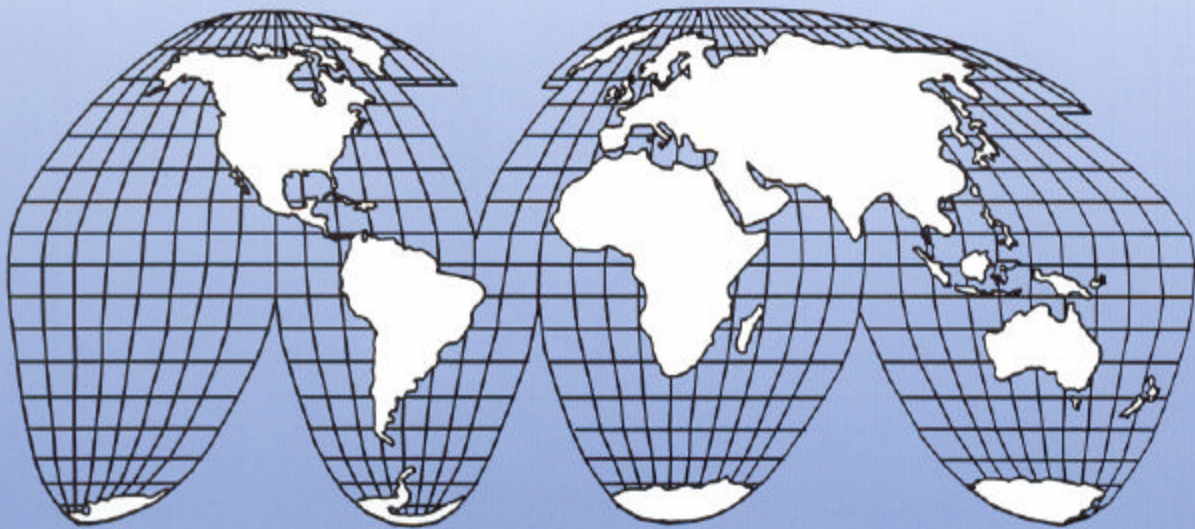# USAID

OFFICE OF INSPECTOR GENERAL

Audit of USAID/Egypt's Training, Use and Accountability of Cognizant Technical Officers

Audit Report No. 6-263-04-003-P

December 29, 2003

Cairo, Egypt

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December 29, 2003

MEMORANDUM

FOR: Director, USAID/Egypt**,** Kenneth C. Ellis

FROM: RIG/Cairo, Darryl T. Burris //Signed//

SUBJECT: Audit of USAID/Egypt's Training, Use and Accountability of
      Cognizant Technical Officers (Report No. 6-263-04-003-P)

This is our report on the subject audit. In finalizing this report, we considered
management comments on the draft report and have included those comments, in
their entirety, as Appendix II in this report.

This report has two recommendations. In response to the draft report,
USAID/Egypt indicated agreement with both recommendations by describing
actions taken or planned to address our concerns. Based on USAID/Egypt's
comments to our draft report, we consider that final action has occurred on both
recommendations.

I appreciate the cooperation and courtesy that USAID/Egypt and its recipients
extended to my staff during the audit.

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Summary of Results

Regional Inspector General/Cairo audited USAID/Egypt's Training, Use and Accountability of Cognizant Technical Officers to determine if the Mission (1) provided adequate training and guidance to its Cognizant Technical Officers to help ensure that they were aware of and capable of performing their responsibilities, and (2) held its Cognizant Technical Officers accountable for performing their responsibilities in accordance with USAID policies and regulations. (See page 6.)

USAID/Egypt had not provided enough training for its Cognizant Technical Officers (CTOs) to acquire the core competencies needed to perform the full range of tasks assigned to them. The Mission provided several opportunities for its CTOs to attend the training courses identified in the CTO certification program but, because the CTO certification program had changed from four courses to three courses to two courses without a defined equivalency for courses already taken, no CTO completed the program. (See page 6.)

