We recommend that the Global Health Bureau, the Economic Growth, Agriculture and Trade Bureau, and the Asia and the Near East Bureau maintain updated master Cognizant Technical Officer lists to ensure that their Cognizant Technical Officers requiring training receive it on a timely basis.

Did USAID Bureaus hold their Cognizant Technical Officers accountable for performing their responsibilities in accordance with USAID policies and regulations?

USAID Bureaus did not hold all of their CTOs accountable for performing their CTO-related responsibilities. Contrary to federal and USAID guidance, the Bureaus did not always establish performance expectations for critical CTO tasks. Position descriptions, annual performance plans, and annual work objectives did not, in all cases, include specific CTO duties and responsibilities. Some CTOs were not evaluated at all; others could not provide evidence that they had been evaluated. As a result, CTOs were not always evaluated as to how well they performed their duties. Furthermore, the Bureaus did not ensure that supervisors contacted contracting officers and other pertinent sources for input as to the CTO's performance. In addition, contrary to federal and USAID policy, many CTOs working on contracts were not issued designation letters. The importance of building accountability into the evaluation process is discussed in the following section, while the need to obtain designation letters is further addressed on page 15.

Bureaus Need to Evaluate
CTO Performance

Although CTOs play a critical role in the acquisition and assistance process, the Bureaus did not hold all of their CTOs accountable for performing their responsibilities. Eleven of twenty-eight CTOs interviewed could not demonstrate that they were held accountable for performing their CTO tasks. This occurred in some cases because greater emphasis was placed on an individual's program management skills and performance than on his or her CTO competencies and performance. As a result, the Bureaus sometimes did not hold individuals accountable for properly performing the critical tasks that help ensure contractor and grantee compliance with contractual and administrative requirements.

According to the Office of Personnel Management, performance management is the systematic process of:

- Planning work.
- Setting expectations for critical tasks.
- Monitoring performance.
- Developing the capacity to perform.
- Rating performance periodically.

- Rewarding good performance.[5]

An important element in this process is the establishment of performance expectations for critical tasks that are periodically evaluated.

USAID policies require that employees and personal services contractors be evaluated annually. ADS 462, entitled *Employee Evaluation Program*, requires supervisors to work with U.S. direct-hire employees to develop annual employee performance plans that contain work objectives and performance measures for critical tasks against which actual performance will be compared. This evaluation program also requires supervisors to obtain additional performance information from relevant sources, a process referred to as "360-degree input."

USAID Acquisition Regulations require U.S. personal service contractors (USPSCs) to perform satisfactorily, as evidenced in their annual written evaluation, to qualify for annual salary increases. Although USAID does not have a formal policy regarding performance evaluations for other employment categories—such as Resources Support Service Agreements (RSSAs), Technical Assistance in AIDS and Child Survival (TAACS), Cooperative Administrative Support Units, and Fellows, many of whom serve as CTOs—best practices dictate that they should be held accountable for their job performance in a manner similar to other employees. This has become even more important as the number of USAID direct hires has decreased, while the number of individuals hired under an alternative employment status, such as one of those above, has increased.

CTOs fulfill a vital role in USAID's acquisition and assistance process. They are responsible for performing critical procurement tasks, such as:

- Verifying that USAID-funded activities conform to the terms and conditions of the award, to technical requirements, and to quality standards.

- Administering financial management responsibilities, such as voucher approval, forward funding, deobligations, and closeouts.

- Monitoring, evaluating, and reporting on recipient performance.

- Conducting price and cost determinations.

Individuals serving as CTOs in the Bureaus generally spent a significant amount of their workday on CTO-related tasks. Sixty-eight percent of questionnaire respondents indicated that they spent more than 25 percent of their time on CTO tasks. Additionally, the vast majority of respondents (84 percent) felt that fulfilling CTO responsibilities was an important part of their overall job performance.

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[5] A Handbook Measuring Employee Performance, revised January 2001.

