



March 17, 2004

MEMORANDUM

FOR: USAID Mission for Ukraine, Belarus and Moldova, Mission Director, Christopher Crowley

FROM: Regional Inspector General/Budapest, Nancy J. Lawton /s/

SUBJECT: Audit of USAID Mission for Ukraine, Belarus and Moldova's Management of U.S. Personal Services Contractors
(Report No. B-121-04-003-P)

This is our final report on the subject audit. We reviewed your comments on our draft report, made changes where appropriate, and included your comments in Appendix II. We have also adjusted some of the report language in response to comments from our headquarters staff.

This report contains three recommendations to improve the Mission's management of U.S. personal services contractors. In your written comments, you concurred with these recommendations and our estimate of \$17,000 in cost savings related to Recommendation No. 2. Furthermore, you identified and documented specific actions taken to address our concerns. Therefore, we consider that final action has been taken on all recommendations.

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

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Summary of Results

This audit was conducted to determine (1) if the USAID Mission for Ukraine, Belarus and Moldova¹ (USAID/WNIS) established its requirements for U.S. personal services contractors (USPSCs) in accordance with USAID policies and procedures and (2) whether the Mission awarded USPSC contracts in accordance with selected policies and procedures (see page 6).

USAID/WNIS generally complied with USAID policy guidance related to the establishment of requirements for USPSCs. For example, the Mission actively sought additional U.S. Direct Hire personnel to perform key Mission functions, appropriately identified positions that required U.S. citizens, and hired several USPSCs locally instead of seeking more costly internationally-recruited contractors (see page 6). However, the Mission needs to better document its assessment of recruitment options when addressing mission staffing needs (see pages 8-9).

In general, the Mission awarded personal services contracts in accordance with USAID policies and procedure (see page 9). In some instances, however, USAID/WNIS did not follow all of the specific policies and procedures related to contractor benefits. For example, the Mission made payments for annual leave accrued by USPSCs that were not justified as required by USAID policy (see pages 10-12). In addition, the Mission had not established adequate management controls to prevent excess payment of health insurance benefits (see page 13). Furthermore, the Mission did not always obtain and maintain each contractor's certified salary history before beginning salary negotiations (see pages 13-14).

This report contains three recommendations to improve the Mission's management of USPSCs (see pages 9, 13 and 14). USAID/WNIS concurred with our findings and has taken action to implement the three recommendations (see pages 14-15).

Background

In December 2000, USAID's Office of Inspector General (OIG) identified human capital management as a serious challenge to USAID's management. The OIG recognized that in order for USAID to successfully manage its programs, it must have the right people—with the right training and skills—in the right places at the right time. Shortly thereafter, the U.S. General Accounting Office (GAO) included strategic human capital management as a high-risk area for the Federal government. The GAO stated that, after a decade of government downsizing and curtailed investments in human capital, the human capital strategies of Federal agencies were not appropriately constituted to adequately meet the current and emerging needs of the Federal government.

¹ These three countries make up the Western Newly Independent States (WNIS).

According to a USAID report, USAID's direct-hire staff overseas has decreased by 27 percent between 1992 and 2002, and missions have increasingly relied on the services of U.S. citizens and foreign nationals hired under a variety of mechanisms to manage its day-to-day activities overseas. As a result, U.S. personal services contractors (USPSCs) have become a core part of USAID's workforce. USAID views these contractors as one of the primary sources of specialized assistance available for designing and implementing development programs.

This audit focused on the management of USPSC employees at the Mission for Ukraine, Belarus, and Moldova (USAID/WNIS). USAID/WNIS is a regional mission that funds development programs in the three countries, with FY 2003 funding of approximately \$70 million, \$3.9 million, and \$22 million, respectively. As of October 1, 2003, the Mission's staff included a total of 17 approved USPSC positions: 14 in Kiev, Ukraine (3 of which were vacant); 1 in Minsk, Belarus; and 2 in Chisinau, Moldova (1 of which was vacant).

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- Audit Objectives** The Regional Inspector General/Budapest conducted this audit to answer the following questions:
- Did USAID/WNIS determine its requirement for U.S. personal services contractors in accordance with USAID policies and procedures?
 - Did USAID/WNIS award U.S. personal services contracts in accordance with selected USAID policies and procedures?

The audit was conducted as part of a worldwide audit of USAID's management of personal services contracts. Appendix I discusses the scope and methodology for the audit.

Audit Findings **Did USAID/WNIS determine its requirement for U.S. personal services contractors in accordance with USAID policies and procedures?**

In general, USAID/WNIS determined its requirements for U.S. personal service contractors (USPSCs) in accordance with USAID policies and procedures. However, to strengthen management controls, the Mission needs to better document its assessment of recruitment options.