In regards to accountability, USAID/Egypt did not always hold its CTOs accountable for performing their responsibilities in accordance with USAID policies and regulations. To illustrate, the Mission did not always ensure that rating officials established timely performance expectations for most of its CTOs. Further, the Mission did not ensure that all rating officials evaluated the performance of individual CTOs at the end of their rating cycle. (See page 11.)

Background

USAID's contracting and assistance officers are the key members of a successful Assistance[1] and Acquisition[2] workforce. However, Cognizant Technical Officers (CTOs) also have a critical role.

CTOs are members of Strategic Objective Teams who have been authorized, in writing, by the Contracting or Assistance Officer to act for that officer with respect to defined administrative actions and technical issues arising under a given award. Generally, the technical office responsible for the activity nominates an individual to serve as the CTO, and the Contracting or Assistance

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[1] Assistance (grant and cooperative agreement) is a legal instrument used where the principal purpose is the transfer of money, property, services or anything of value to the recipient in order to accomplish a public purpose of support or stimulation authorized by Federal statute and where substantial involvement by USAID is not anticipated.

[2] Acquisition means the acquiring by contract with appropriated funds of supplies or services, including construction, by and for the use of the Federal Government through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated.

Officer generally accepts the nomination. The term "CTO" is used by USAID in lieu of the other federal terms such as "Contracting Officer's Technical Representative" or "Contracting Officer's Representative" and denotes that CTOs can be responsible for grants as well as contracts.

CTOs may perform duties such as drafting scopes of work for proposed awards, developing independent government cost estimates, and handling a variety of post-award administrative actions, such as monitoring performance and reviewing vouchers. These responsibilities can be very complex and, as a result, CTOs should have the necessary qualifications to perform them, and they should be held accountable for performing the tasks assigned to them.

As of March 30, 2003, USAID/Egypt had 51 employees who were designated as CTOs. According to information provided by the Mission's procurement office, these CTOs were responsible for managing 74 contracts, grants, cooperative agreements, and personal service contracts for an estimated amount of $1.02 billion.

Audit Objectives

This audit represents one of a worldwide series of audits included in the Office of Inspector General's multi-year strategy for auditing USAID's procurement activities. The Regional Inspector General in Cairo performed the audit to answer the following questions:

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

- Did USAID/Egypt hold its 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.

Audit Findings

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

Although USAID/Egypt had provided several opportunities for CTOs to attend training, the Mission had not provided enough training for its CTOs to acquire the core competencies needed to perform the full range of tasks assigned to them.

USAID/Egypt had provided several opportunities to its Cognizant Technical Officers to attend the training courses identified in the CTO certification program,

which included courses needed to acquire core CTO competencies or to understand and perform the full range of tasks assigned to CTOs.

Initially, the Certification Program consisted of four courses, including Acquisition and Assistance Overview, Acquisition Management, Assistance Management, and Pre-Award Responsibilities. As shown below, USAID/Egypt offered each of these courses.

1. **Acquisition and Assistance Overview:** USAID/Egypt provided eight opportunities for CTOs to attend this course since fiscal year 2000 when the course was first introduced by the Agency. These opportunities included three courses offered in the area (i.e. Tel Aviv, June 2000; Amman, August 2001; and Nairobi, July 2002). USAID/Egypt also hosted three regional courses in Cairo-two in October 2000 and one in February 2002. Moreover, USAID/Egypt paid for two additional courses of the Acquisition and Assistance Overview, which were conducted in April 2001.

2. **Acquisition Management:** USAID/Egypt hosted two regional courses in January 2002 and May 2002.

3. **Assistance Management for CTOs:** USAID/Egypt hosted one regional course in March 2002.

4. **Pre-Award Responsibilities for CTOs:** USAID/Egypt hosted one regional course in February 2002 and allowed employees the opportunity to participate in the regional course offered in Nairobi, Kenya in July 2002.