Despite their critical role and the amount of time spent on CTO-related activities, only 17 of 28 individuals selected for interviews demonstrated that they had tasks specific to their CTO responsibilities included in their performance management documents (e.g., in their position descriptions, statements of work, work objectives, and/or performance measures). Of the 11 individuals who could not demonstrate that they were held accountable for performing their CTO duties:

- Five had performance documents that included only tasks generally related to CTO responsibilities, such as "allocated, apportioned, and obligated funds" or "was responsible for budget, procurement, and support plans."

- Six either did not have or were unable to provide any form of performance management documentation—a matter of great concern. Of these six:

  ✓ One was a RSSA, who had did not have work objectives or a position description and had not been evaluated in over 10 years, since 1991.

  ✓ Two were TAACS.

  ✓ Three were U.S. direct hires.

Additionally, the Bureaus did not ensure that supervisors who prepared performance evaluations for CTOs solicited comments from individuals who were most likely to have information on the performance of CTO tasks, i.e., staff in the Office of Procurement.

CTOs had overlapping and complementary responsibilities for programmatic and administrative management of a USAID activity. Although both sets of responsibilities were critical to the activity's success, several contracting officers interviewed stated that it seemed that programmatic responsibilities were considered a higher priority, even though the CTO duties were often the most time-consuming. Because of this bias, performance plans, statements of work, and work objectives for many of the CTOs emphasized their programmatic responsibilities and sometimes did not reflect the individual's actual range of expected duties.

Additionally, the hiring process in the Bureaus emphasized programmatic and technical responsibilities rather than contract or assistance award administrative duties. Position descriptions often stressed the individual's education and experience in the areas of economic growth, agriculture, global health, or democracy. Almost half of the 28 CTOs interviewed stated that at the time they were hired they did not know that their positions included CTO roles and responsibilities.

Contracting officers, who are responsible for designating the CTO and have immediate knowledge of their performance, are excellent sources of 360-degree input. All of the contracting officers interviewed felt that they should be asked

for such feedback; although the majority had been asked for feedback in the past, it happened infrequently. Only CTOs doing a "good job" asked contracting officers to provide such feedback to their supervisors. Supervisors were not specifically required to solicit comments related to the performance of CTO tasks; as a result, they did not always ask for feedback from contracting officers and other pertinent sources regarding the CTOs' performance of these tasks.

As a result of the problems discussed above, many CTOs were not held accountable for the proper execution of their tasks. Moreover, the lack of a formal system for evaluating the work of those hired under an alternative employment status, such as RSSAs and TAACS, may result in those individuals not being evaluated at all. Twenty-two of the 64 questionnaire respondents were either RSSAs or TAACS, creating the potential for a significant number of unevaluated CTOs. Indeed, as mentioned on page 14, one RSSA serving as a CTO had not been evaluated since 1991. Additionally, written annual evaluations are required for USPSCs only to qualify for annual salary increases. This may result in USPSCs at the top of their salary ranges not being evaluated. In short, the combination of lack of performance evaluations and lack of 360-degree input from pertinent sources, results in CTOs not being held accountable for performing their critical CTO tasks.

CTOs play a significant role in the successful and efficient implementation of the contracts and grants through which USAID expects to achieve their program goals. Therefore, it is important that CTOs are not only aware of and qualified to perform their tasks (see preceding section), but are also held accountable for the execution of these tasks. Accordingly, we are making the following recommendations to assist the Bureaus in improving CTO accountability.

