

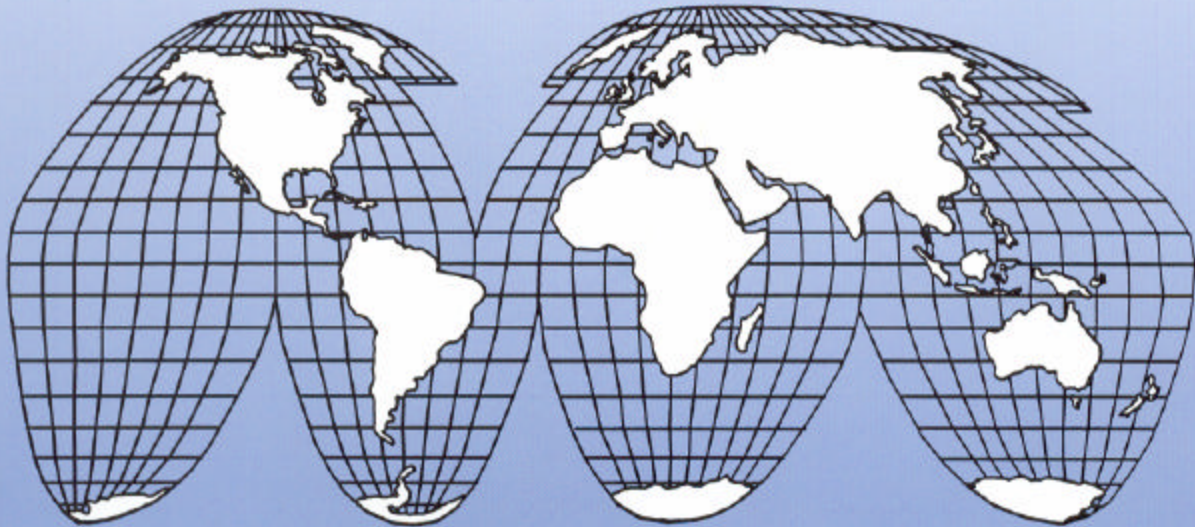
USAID

OFFICE OF INSPECTOR GENERAL

Audit of USAID/Egypt's Participant Training Activities

Audit Report No. 6-263-04-004-P

May 18, 2004



Cairo, Egypt

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May 18, 2004

MEMORANDUM

FOR: USAID/Egypt Director, Kenneth C. Ellis

FROM: RIG/Cairo, David H. Pritchard /s/

SUBJECT: Audit of USAID/Egypt's Participant Training Activities
(Report No. 6-263-04-004-P)

This memorandum transmits our final report on the subject audit. We considered your comments to the draft report and have included them in their entirety as Appendix II.

This report includes three recommendations to assist the Director, USAID/Egypt to improve controls and strengthen USAID/Egypt's participant training activities. Based on your comments to the draft report, we consider management decisions to have been made on all three recommendations but final actions are pending. USAID/Egypt should coordinate final action on the recommendations with USAID's Office of Management Planning and Innovation.

I appreciate the cooperation and courtesy extended to my staff during the audit.

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Summary of Results

The objectives of this audit were to determine (1) if USAID/Egypt complied with selected requirements for its participant training program; (2) if any participant trainees from Egypt did not return from the United States and, if so, what actions were taken by USAID/Egypt; and (3) what additional actions the Mission should take to meet new participant training program requirements (see page 7).

USAID/Egypt complied with three of four selected requirements for administering participant training. The three requirements that USAID/Egypt met were to (1) identify the roles of personnel for entering, verifying and approving participant trainee data as required by the visa compliance guidance; (2) use the USAID's Training Results and Information Network database; and (3) ensure that all participants sent to the U.S. for training were issued a J-11 visa as required by USAID guidance. (see page 7). Further to its credit, USAID/Egypt reported on 21 non-returnees while sending approximately 3,700 participants to the U.S. from October 1999 to April 2003. (see page 10). Additionally, USAID/Egypt took several positive steps to ensure that the new requirements to more actively manage participant training programs are met (see page 12).

However, certain problems continued to affect the overall success of the program. These included a lack of sufficient documentation (see page 9); unreliable monitoring of participant trainees' return to their home country and reporting of non-returnees (see page 10); and incomplete efforts to collect debts arising from participants not returning to their home country (see page 11).