Although USAID/Egypt had provided these opportunities for its CTOs to attend the training courses identified in the CTO Certification Program, not all CTOs attended all courses offered. The following section discusses this issue.

USAID/Egypt CTOs Did Not Complete All Offered Courses

Even though USAID/Egypt provided opportunities to its CTOs to attend the training courses identified in the CTO Certification Program, no CTOs completed all the courses offered. This occurred because USAID Bureau for Management's Learning Support Division had never issued any guidance as to the length of time CTOs have to complete all courses. Additionally, most of the Mission's 51 CTOs reported that they needed training in specific competencies needed to perform their duties. CTOs must have the requisite competencies if they are expected to perform efficiently.

The Office of Federal Procurement Policy, 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. According to this Federal office, the "acquisition workforce" includes contracting and purchasing officers, contracting officer representatives, and contracting officer technical representatives; and "core competencies" are those in the Federal Acquisition Institute's Workbook.

USAID's Automated Directive System 202.3.1.2 acknowledges the Office of Federal Procurement Policy's training requirements and discusses how USAID officials should comply with them. However, it also recognizes that there may be times when it is necessary to nominate an individual to become a CTO who does not have the mandatory training required by the Office of Federal Procurement Policy. In these cases, the operating unit should develop a written plan that allows the individual to receive the necessary training as quickly as possible in order to obtain these competencies and subsequent certification.

USAID has developed a CTO Certification Program designed to provide CTOs the basic knowledge and skills they need to effectively administer contracts and assistance instruments.

Overall, none of USAID/Egypt's CTOs had completed all 4 certification courses: 4 CTOs completed 3 of the 4 CTO courses; 15 CTOs completed 2 courses; 19 CTOs completed 1 course; and 10 CTOs had not taken any of the 4 courses, however, these 10 CTOs had attended other training programs that preceded the new certification program.

In regards to the courses attended:

- Thirty-six CTOs (75 percent) and five CTO Supervisors (50 percent) attended the Acquisition and Assistance overview course.

- Fifteen CTOs (31 percent) and two CTO Supervisors (20 percent) attended the Acquisition Management course.

- Six CTOs (13 percent) attended the Assistance Management course.

- Four CTOs (8 percent) and two CTO Supervisors (20 percent) attended the Pre-Award Responsibilities course.

Table 1 below illustrates the percentage of CTOs who had completed each of the four training courses.