> **Recommendation No. 3: We recommend that the Global Health Bureau, the Economic Growth, Agriculture and Trade Bureau, and the Asia and the Near East Bureau incorporate Cognizant Technical Officer duties and responsibilities into the position descriptions, work objectives, and statements of work of each individual designated to serve as a Cognizant Technical Officer and ensure that all are evaluated.**

> **Recommendation No. 4: We recommend that the Global Health Bureau, the Economic Growth, Agriculture and Trade Bureau, and the Asia and the Near East Bureau require supervisors to solicit comments on each Cognizant Technical Officer's performance of Cognizant Technical Officer tasks from contracting officers, and other pertinent sources, as part of each Cognizant Technical Officer's periodic performance evaluation.**

**Bureaus Need to Obtain
CTO Designation Letters**

The Bureaus did not ensure that designation letters were obtained for each contract. CTO responsibilities and limitations are delineated in the written designation letter issued by the contracting officer responsible for the contract. Federal regulations, as well as USAID's Office of Procurement and the ADS, require written designation of CTO authorities. However, contrary to this guidance, the majority of CTOs interviewed did not have designation letters. One reason for this was that the Office of Procurement did not have an updated list of CTOs or a list of pending procurement actions. As a result, CTOs were often unaware of the limits and extent of their authorities and responsibilities.

Federal Acquisition Regulation 42.202(a) requires contracting officers to provide written authorization to delegate contract administrative responsibilities. Additionally, Contract Information Bulletin (CIB) 93-08, issued March 10, 1993, by USAID's Office of Procurement, and ADS 202.3.1.2(c) require that the contracting officer designate in writing the individual nominated by each strategic objective team to be the CTO. Once the CTO has been formally designated, he or she can perform certain contract administrative tasks specified in the letter, such as reviewing and approving contractor's invoices and issuing written interpretation of contract technical requirements. This written designation is not required for grant or assistance awards.

Contrary to federal guidance and USAID policy, many CTOs were not properly designated in writing. CTO responsibilities are clearly delineated in the written designation letter issued by the contracting officer. Although the majority of questionnaire respondents reported that they spend more than 25 percent of their time on CTO tasks, most did not have written responsibilities for each contract they managed for which they could be held accountable.

Many CTOs had never received or were unable to provide designation letters for the contracts for which they were responsible. Twenty-seven of sixty[6] questionnaire respondents (45 percent) reported that they had never received a designation letter. Of the 28 CTOs interviewed:

- Eleven had been properly designated in writing, including two who received designation letters for assistance instruments.

- Seventeen had either never received a designation letter even though they served as CTOs on contracts, or could not provide designation letters and did not have letters in their files, as required by CIB 93-08.

One contracting officer interviewed indicated that the Office of Procurement had not been very good in the past about issuing designation letters and needed to do a better job. The Office of Procurement did not have an updated list of pending procurement actions or a reliable list of CTOs and awards, making it difficult to manage the issuance of designation letters. In addition, some CTOs speculated

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[6] Of the 64 CTOs responding to the questionnaire, 60 answered a question regarding receipt of designation letters.

that they had not received a CTO designation letter because when they had replaced the original CTO, the letter had not been reissued. Others said that perhaps the individual had been designated in the contract without a separate designation letter being issued.

Designation letters are required for contracts to ensure that clear lines of contracting authority and accountability are maintained. Without the letters, CTOs, contractors, and recipients may be unaware of the limits and extent of CTO authorities and responsibilities. (See page 11 for examples of problems created when CTOs are unclear of the boundaries of their authority.) One of the contractors interviewed stated that designation letters would help contractors understand the range of CTO authorities, especially if the CTO is inexperienced or unclear about his/her role. CTOs and their supervisors need to be aware of the critical tasks they are responsible for so that these tasks can be completed properly and so that CTOs can be held accountable for completing them.

> **Recommendation No. 5: We recommend that the Office of Procurement issue designation letters for each contract, in accordance with Federal guidance and USAID policy.**

Management Comments and Our Evaluation

In their response to our draft report, the Bureaus and the Office of Procurement (OP) concurred with our recommendations and described the actions planned to address our concerns. They also proposed changes in the wording of our recommendations, which we considered and made, as appropriate. When fully implemented, the Bureaus' and OP's actions should significantly improve Cognizant Technical Officer (CTO) training and accountability.

To address recommendation No. 1, the Bureaus will initiate a program to develop, execute, and track individual training plans for all uncertified CTOs.