To help USAID/Egypt strengthen its participant training program, this report recommends that the Mission Director (1) develop and implement procedures to ensure that training files contain evidence of participants' Individual Taxpayer Identification Numbers (see page 9), (2) develop and implement procedures to verify and document participants' return to Egypt (see page 11), and (3) recover the amount of \$230,173 plus interest from the non-returnees who have not previously been billed (see page 12).

In responding to our draft report, the Mission agreed with the three recommendations. We consider that management decisions have been made on all three recommendations but final actions are pending.

Appendix II contains USAID/Egypt's comments on our draft report (see page 17).

Background

Each year, USAID's worldwide participant training programs send approximately 6,000 people to the United States.² According to USAID, "participants" may be

¹ J-1 nonimmigrant visas are issued to foreign nationals who have been selected by a sponsor designated by the U.S. State Department to participate in an exchange visitor program in the United States.

² Participant training can also be conducted in-country or in a third country.

host country residents or foreign nationals taking part in a structured learning activity. Participant training is considered as either short-term or long-term (about nine months or more) which may include a range of learning activities such as study tours, observational tours, conferences, and academic training. USAID's participant trainee data are collected and reported through USAID's Training Results and Information Network database that a contractor developed, maintained, and managed.

As a result of homeland security concerns and the recent attacks on the U.S., increased attention is now given to all visitors to the U.S., including those for participant training activities. In addition, new regulations by the U.S. Immigration and Naturalization Service³ and the Department of State changed and established more specific procedures for issuing J-1 visas; monitoring exchange visitors; and recording such status changes such as new addresses, altering courses, etc.

Also, the U.S. Immigration and Naturalization Service developed its own database—the Student and Exchange Visitor Information System, which required implementation by all sponsors on February 15, 2003, to input data requests for J-1 visa applications and print them. With timely input and accurate data, this system is designed to track the status and location of all foreign students in the U.S. on three different types of visas, although USAID will only use the J-1 visa for its participant training activities. The U.S. Immigration and Naturalization Service further determined that all students in the U.S., as of August 1, 2003, will be included in the Student and Exchange Visitor Information System, including those who were in the U.S. before the initial implementation of this system on February 15, 2003.

To implement these changes, USAID published a document titled “The Complete Guide-USAID Visa Compliance” in April 2003. This guidance instituted more centralized control over USAID's participant training activities. Under the new process, each participant trainee's sponsor enters information for J-1 visa application into USAID's Training Results and Information Network. The information in USAID's Training Results and Information Network is automatically fed into USAID's Visa Compliance System, a secure web-based system which facilitates data interchange between USAID's Training Results and Information Network and Student and Exchange Visitor Information System. A U.S. citizen on USAID's staff at the mission level must review the application data and forward the approved data to USAID/Washington for submission to Student and Exchange Visitor Information System.

USAID/Egypt's Human Development and Democracy Office manages the Mission's participant training program. A U.S. personal services contractor and

³ In March 2003, the visa processing responsibilities of the U.S. Immigration and Naturalization Service (INS) were transferred to the U.S. Department of Homeland Security's Bureau of Citizenship and Immigration Services.

Foreign Service National training specialist oversee the training activities, including approving data in USAID's Visa Compliance System, facilitating the visa process, and maintaining participant records. A contracted firm assists the Mission in implementing participant training in Egypt, as well as supporting and monitoring participants while they are in the United States. This firm is responsible for meeting with participants, entering and approving data in USAID's Training Results and Information Network, maintaining training records, and monitoring participants in the U.S. and upon return to Egypt. Between fiscal year 2000 and 2003, 3,678 participant trainees from Egypt have been sent to the United States for 4,139 training courses, funded partly or wholly by USAID.

Audit Objectives

We conducted the audit at USAID/Egypt as part of a world-wide audit of USAID's participant training activities.

The audit was designed to answer the following objectives relating to participant training activities:

- Has USAID/Egypt complied with selected requirements for administering participant training conducted in the United States?
- What have been the non-returnee rates for overseas participants from USAID/Egypt who were trained in the United States, and did USAID/Egypt take appropriate actions when participants failed to return to their home countries?
- What additional actions should USAID/Egypt take to meet new requirements for selecting, monitoring, and reporting on participants training in the United States?

Appendix I discusses the audit's scope and methodology.