In September 1995, to address the changing dynamics of its workforce, USAID provided policy guidance in an Agency General Notice entitled *Appropriate Use and Funding of USAID's Non-Direct Hire Workforce*. According to this guidance:

- U.S. Direct Hire (USDH) employees should perform the basic work of the Agency.
- A USPSC should only be considered when the staffing requirement is clearly temporary, when the local recruitment of a U.S. citizen is uniquely suitable, or when all alternatives for utilizing USDH employees have been exhausted.
- Locally-recruited USPSCs, who receive significantly fewer benefits and allowances, should be carefully considered as economical options to the more expensive internationally-recruited USPSCs.
- As FSNs are the least expensive component of the overseas workforce, they are a resource the Agency should increasingly utilize to economically carry out its work.

Consistent with USAID policy, USAID/WNIS made reasonable efforts to obtain and utilize USDH employees before establishing USPSC positions. For example, in both its FY 2002 and 2003 Federal Managers' Financial Integrity Act reports, the Mission identified the lack of sufficient USDH employees as a material weakness in an effort to obtain USAID/Washington approval for additional USDH staff. However, due to USAID's agency-wide personnel shortage, this effort led only to the placement of an additional USDH position in Chisinau, Moldova, and the Mission was required to offset this new position by eliminating a USDH position in Kiev. As a result, USAID/WNIS has relied on USPSCs to fill numerous key positions within the Mission, including some positions that could have been filled by USDH employees, such as the Deputy Executive Officer and the Country Program Coordinator for Belarus.

In addition, consistent with the policy guidance, the Mission created and filled locally-recruited USPSC positions for jobs that were either temporary in nature or required a security clearance. For example, in 2002, the Mission hired a locally-recruited USPSC as a Business Development Specialist; this position was clearly temporary and was eliminated in October 2003. In February 2003, the Mission hired an Executive Specialist to read and categorize the Mission's daily message traffic within a secure facility at the U.S. Embassy. This position required a U.S. citizen with a Top Secret clearance, and the Mission created and filled a locally-recruited USPSC position.

USAID/WNIS Needs to Document Its Assessment of Recruitment Options

USAID policy requires the Mission to consider using locally-hired USPSCs and Foreign Service Nationals (FSNs) as cost-effective alternatives to the more expensive internationally-recruited USPSCs. However, USAID/WNIS could not demonstrate that it had always followed this USAID guidance because, after identifying its staffing requirements, the Mission did not document its assessment of various non-direct hire recruitment options. As a result, USAID/WNIS could not provide reasonable assurance that the Mission always selected the most cost-effective hiring option to meet its staffing needs.

USAID policy regarding the non-direct hire workforce requires managers to carefully consider all recruitment options after mission hiring needs have been established. Missions should carefully evaluate their requirements for internationally-recruited USPSCs, in part because these positions are considerably more expensive than either locally-hired USPSCs or FSNs. Locally-recruited USPSCs generally receive more limited benefits than internationally-recruited USPSCs, while FSNs are usually the least expensive staffing option.

USAID/WNIS could not demonstrate that it had always followed USAID guidance to consider the use of locally-hired USPSCs instead of the more expensive internationally-recruited USPSC to fulfill its hiring needs. As of October 1, 2003, only 3 of the Mission's 17 USPSC positions were classified as locally-recruited positions. In two recent instances, the Mission had converted USPSC positions that had been successfully filled through local solicitation to more expensive internationally-recruited USPSC positions. Furthermore, the Mission had recruited few local USPSCs even though:

- for all local solicitations of USPSC specialist positions from 1998 through 2001, the Mission had little difficulty finding qualified employees at significantly less cost than international hires, and
- in two cases, local recruiting had been more successful, in terms of the number of qualified applicants identified, than international recruiting for the same type of position.

Furthermore, the Mission could not demonstrate that it had consistently followed USAID policy guidance to actively recruit FSNs as economical alternatives to USPSC employees. For example, in 2002, the Mission hired an internationally-recruited USPSC as an Information Advisor and a year later, when the incumbent resigned, the Mission recruited an FSN for the position; the FSN was hired at a greatly reduced cost. The Mission had not documented why an FSN had not originally been sought for this position.

Mission staff stated that for some positions, qualified English-speaking FSNs might be difficult to recruit. However, the Mission has not yet held a solicitation for an FSN professional position that failed to identify appropriate candidates. Recent solicitations for specialist positions in Kiev and in Moldova resulted in several qualified English-speaking FSN candidates, suggesting that other such recruitment opportunities might be possible.