Table 1. CTO Training Attendance from October 1999 to March 2003
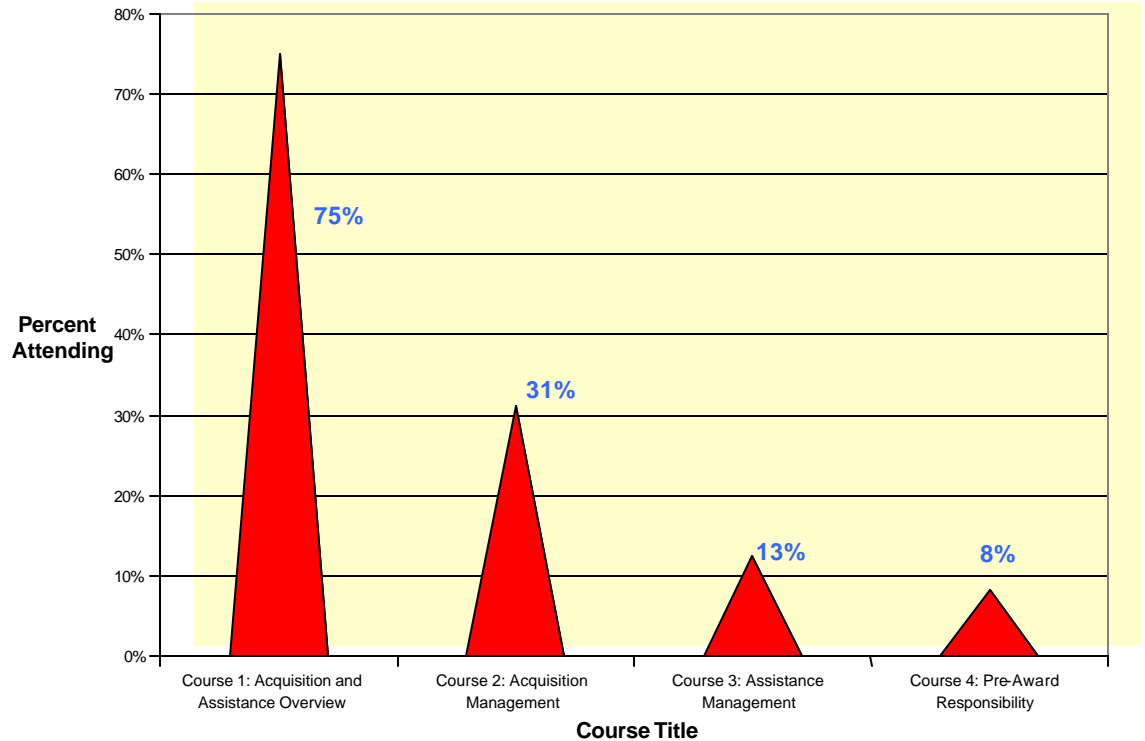
One Mission official explained that CTOs had not taken all of the certification courses because the course structure had changed over a two-year period, going from four courses to three courses. The entire series of three courses was scheduled to be conducted in Cairo during March 2003, but was cancelled by USAID Bureau for Management's Learning Support Division. Currently, the program consists of two five-day courses without a defined equivalency for courses already taken. In addition, the official said that the Mission's CTOs had not completed the program because the USAID Bureau for Management's Learning Support Division had never issued any guidance as to the length of time CTOs have to complete all courses. Furthermore, neither the Mission's CTOs nor the Training Office knew if CTOs who managed only acquisition instruments needed to take the assistance course.

Most CTOs who responded to a questionnaire reported that they needed additional training in the required competencies established by USAID. Additionally, CTO Supervisors, CTOs, as well as Contracting Officers and Assistance Officers reported that CTOs could benefit from more training in the following areas: project management, conflict management, negotiation, supervision, and advanced writing skills. These additional training needs shown in table 2 (on page 10) were reflected in the Mission's training plan for fiscal year 2003.

Table 2. Number and Percentage of CTOs Who Said They Needed Additional Training to Demonstrate Selected Competencies Needed 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	49	40	82
Knowledge of contracting ethics including conflicts of interest and security of information	50	25	50
Ability to develop contract requirements, conduct market research, and prepare requirements documents and statements of work	50	40	80
Ability to request/assess bid and proposals	50	41	82
Ability to conduct price and cost determinations	50	40	80
Ability to monitor contractor performance	50	33	66
Ability to process contracting actions	50	31	62
Knowledge of documentation requirements including tracking orders, deliverables, timesheets, and other record keeping	50	31	62
Ability to close-out, terminate contract appeals and protests	50	35	70
Ability to administratively approve vouchers for payment	50	22	44
Required Competencies for Grants and Cooperative Agreements			
Knowledge of elements of an award	43	31	72
Knowledge of USAID's policy on competition	43	32	74
Knowledge of types of assistance instruments	43	30	70
Knowledge of USAID Source Origin/Nationality Requirements	42	29	69
Ability to process closeout procedures	43	31	72
Ability to monitor and evaluate recipients' performance	42	27	64
Ability to review and analyze performance and financial reports and verify timely delivery	43	29	67

CTOs must have the requisite competencies if they are expected to perform efficiently but, due to the lack of training, the USAID/Egypt's CTOs may not be fully capable of performing their duties properly.