Audit Findings

Has USAID/Egypt complied with selected requirements for administering participant training conducted in the United States?

USAID/Egypt complied with three of the four selected requirements for administering participant training conducted in the United States.

The three requirements that USAID/Egypt met were to (1) identify the roles of personnel for entering, verifying and approving participant trainee data as required by the visa compliance guidance, (2) use the USAID's Training Results

and Information Network database, and (3) ensure that all participants sent to the U.S. for training were issued a J-1⁴ visa as required by USAID guidance.

In April 2003, USAID published a document titled “The Complete Guide-USAID Visa Compliance”. The guide defined the roles that needed to be filled by Mission personnel and implementing partners to administer participant training events. The guide defined three roles that were applicable to the Mission—data entry, data verification, and participant training application approval.

Pursuant to this guide, USAID/Egypt identified and assigned one staff member, a United States citizen, to the participant training application approval role. The Mission appropriately assigned data entry and data verification roles to the contractor who implemented the participant training program.

As required by the USAID Automated Directives System (ADS), the Mission used the Training Results and Information Network database to store data for all USAID-funded participants traveling to the United States for training.⁵

USAID/Egypt and contractor staff involved with the participant training program were well trained in their respective Training Results and Information Network database roles. The staff also had good working knowledge of the USAID system and its interface with the contractor’s system.

ADS 253.5.6(a) requires any foreign national attending a training activity in the United States, who is sponsored fully or in part with United States government funds, to enter the United States on a J1 visa. This requirement applies to training of any length.

USAID/Egypt and the U.S. Embassy in Cairo (where J-1 visas are processed) were vigilant regarding issuance of J-1 visas for participant trainees. Before a participant was issued a visa, he or she had to satisfactorily pass a screening process performed by a consular officer at the U.S. Embassy, Cairo. The screening process included a personal interview and a check for adverse information in United States government records. Of the 42 visa files sampled for participant trainees from fiscal years 2002 and 2003, a J-1 visa was approved for all participants traveling to the United States.

Despite these accomplishments, however, USAID/Egypt did not comply with another ADS requirement related to the documentation of participant trainees’ taxpayer identification numbers. The following section discusses this issue.

⁴ J-1 nonimmigrant visas are issued to foreign nationals who have been selected by a sponsor designated by the U.S. State Department to participate in an exchange visitor program in the United States.

⁵ However, the data was not entered directly into the USAID database. Rather, it was entered into a database owned and managed by the Mission’s centralized participant training contractor and then transferred in batches to USAID’s Training Results and Information Network database.

Participant Training Files Were Not Complete

USAID/Egypt did not document one of four requirements tested in the Mission's participant training files. This occurred because the Mission relied on its contractor in Washington to maintain this information. As a result, none of the participant's files at USAID/Egypt contained evidence of their Social Security Number or Individual Taxpayer Identification Number as required by ADS 253.

ADS 253.5.6 requires: (1) the purchase of health and accident insurance coverage, (2) certification of medical eligibility, except when a health and accident coverage policy has been purchased for training programs of less than 31 days; and (3) evidence of proficiency in English. According to ADS 253, all J-1 visa holders assisted with funds from U.S. sources, including USAID, are subject to the Internal Revenue Service requirement of filing U.S. tax returns, whether or not tax payments are due. Additionally, ADS E253.5.2b further says that all participants without a Social Security Number must be provided with an Individual Taxpayer Identification Number.

USAID/Egypt's files for the sample of 42 participants who were sent to the U.S. for training contained evidence of insurance coverage, medical eligibility, and English proficiency. However, none of the files contained evidence that a Social Security Number or Individual Taxpayer Identification Number was obtained.

This situation occurred because USAID/Egypt's contractor maintained this information in the United States. The Mission's contractor in the United States was responsible for filing tax returns for participants. As a result, none of the participant's files at USAID/Egypt contained evidence of the participant's Social Security Number or Individual Taxpayer Identification Number as required by ADS 253. As a Social Security Number or Individual Taxpayer Identification Number is useful in recovering USAID training funds from participants should they not return from training, the Mission's claim collection efforts may be impeded by the participant's files lacking taxpayer identification numbers.

Recommendation No. 1: We recommend that the Director, USAID/Egypt develop and implement procedures to ensure that training files contain evidence of participants' Individual Taxpayer Identification Numbers.