To address recommendation No. 2, the Bureaus will develop and maintain a master list of CTOs.

To address recommendation No. 3, the Bureaus will incorporate CTO duties and responsibilities into position descriptions, work objectives, and statements of work.

To address recommendation No. 4, the Bureaus will instruct supervisors to solicit comments from contracting officers as part of the 360-degree feedback used for CTO evaluations.

To address recommendation No. 5, the Office of Acquisition and Assistance (OAA) will issue a policy directive, which will remind contracting officers of their responsibility to designate CTOs. Additionally, OAA will provide updated designation letters; these letters will address assistance instruments, as well as contracts.

Management's comments are included in their entirety in Appendix II. (See page 21.)

Scope and Methodology

Scope

The Performance Audits Division of the Office of Inspector General conducted this audit in accordance with generally accepted government auditing standards. This audit was designed to answer the following questions: Did USAID Bureaus provide adequate training and guidance to their Cognizant Technical Officers to help ensure that they were aware of and capable of performing their responsibilities? Did USAID Bureaus hold their Cognizant Technical Officers accountable for performing their responsibilities in accordance with USAID policies and regulations?

In planning and performing the audit, we obtained an understanding of and tested management controls related to (1) identification of the tasks to be performed by Cognizant Technical Officers (CTOs), (2) identification of training needed, (3) the provision of training to CTOs, (4) the establishment of work objectives and performance measures for CTOs, and (5) the evaluation of CTO performance. We conducted interviews with key USAID/Bureau personnel. In addition, we reviewed pertinent employee evaluation documents and designation letters.

We audited the following three USAID Bureaus:
- Bureau for Asia and the Near East
- Bureau for Global Health, and
- Bureau for Economic Growth, Agriculture and Trade.

All three bureaus are located in Washington, D.C. The audit fieldwork was conducted from February 5 through June 24, 2003.

Methodology

To answer both audit objectives we administered a questionnaire to gather information from CTOs in all three Bureaus. From the questionnaires, we obtained information on the CTOs' background, training, and experience performing their tasks. As of March 2003, the Bureaus had approximately 136 individuals designated as CTOs and, according to information provided by the Bureaus, these CTOs were responsible for managing contracts, grants, and cooperative agreements estimated at $5.7 billion. Due to the large number of CTOs in the Bureaus, questionnaires were distributed to a judgmentally selected sample of 93 of them; 64 CTOs responded. We did not develop materiality thresholds for either of the audit objectives.

In addition to distributing the questionnaires and summarizing and analyzing the responses, we interviewed CTOs, supervisors, contracting officers, contractors, and grant recipients. We judgmentally selected 28 of the 64 questionnaire respondents to interview. Based on judgmental samples, we also interviewed 11 CTO supervisors, 5 contracting officers, and 7 contracting and grant recipients.

The interviews provided us with an understanding of how CTOs performed their tasks, the level of understanding of what was expected of them, and issues surrounding limits of authority and accountability.

Additionally, to answer the second objective, we reviewed pertinent employee evaluation documents. We requested position descriptions, work objectives and statements of work for the 28 CTOs interviewed and analyzed these documents to determine if work plans, statements of work, and work objectives adequately delineated the scope and expected standards for performance of their CTO duties. For those working on contracts, we determined if designation letters had been obtained.

**Management
Comments:**

September 10, 2003

MEMORANDUM

TO: IG/A/PA, Nathan S. Lokos

FROM: M/CFO/MPI, Connie Turner /s/

SUBJECT: Draft Report on Audit of Selected USAID Bureaus' Training, Use, and Accountability of Cognizant Technical Officers (Report No. 9-000-03-00X-P)

The three audited bureaus (ANE, EGAT, and GH) agree with recommendations 1-4 and believe that, if successfully implemented, they will result in Cognizant Technical Officers (CTOs) being adequately trained and held accountable for performing their responsibilities in accordance with USAID policies and regulations. Since the Office of Acquisition and Assistance (OAA) is the responsible office for designating CTOs, the Office of Procurement (M/OP) requests that recommendation 5 be assigned to M/OP. For recommendations 1-4, please change "USAID Bureaus" to "the ANE, EGAT, and GH bureaus". Please note additional requested changes in the wording of the audit recommendations below.