> **Recommendation No. 1: We recommend that the Director, USAID/Egypt, in coordination with the USAID Bureau for Management's Learning Support Division, (a) assess course comparability and determine the additional courses required for the Mission's Cognizant Technical Officers to complete the certification program, and (b) arrange for Cognizant Technical Officers to attend the necessary training.**

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

USAID/Egypt did not always hold its CTOs accountable for performing their responsibilities in accordance with USAID policies and regulations. To illustrate, the Mission did not always ensure that rating officials established timely performance expectations for several of its CTOs. Further, the Mission did not ensure that all rating officials evaluated the performance of individual CTOs at the end of their rating cycle. The following section discusses this issue.

**USAID/Egypt Needs to Establish Timely
Performance Expectations and Evaluations**

USAID/Egypt did not always hold its CTOs accountable for performing their responsibilities in accordance with USAID policies and regulations. This happened because CTO supervisors did not adhere to Federal and USAID policies which require timely establishment of work plans and timely evaluation of employee performance. As a result, CTOs may not obtain a realistic and equitable performance evaluation, and may not be held accountable for not performing their duties properly.

Federal and USAID policies require the performance of USAID employees to be evaluated.

- The Foreign Affairs Handbook, 3 FAH-2-135 (B) (2), requires rating officers to explain to each employee the duties of the position and requirements for satisfactory performance at the beginning of the rating period. This Handbook also requires that work plans and performance evaluations for Foreign Service National employees be reported on the Work Plan and Performance Evaluation Report for Foreign Service National Personnel (Form JF-50.)
- USAID/Egypt's policy for developing work plans for Foreign Service Nationals requires work plans for all incumbents of positions at the FSN-9 level and above. The policy further requires the employee and the rating official to discuss work requirements and specific goals and objectives at the beginning of the rating cycle, and formally record them on the JF-50 Form within 30 days from the beginning of the rating period. The rated employee, rating officer, and reviewing official must sign and date the form and send the original to the Mission's personnel office as soon as it is completed.
- USAID/Egypt's Mission Order 14-05 says that the performance of all American Personal Service Contractor employees shall be evaluated on Form USAID/C/53/94 during the twelfth month of each year of service. General, continuing responsibilities should be listed in section A of this form. Any specific objective to be accomplished during the succeeding 11

month period should be added to the Contractor Performance Appraisal in Section B. The Mission Order further says that supervisors shall meet with contractor employees during the first 30 days of the contractor's initial work cycle to discuss the employee's scope of work as outlined in his/her contract.

Contrary to the criteria above, USAID/Egypt did not always hold its CTOs accountable for performing their responsibilities in accordance with USAID policies and regulations.

As of March 30, 2003, USAID/Egypt had 51 active designated CTOs. This universe included three CTOs who managed personal service contracts, which were not considered in the sample selection. We selected a statistical sample of 33 CTOs from the remaining 48 CTOs in the universe. The CTO sample included 4 U.S. Direct Hires; 5 U.S. Personal Service Contractors; 1 Technical Advisor in AIDS, Child Survival; and 23 Foreign Service Nationals. While all 33 CTOs had position descriptions or contracts that clearly delineated their general duties and responsibilities, 13 (39 percent) did not have work plans established at the beginning of their rating cycle.

Additionally, USAID/Egypt did not ensure that all rating officials evaluated the performance of individual CTOs at the end of their rating cycle. For example, performance evaluation reports were overdue by more than three months for 5 Foreign Service Nationals and 2 Personal Service Contractors, or 21 percent of the 33 selected CTOs.

A Mission official said that some supervisors orally discuss work objectives with the rated employee at the beginning of the rating cycle but fail to record them on the JF-50 form until the end of the cycle when the evaluations are due. The official said that other supervisors do not always respond timely to the Human Resources Division's request for work plans.

Without timely prepared work plans and performance reports, employees may not obtain a realistic and equitable performance evaluation. In addition, they may not be held accountable for not performing their duties.