What have been the non-returnee rates for overseas participants from USAID/Egypt who were trained in the United States, and did USAID/Egypt take appropriate actions when participants failed to return to their home countries?

For the period from October 1998 to April 2003, USAID/Egypt reported 21 non-returnees. Two attended long term training (greater than nine months) and 19 attended short term training. Out of approximately 3,700 foreign nationals who were sent to the United States as participant trainees under USAID/Egypt sponsored programs from October 1999 through April 2003, 18 were reported as non-returnees. This was a non-returnee rate of approximately 0.5 percent over the period. However, there was a risk that more non-returnees existed because the Mission did not have a reliable system to track and report non-returnees.

In 11 of the 21 non-returnee cases, USAID/Egypt issued bills of collection to the participants.

The following sections discuss the vulnerability of the Mission's reporting system and the Mission's need to recover the cost of training for all non-returnees.

USAID/Egypt Needed to Strengthen Its System of Tracking Non-Returnees

Contrary to ADS 253, USAID/Egypt's system of tracking non-returnees was not reliable. This occurred because the Mission did not (1) always follow up with the participants or their employers to ensure that the participants returned to Egypt after their training or (2) establish follow-up procedures designed to track non-returnees. Without adequate tracking, the Mission had no assurance that participants returned to Egypt.

ADS 253.5.2c says that all sponsoring units must track participants for timely return to their home country and to report those participants that do not return. A participant becomes a non-returnee upon exceeding the return date agreed to by all parties in the stakeholder compact/conditions of training. The Mission is required to report all non-returnees to USAID/Washington in writing.

USAID/Egypt reported 21 non-returnees to USAID/Washington, but there was a risk that more existed because of the Mission's unreliable tracking system. The Mission's contractor did not have a process to verify and document the return of participants to Egypt. According to the contractor, although participants were asked to present themselves to the Mission's contractor upon their return, they did not always comply with this request. If the participant did not present themselves to the contractor as requested, the contractor would not report the participant as a non-returnee unless the contractor had certain knowledge that the participant had not returned to Egypt. Thus, if participants notified the contractor that they had

not returned to Egypt, they would be reported as non-returnees. If the participant did not return and did not notify the contractor of this, he or she would not be reported as a non-returnee. As a result, we could not confirm that the 21 participants identified as non-returnees represented the total number of non-returnees.

Without reliable follow-up procedures in place, the Mission could not be assured that participants return to Egypt after training. Additionally, USAID was required to report non-returnees to the U.S. Department of Homeland Security. For USAID to do so, USAID/Egypt needed to establish procedures to reliably determine and report which participants have not returned to Egypt. Therefore, we make the following recommendation:

Recommendation No. 2: We recommend that the Director, USAID/Egypt develop and implement procedures to verify and document participants' return to Egypt in accordance with Automated Directives System Chapter 253.

USAID/Egypt Needed to Collect Training Costs from Non-Returnees

USAID/Egypt issued bills of collection to only 11 of 21 non-returnees because the Mission was unaware of the non-returnees' address. However, lack of knowledge of a non-returnee's current address is not an impediment to issuing a bill of collection for training costs when participants did not honor their agreement to return to Egypt. Therefore, the Mission should issue bills of collection for all non-returnees.

A basic premise of the participant training program is that trainees agree to complete training and return to their home country. Those that do not return are in violation of their conditions of training and subject to repayment of the training costs. When USAID sends a participant to the U.S. for training, USAID agrees to pay for training to be used in the home country, and the participant agrees to complete the training and apply the training in the home country. A participant who does not return to their home country to apply the USAID funded training has an implied obligation to repay the USAID funds expended for training costs.

USAID/Egypt attempted to enforce training agreements made with participants by issuing bills of collection amounting to \$110,013 for 11 of its 21 non-returnees who had a U.S. address. The other non-returnees incurred training costs of \$230,173 for which the Mission had not issued bills of collection. This occurred because the Mission was not aware of the whereabouts of the non-returnees.

Of the 21 non-returnees, 1 received training of one year or more for which USAID/Egypt paid \$87,662. The remaining non-returnees received training for less than a year.

