



January 8, 2004

MEMORANDUM

TO: PPC/SPP, David E. Eckerson

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

SUBJECT: Follow-up of Recommendations Included in the Audit of USAID-Funded Activities in Nonpresence Countries, Audit Report No. 9-000-99-005-P, dated February 26, 1999
(Report No. 9-000-04-001-S)

This memorandum is our report on a follow-up of prior audit report recommendations included in the subject report. Although this memorandum is not an audit report, it does include a suggestion for your consideration. I appreciate the cooperation and courtesy extended to my staff during this follow-up assignment.

Background

USAID's traditional management model is an in-country mission, with resident U.S. and foreign national employees and personal services contractors filling a variety of program and administrative positions. However, USAID is increasingly funding new or continuing activities in countries where it does not maintain resident U.S. direct hire employees (nonpresence countries). Activities in these nonpresence countries support a variety of developmental, humanitarian, and/or foreign policy objectives.

The USAID Office of Inspector General performed an audit of USAID-Funded Activities in Nonpresence Countries (Report No. 9-000-99-005, dated February 26, 1999) to determine whether USAID was able to identify and report on its activities in nonpresence countries. The audit concluded that USAID was unable to quickly or accurately identify the location, cost, or other basic data about nonpresence country activities. According to USAID's Consolidated Audit Tracking System, management decisions were reached and final actions completed for the two recommendations in the audit report.

The first recommendation was for USAID's Bureau for Policy and Program Coordination (PPC) to consolidate and supplement its existing guidance on

management issues related to nonpresence programming; and ensure inclusion of appropriate guidance into USAID's Automated Directives System (ADS). The second recommendation was for PPC to collaborate with the Bureau for Management/Office of Budget, and develop procedures that will result in the periodic collection of basic information on activities in nonpresence countries and ensure that the resulting information is readily available to USAID managers.

Discussion

USAID management has taken action addressing the recommendations and problem areas identified in the February 1999 audit report.¹ However, the official coordinating USAID's nonpresence country database has indicated that she cannot determine whether all activities in nonpresence countries are being entered in the database system.

Improved Policies and Procedures For Collecting and Providing Information

USAID's Bureau for Policy and Program Coordination (PPC) has initiated several efforts to ensure that needed information on nonpresence country activities is collected and made readily available. Consequently, recommendations made in the prior audit report have been implemented.

- A General Notice on Nonpresence Programming Procedures (last revised September 21, 2000) was issued. This notice required that USAID cease use of any and all prior guidance (in whole or in part) as listed in Attachment 1 of the General Notice. This was done to eliminate prior guidance that was sometimes contradictory and unclear.
- USAID issued guidance on its reporting requirements of activities not managed in country (ANMIC) through ADS 203.3.9.
- USAID contracted for the development of an ANMIC database on its internal web site. The web page includes instructions on how to submit and update data on nonpresence country activities and search the database.

As a result of this and other efforts, problem areas discussed in the prior audit report have been resolved. The problem areas as listed in the prior report and actions taken to correct them are detailed in the appendix to this memorandum.

Conclusion

Based on the follow-up results, we conclude that USAID has undertaken several management actions that have implemented the recommendations and resolved the problem areas identified in the December 1999 audit report. However, as stated by

¹ See Appendix on page 4.

the ANMIC database coordinator, the Agency cannot be certain that all activities in nonpresence countries are being accounted for in its database system. In addition, representatives at the General Council's Office stated that the activity information sheets (AISs) submitted for clearance were at times improperly completed and/or lacked information, which required additional follow-up. In fact, sometimes the AISs had to be redone. The USAID contractor managing the ANMIC database also mentioned that between 2 to 3 percent of all AISs need to be returned to USAID because they lack clearances or use an outdated form.

We believe that training of USAID activity managers can help ensure that all appropriate activities are included in the ANMIC database and that AISs are properly completed. We determined that training concerning the recording of activities not managed in country was provided to activity managers in the first half of calendar year 2000. However, due to other priorities in PPC, the level of subsequent training has diminished and has only been provided through the PAL (planning, achieving, and learning) course and on an intermittent basis with individuals. Unfortunately, high staff turn-over in the very bureaus that need to comply with this policy necessitates regular training in order to maintain compliance with Agency policy. We suggest that PPC help ensure that activity managers are aware of their responsibilities to accurately and fully report on activities not managed in country by continuing its current training efforts and its policy of issuing notices. Moreover, we suggest that these efforts be supplemented by expanded training of Agency staff.

Although we did not request written management comments on this report, we did discuss its findings and conclusions with the Bureau for Policy and Program Coordination (PPC) management. PPC agreed with this report and its suggestion.

PRIOR PROBLEMS AND ACTIONS TAKEN

Prior Problem	Action Taken
Need to coordinate and formalize policies.	ADS 203.3.9 codified USAID’s nonpresence country internal reporting requirements.
Need to address bureau concerns about country data for regional activities.	Activity managers are now submitting country data for regional activities. However, there is no verification of the completeness of that data.
Need a system to collect and update data on nonpresence country activities.	USAID’s internal web site now includes an ANMIC ² database and instructions on how to submit and update data on nonpresence country activities and search the database.
Country-specific information is needed for USAID managers.	Access to the ANMIC data is available to all USAID employees via USAID’s internal web site.
Information is needed to prepare USAID budget presentations.	The ANMIC database contains financial information for each activity.
Information is needed to comply with anti-drug trafficking regulations.	Activity managers are now required to obtain clearance from the General Council’s Office prior to submitting the activity information sheets to the ANMIC database.
Information is needed to comply with legislative restrictions.	Activity managers are now required to obtain clearance from the General Council’s Office prior to submitting the activity information sheets to the ANMIC database.
Information is needed for Department of State Performance Plans.	Access to the ANMIC database is available to all USAID employees via USAID’s internal web site. Consequently, USAID Missions can more readily participate in a U.S. Embassy’s Mission Performance Plan.

² Activities not managed in country.