Recommendation No. 1: We recommend that USAID Bureaus develop training plans for their uncertified Cognizant Technical Officers, in accordance with the Office of Federal Procurement Policy Letter No. 97-01 and Automated Directive System 202.3.1.2(c), and arrange for them to attend the required certification training.

Bureaus' Comments and Planned Actions: Please revise the wording of the audit recommendation by replacing the word "arrange" with the word "schedule". The bureaus will initiate a program to develop, execute, and track individual training plans for all uncertified CTOs. Target complete date: December 31, 2003

Recommendation No. 2: We recommend that USAID Bureaus maintain updated master Cognizant Technical Officer lists to ensure that their Cognizant Technical Officers requiring training receive it on a timely basis.

Bureaus' Comments and Planned Actions: As part of the program described under recommendation 1, the bureaus will develop and maintain a master list of CTOs. This list will track required training taken and needed so that it may be used as a management tool to prioritize required training, as limited Agency resources are available for training programs. Target completion date: December 31, 2003

Recommendation No. 3: We recommend that USAID Bureaus incorporate Cognizant Technical Officer duties and responsibilities into the position descriptions, work objectives, and statements of work of each individual designated to serve as a Cognizant Technical Officer and ensure that all are evaluated.

Bureaus' Comments and Planned Actions: Please revise the wording of the audit recommendation by inserting the phrase "develop a plan to" so that the recommendation will read as follows: "We recommend that the ANE, EGAT, and GH bureaus develop a plan to incorporate CTO duties and responsibilities into the position descriptions (PDs), work objectives, and statements of work (SOWs) of each individual designated to serve as a CTO and ensure that all are evaluated." As the evaluation plan for each CTO is completed and that person's PD is reviewed, the bureaus will add appropriate language to incorporate CTO duties and responsibilities to the individual's PDs, work objectives, and SOWS, as appropriate. Target completion date: December 31, 2003

Recommendation No. 4: We recommend that USAID Bureaus require supervisors to obtain comments on each Cognizant Technical Officer's performance of Cognizant Technical Officer tasks from the Office of Procurement, and other pertinent sources, as part of each Cognizant Technical Officer's periodic performance evaluation.

Bureaus' Comments and Planned Actions: Please revise the audit recommendation by replacing the word "obtain" with "solicit" and replacing "Office of Procurement" with "Contracting/Agreement officers". The bureaus will instruct supervisors to obtain comments from Contracting/Agreement Officers as part of the 360-degree feedback used for individual CTO evaluations. Target completion date: December 31, 2003

Recommendation No. 5: We recommend that USAID Bureaus, in collaboration with the Office of Procurement, obtain designation letters for each contract, in accordance with Federal guidance and USAID policy.

Bureau's Comments and Planned Actions: Although this recommendation was presented to the audited bureaus, ADS 202.3.4.3.c clearly stipulates that it is the responsibility of the Contracting Officer (CO), not the Bureau, to designate "…in writing the Cognizant Technical

Officer (CTO)." Therefore, please revise the wording of the audit recommendation by assigning it to the Office of Procurement (M/OP) and replacing the word "obtain" with the word "issue" so that the audit recommendation will read as follows: "We recommend that the Office of Procurement issue designation letters for each contract, in accordance with Federal guidance and USAID policy." Within 90 days of the final audit report, the Office of Acquisition and Assistance (OAA) will (1) issue an Acquisition and Assistance Policy Directive (AAPD) that will remind COs of their responsibilities to designate CTOs and (2) provide updated CTO designation memoranda that will also address assistance instruments.