The lack of an address should not prevent the Mission from issuing bills of collection. USAID's regulation on Claims Collection, found in Title 22 Part 213 of the Code of Federal Regulations, details the process for collection and disposal of debts. In brief, USAID issues a bill of collection to the debtor's last known address and, if this is not sufficient, the claim is referred to the Financial Management Service of the Department of Treasury. This organization will then pursue the claim. Therefore, we make the following recommendation:

Recommendation No. 3: We recommend that the Director, USAID/Egypt recover the amount of \$230,173 plus interest from the non-returnees who have not previously been billed.

What additional actions should USAID/Egypt take to meet new requirements for selecting, monitoring, and reporting on participants training in the United States?

In addition to the matters discussed previously in this report, USAID/Egypt needed to update Mission Order 253 "Participant Training". Following is a discussion of items that the Mission needed to address in such guidance to improve management and control of this program.

In December 2002, the Department of Justice and the Immigration and Naturalization Service (now Bureau of Citizenship and Immigration Services) issued new regulations regarding J-1 visas. These regulations require USAID and all other J-1 visa sponsors to electronically input visa application data into the Student and Exchange Visitor Information System by February 15, 2003. This system then verifies the data and allows sponsors to print J-1 visa applications. The regulations also require that sponsors update data regarding the participant's status and location on a "real-time" basis through the training period.

To implement these changes, USAID published a document titled "The Complete Guide-USAID Visa Compliance" in April 2003. This guidance instituted more centralized control over USAID's participant training activities. Under the new process, each participant trainee's sponsor enters information for J-1 visa application into USAID's Training Results and Information Network. The information in USAID's Training Results and Information Network is automatically fed into USAID's Visa Compliance System, a secure web-based system which facilitates data interchange between USAID's Training Results and Information Network and the Student and Exchange Visitor Information System. The application data must be reviewed by a U.S. citizen on USAID's staff at the mission level and, if approved, is forwarded to USAID/Washington for submission to Student and Exchange Visitor Information System.

USAID/Egypt had a United States citizen on the Mission's staff review each J-1 visa application. An applicant was only approved if his or her file contained documentation of (1) health and accident insurance coverage, (2) medical eligibility, and (3) proficiency in English. Using this new process between February 14, 2003, and April 24, 2003, USAID/Egypt had 19 J-1 visas approved without experiencing major difficulties.

USAID/Egypt complied with these requirements and had an effective J-1 visa process, but the Mission needed to consider revising the Mission Order.

**Management
Comments
and Our
Evaluation**

In response to our draft report, USAID/Egypt provided written comments that are included in their entirety as Appendix II.

Regarding Recommendation No. 1, a management decision has been made and final action is pending. The Mission agreed that procedures should be implemented to ensure maintenance of complete documentation in the participant files, particularly the required Individual Taxpayer Identification Numbers. Prior to this audit, the Mission relied on a contractor in the United States to maintain documentation of the participants' Individual Taxpayer Identification Numbers. The Mission has directed that documentation of these numbers be maintained at the USAID/Egypt. Because the contractor has yet to provide the complete documentation to the Mission, final action has not yet taken place.

Regarding Recommendation No. 2, a management decision has been made and final action is pending. The Mission agreed that procedures should be developed and implemented to verify and document participants' return to Egypt. The Mission directed that all participants must attend a reentry meeting upon return to Egypt. Any participant who failed to attend his or her reentry within one month of the scheduled meeting date would be deemed a non-returnee. The Mission planned to report non-returnees to USAID/Washington on a quarterly basis. These procedures will be detailed in an amendment to Mission Order 253.

This audit determined that participants were reported as non-returnees only when the Mission had knowledge that they had failed to return to Egypt contrary to ADS 253 which says that a participant becomes a non-returnee upon exceeding the agreed return date. Because the Mission's new policy corrected this verification and documentation of non-returnees weakness, a management decision has been made. Because Mission Order 253 has not yet been amended to reflect the new policy, final action has not yet taken place.

Regarding Recommendation No. 3, a management decision has been made and final action is pending. The Mission issued bills of collection for all known non-returnees. USAID's Recommendation Final Action (Closure) Procedures of April 2003 (ADS 595.3.1.6d), say that "When a recommendation involves a monetary recovery, the basis for recovery will be documentary evidence reflecting one of

three basic methods used to satisfy a debtor's indebtedness....The issuance of a Bill for Collection is not sufficient for recommendation final action." Final action requires recovery of the funds, referral of the debt to the Department of Treasury, or the write off of the debt as uncollectible. Therefore, a management decision has been made but final action has not taken place.