> **Recommendation No. 2: We recommend that the Director, USAID/Egypt require adherence to its policies that call for rating officials to (a) establish, discuss, and formally record employee work plans at the beginning of the rating cycle; and (b) evaluate the performance of individual Cognizant Technical Officers at the end of their rating cycle.**

Management Comments and Our Evaluation

In response to our draft report, USAID/Egypt provided written comments that described the actions taken or planned to address our recommendations. The Mission's written comments are included in their entirety as Appendix II. USAID/Egypt has taken the following actions:

In regards to Recommendation No. 1, the Mission said that names of all USAID/Egypt CTOs were entered in the USAID/Washington database as well as the certification courses completed to date. USAID Bureau for Management's Learning Support Division will verify this data based on which certification will be issued to the CTOs who completed the required courses. The Mission also said that the training office has sent a reminder to all USAID/Egypt's CTOs advising on completed courses and what remains to be taken to become certified. In addition, the Mission said that CTOs were notified to enroll themselves in the planned certification courses scheduled to take place in Cairo during the period of November 30 through December 15, 2003, or in the U.S. or at any other available site. Based on the Mission's comments, we consider that final action on Recommendation No. 1 has occurred.

In regards to Recommendation No. 2, the Mission said that the Office of Procurement will update the CTO list on a quarterly basis. The Mission also said that the Human Resource Division for Foreign Service National (FSN) employees will ensure that CTO responsibilities are documented on annual FSN work plans and performance evaluations. In addition, the Mission said that the Management Office will report to the Front Office the names of rating officials who become more than two months late in submitting Work Plans and/or Performance Evaluation Reports for the FSN CTOs they supervise for action. Based on the Mission's comments, we consider that final action on Recommendation No. 2 has occurred.

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Scope and Methodology

Scope

Regional Inspector General/Cairo conducted the audit in accordance with generally accepted government auditing standards. The audit was designed to answer two questions:

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

- Did USAID/Egypt hold its 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 management controls related to (1) the identification of the tasks to be performed by Cognizant Technical Officers, (2) the identification of training needed by Cognizant Technical Officers, (3) the provision of training to Cognizant Technical Officers, (4) the establishment of work objectives and performance plans for Cognizant Technical Officers, and (5) the evaluation of Cognizant Technical Officer performance. We also collected information from Cognizant Technical Officers, contracting staff, regional legal advisor staff, and recipients.

We conducted the audit at USAID/Egypt in Cairo. The audit fieldwork was conducted from March 18 through June 12, 2003.

Methodology

To answer both audit objectives, we used a questionnaire designed by the Performance Audit Division of the Office of Inspector General to collect information from USAID/Egypt's CTOs. Through the questionnaire, we obtained information on the CTOs' background, training, and experience performing CTO tasks.

As of March 30, 2003, USAID/Egypt had 51 active designated CTOs. The universe included three CTOs who managed personal service contracts, which were not considered in the sample selection. The questionnaire was distributed to all 51 CTOs, and everyone responded. We did not develop materiality thresholds for the audit objectives.

The audit team selected a statistical sample of 33 CTOs from the CTO universe. The sample included 4 U.S. Direct Hires; 5 U.S. Personal Service Contractors; 1 Technical Advisor in AIDS, Child Survival and Population; and 23 Foreign Service Nationals.

In addition to distributing the questionnaire and analyzing the responses, we interviewed the CTOs selected in our sample and the Mission's 10 direct CTO

supervisors. We also interviewed the Mission's contracting officers as well as 13 recipients selected judgmentally.

To answer the second objective, we reviewed position descriptions, work objectives, work plans, and performance evaluation reports for the 33 CTOs selected in our sample. We reviewed these documents to determine if position descriptions, work objectives, and work plans adequately delineated the CTOs general duties and responsibilities. We also reviewed the status of work plans and performance evaluation reports to ensure that these documents were submitted timely to USAID/Egypt Office of Human Resources.