Scope and Methodology**Scope**

We conducted this audit as part of a worldwide audit of USAID's participant training activities. This audit was conducted in accordance with generally accepted government auditing standards. The audit was designed to answer the following questions:

- **Has USAID/Egypt complied with selected requirements for administering participant training conducted in the United States?**
- **What have been the non-returnee rates for overseas participants from USAID/Egypt who were trained in the United States, and did USAID/Egypt take appropriate actions when participants failed to return to their home countries?**
- **What additional actions should USAID/Egypt take to meet new requirements for selecting, monitoring, and reporting on participants training in the United States?**

To answer these questions, we reviewed training records for all participant trainees from Egypt sent to the United States from October 1999 through April 2003. With respect to non-returnee rates, however, we reviewed records for the period from October 1998 through April 2003. Where appropriate, we tested the management controls relevant to participant training activities such as the use of J-1 visas, the maintenance of participant trainee records, and the reporting of non-returnees to the appropriate United States government agencies.

In addition, we interviewed officials from USAID/Egypt, United States Embassy/Cairo and USAID/Egypt's contractor who were involved with participant training activities in Egypt. We conducted the audit fieldwork from May 5 to July 28, 2003, in Cairo, Egypt.

Methodology

To answer the first objective, we reviewed USAID/Egypt's participant training files for a judgmental sample of 42 of the 1,860 participants sent to the United States in fiscal year 2002. We also reviewed USAID's directives and guidance that were pertinent to the program and reviewed USAID/Egypt's mission directives. We interviewed officials from USAID/Egypt who were involved in participant training activities, and officials from the United States Embassy in Cairo who represented the Security Office and the Consular Office. Finally, we interviewed officials from and reviewed the participant training files of USAID/Egypt's centralized participant training contractor. We reviewed reports generated from the Training Results and

Information Network database, and discussed problems and difficulties with staff at the Mission and the centralized participant training contractor.

To determine the non-returnee rate of Egyptians trained in the United States and whether USAID/Egypt took appropriate actions when participants failed to return to their home countries, we reviewed data from USAID/Egypt and the centralized participant training contractor for the period from fiscal October 1998 to April 2003. We also interviewed officials from the United States Embassy in Cairo.

To answer the first objective, our threshold for a qualified opinion was a 5 percent error or noncompliance rate, and the threshold for an adverse opinion was 10 percent. Setting thresholds for the second and third objectives was not necessary as they were descriptive in nature.

**Management
Comments**

March 9, 2004

MEMORANDUM

To: RIG/Cairo, Darryl T. Burris

From: USAID/Egypt Deputy Director, Mary C. Ott //Signed//

Subject: RIG/Cairo Draft Audit Report dated January 21, 2004 of
USAID/Egypt Participant Training Activities

The USAID/Cairo offices responsible for participant training and Financial Management appreciate the professional and collegial approach to this audit by the RIG/Cairo Office. Following is the Mission's response to the three audit recommendations:

Recommendation 1. We recommend that Director USAID/Egypt, develop and implement procedures to maintain complete documentation in USAID/Egypt files for all future participants in accordance with Automated Directive System Chapter 253.

Response: The Mission agrees that procedures should be implemented to ensure maintenance of complete documentation in the participant files, particularly the required Individual Taxpayer Identification Numbers (ITINs). As noted in the subject report, the ITINs are currently maintained by and available from the Washington office of the centralized participant training contractor in compliance with ADS 253. However, we agree that having the ITINs for participants available at the USAID/Egypt Mission would better facilitate the issuance of bills for collection for non-returnees; the Mission has recently requested and received a list of the ITINs for U.S. based trainees.

To facilitate the collection of the ITINs under reduced staffing levels and a decentralized participant training program, the following procedures will be followed:

- The contract with the current participant training management contractor states that they must keep records, including ITINs, in compliance with ADS 253. Any future contracts/agreements with entities managing participant training activities will, likewise, include the same requirement.
- USAID/Egypt Activity Manager(s) handling participant training activities sponsored by their respective offices will be responsible for obtaining from the contractor, at least quarterly, an updated list of participants and their ITINs and updating the participant training files with this information.
- The responsibilities of the USAID/Egypt Activity Manager(s), including those with respect to the maintenance of ITINs, will be described in an amendment to Mission Order 253. The amendment to Mission Order 253 is scheduled to be completed by September 30, 2004.