Management
Comments

November 13, 2003

Memorandum

To:　　　　Darryl T. Burris, RIG/Cairo

From: Mary C. Ott, D/DIR //Signed//

Subject:　　　Audit of USAID/Egypt's Training, Use and Accountability of Cognizant Technical
Officers (Draft Report)

The Mission has taken the following actions to respond to the subject audit report
Recommendations No. 1 and 2:

Recommendation No. 1:

**We recommend that the Director, USAID/Egypt, in coordination with the USAID Bureau
for Management's Learning Support Division, (a) assess course comparability and
determine the additional courses required for the Mission's Cognizant Technical Officers to
complete the certification program, and (b) arrange for Cognizant Technical Officers to
attend the necessary training.**

Response to Recommendation No. 1:

o　In October 2003, data entry was reflected in
HR/LS/Washington's Cognizant Technical Officers (CTO) database for all USAID/Egypt's CTOs,
using the list provided by USAID/Egypt's Procurement Office dated March 30, 2003. Names of all
USAID/Egypt CTOs were entered in the USAID/Washington database as well as the certification
courses completed to date, **(Attachment a).** HR/LS/Washington will verify this data based on which
certification will be issued for the CTOs who have completed the required courses.

o　USAID/Egypt's CTOs needing the certification courses were notified to enroll themselves in the
planned certification courses scheduled to take place in Cairo during the period of November 30
through　 December 15, 2003, **(Attachment b).** A Mission-wide announcement went out　on
September 9, 2003 for these courses among other Agency regional training courses offered in Cairo,
(Attachment c). Dates and description of these courses are available on USAID/Cairo's Intranet
under Training/Classes category. CTOs can also enroll themselves in these required courses offered
by HR/LS/Washington in the U.S. or at any other available site. The Mission's CTOs have priority
for attending courses organized in Cairo.

o The Mission training office has sent a reminder to all USAID/Egypt's CTOs included on the March 30, 2003 list of the Cairo course offerings in November/December 2003. The reminder advised each CTO which courses he/she has completed and what remains to be taken to become certified.

Recommendation No. 2:

We recommend that the Director, USAID/Egypt require adherence to its policies that call for rating officials to (a) establish, discuss, and formally record employee work plans at the beginning of the rating cycle; and (b) evaluate the performance of individual Cognizant Technical Officers at the end of their rating cycle.

Response to Recommendation No. 2:

o The Procurement Office provided a list of all FSN CTOs (both formal & informal), **(Attachment d)**. The Procurement Office will provide updates of the list on a quarterly basis.

o In sending requests for annual FSN Work Plans and Performance Evaluations to raters of CTOs, HR FSN will emphasize that the CTO responsibility must be documented for each and will review completed reports to ensure the same, **(Attachment e – two sample requests).** Starting August 2003 (following receipt of the CTO list from the Procurement Office), HR FSN has sent 11 requests for Work Plans and nine requests for Performance Evaluations to raters of CTOs, which included a statement emphasizing the importance of documenting the CTO responsibility**.** We have also received three completed Performance Evaluations and ensured that they document the CTO responsibility, **(Due to the confidentiality nature of these reports, they are available in MGT/HR for review).**

Transmitting requests to raters of ALL FSN CTOs will span over almost a year due to the fact that the rating cycle dates for FSNs is not currently set on a fixed date every year (they vary because they are primarily based on employees' anniversaries in current positions). Attached is a list of the current rating cycle dates for work plans and performance evaluations for FSN CTOs, **(Attachment f).**

o MGT/EXO office will report to the Front Office the names of rating officials who become more than two months late in submitting Work Plans and/or Performance Evaluation Reports for the FSN CTOs they supervise.

In view of the above, the Mission believes that final action has been taken and requests RIG/Cairo to close Recommendation Nos. 1 and 2 under the subject audit.

Atts: a/s

CC:
OD/SCS, R. Harber
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