It is important to note that USAID/Egypt was notified only recently by the current participant training contractor that some applications for ITINs were rejected by the Internal Revenue Service (IRS). The contractor has informed the Mission that they have received no response from the IRS to their repeated requests for information on the rejections and that they are pursuing the issue through their tax-filing department, which is in the process of formally petitioning the IRS regarding the rejected ITIN applications. The USAID/Washington office responsible for world-wide participant training (EGAT/ED) has been notified by USAID/Egypt and requested to investigate this problem.

For the time-being, therefore, the lists of participants' ITINs to be provided by the contractor to USAID/Egypt will include either the participant's ITIN **OR** a notation that the application was rejected, along with a copy of the rejection notice.

In view of the above, the Mission believes that a management decision has been made and requests RIG/Cairo to resolve the recommendation upon the final report issuance. Closure will be requested from USAID/W upon submission of evidence that final action has been implemented.

Recommendation 2. We recommend that the Director, USAID/Egypt develop and implement procedures for verifying and documenting participants' return to Egypt in accordance with Automated Directive System Chapter 253

Response: We agree that the Mission should develop and implement procedures for verifying and documenting participants' return to Egypt, including steps to ensure that for non-returnees the required notification is made to the Department of Homeland Security, as well as to USAID/Egypt/FM for the issuance of bills for collection. Mandated downsizing of Mission staff and the planned transition from a centralized contractor approach across all Mission activities, to multiple contractor implementing participant training, present a challenge in implementing uniform procedures.

To ensure the proper tracking of returning and non-returning participants, the following steps will be taken:

- USAID/Egypt will require that the contractor(s) responsible for managing the participant training continue the current practice of arranging re-entry meetings for all training programs, prior to participants' scheduled return to Egypt.
- Should a participant fail to attend the scheduled re-entry meeting or to reschedule the meeting within a reasonable time period, the responsible contractor will make every effort to contact the individual with the contact information available (telephone, address, e-mail).
- If the contractor is unable to contact or meet with the participant within one month from his originally scheduled meeting date, or if information becomes available confirming that the participant has not returned to Egypt, the participant will be considered to be a non-returnee, and this fact will be communicated by the contractor(s) to the appropriate Activity Manager at USAID/Egypt.
- Any participant who fails to attend his/her reentry within the one-month period will be deemed ineligible to receive any funding from the USAID/Egypt Follow-on Program.
- A USAID/Egypt employee in the HDD/ET Office will be assigned the responsibility of reporting non-returnees to USAID/Washington (EGAT/ED) and will, on a quarterly basis, provide a list of non-returnees to USAID/Egypt FM/FO for the issuance of bills for collection.

-
- The above procedures will be detailed in an amendment to Mission Order 253.

In view of the above, the Mission believes that a management decision has been made and requests RIG/Cairo to resolve the recommendation upon the final report issuance. Closure will be requested from USAID/W upon submission of evidence that final action has been implemented.

Recommendation 3. We recommend that the Director, USAID/Egypt recover the amount of \$230,173 plus interest from the non-returnees who have not previously been billed.

Response: During FY2003 upon request of RIG/I, USAID/Egypt/FM issued 11 bills for collection for individuals identified as non-returnees of the participant training program. Of the 11 BFCs issued, three of them and their related follow up bills were continually returned to the Mission due to non-identification of the debtors' addresses. On October 30, 2003 three BFCs were referred to the CFO in USAID/W for write off, which were approved and the debts subsequently written off. Since FM received no response on the other eight BFCs issued, these bills with accumulated interest were referred to M/FM/A at USAID/W on September 30, 2004 to be transferred to the U.S. Treasury to effect collection.

Recently, upon request by HDD/ET, the centralized contractor supplied USAID/Egypt with the last known addresses for 12 additional non-returnees. BFCs amounting to \$230,173 were issued to the 12 individuals on February 16, 2004 (copies attached). These BFCs and any subsequent bills to non-returnees which are not collected within the period required in accordance with ADS 625, (90 days for those with ITINs and 180 days for those without ITINs), will be referred with accumulated interest to the U.S. Treasury via USAID/W/M/FM.

In view of the above, the Mission believes that a management decision has been made by issuing the \$230,173 in bills for collection, thus, requests resolution of Recommendation No. 3 upon final report issuance.