In response to these concerns, Mission officials stated that, as a general practice, prior to each solicitation careful consideration was given to whether an internationally-hired USPSC, a locally-hired USPSC, or an FSN should be recruited. The factors considered before making a final decision include needed skills, the perceived availability of personnel from each job market, and the availability of funds. These decisions, they added, were not documented because USAID policy does not require such documentation.

Although USAID policy does not specifically require that the assessment of recruitment options be documented, a written record of such considerations would be consistent with the general management principles stated in the ADS guidance. For example, ADS 596.3 requires USAID managers and staff to implement appropriate management controls to avoid waste and ensure that management directives are carried out. ADS 596.6 states that these management controls should reasonably ensure, among other things, that regulations are followed and reliable information is obtained, maintained, and used for decision making. Because USAID/WNIS did not document its assessments of hiring options and maintain a record of its management decisions, the Mission could not provide sufficient evidence that it had always selected the most cost-effective hiring option to meet its staffing needs.

To provide greater assurance that decisions related to USPSC requirements are consistent with USAID guidance, we are making the following recommendation:

Recommendation No. 1: We recommend that USAID/WNIS adopt procedures that will document its compliance with USAID policy guidance related to the Mission's non-direct hire workforce.

Did USAID/WNIS award U.S. personal services contracts in accordance with selected USAID policies and procedures?

In general, the Mission awarded personal services contracts in accordance with selected USAID policies and procedures. In some instances, however, the Mission did not follow specific policies and procedures related to contractor benefits.

USAID's Acquisition Regulation (AIDAR) Chapter 7, Appendix D contains the policies and procedures for soliciting and awarding contracts to USPSCs. Major requirements governing these contracts include:

- USPSC contracts should be solicited with full and open competition (unless appropriate waivers are in place).
- Salaries for USPSC positions should be established based on the job's market value.
- Any position determined to be above the GS-13 equivalent and exceeds six months in duration must be classified by USAID in Washington.
- The selection of a personal services contractor must be documented and justified.
- Contractors can receive a three percent annual salary increase subject to satisfactory performance documented in their annual written evaluation, but this amount should not exceed the upper limit of the position's market value.
- Fringe benefits, except in certain cases, should be limited to the benefits available to U.S. government employees.

USAID/WNIS' contract files contained appropriate documentation to indicate that the Mission (1) followed USAID's procedures related to contract competition and solicitations, (2) classified position grade levels locally or in Washington as required, (3) justified and documented the evaluation and selection of candidates, and (4) determined position salaries, contractor salary increases, and fringe benefits in accordance with established policies. In some cases, however, USAID/WNIS did not follow specific procedures related to USPSC awards and contractor benefits. Some of these deviations from policy were relatively minor matters and were, therefore, addressed in a separate management letter. The more significant concerns are detailed below.

USAID/WNIS Did Not Follow Policy Regarding Lump-sum Annual Leave Payments

USAID policy requires that annual leave not taken by the end of a contract period be forfeited unless the requirements of the job precluded the USPSC from taking such leave. Before payment for unused leave can be approved, USPSCs must develop a leave plan early in their tour of duty and demonstrate that the planned leave could not be taken due to job requirements. However, USAID/WNIS could not provide supporting documentation showing that

contractors had met these requirements for payment, and the evidence suggests that the Mission had not followed USAID policy to minimize such payments. As a result, the Mission disbursed approximately \$49,500 in unsupported lump-sum annual leave payments during the past three fiscal years.

Annual leave represents a significant U.S. Government cost; between five and ten percent of a contractor's total salary and benefits can be paid for allowable leave during a contract period. According to AIDAR Appendix D, USPSCs earn annual leave at the rate of between 13 and 26 workdays per year, depending on the length of the contractor's previous service. USAID regulations require USPSCs to develop a vacation leave schedule early in his or her tour of duty, and USAID's USPSC contracts state that all annual leave not taken by the end of the contract be forfeited unless the requirements of the job precluded the employee from taking such leave.

In cases where job requirements preclude the USPSC from taking all accrued annual leave, USAID policy allows the Contracting Officer, with the endorsement of the Mission Director, to approve one of the following:

- leave during the final weeks of the contractor's contract period, or
- a lump-sum payment for leave not taken, provided such leave does not exceed the number of days which can be earned by the employee during a 12-month period.

USAID's Contract Information Bulletin (CIB) 96-19, issued July 12, 1996, reinforces the requirement for USPSCs to establish a plan to use all leave during the contract period and discourages the use of lump-sum payments. According to the CIB:

- every effort should be made to have contractors adhere to leave schedules created early in the contract period,
- lump-sum payments shall not be approved unless it can be demonstrated that despite every effort all leave could not be taken prior to the end of the contract, and
- the practice of routinely approving lump-sum payments for unused leave "should cease immediately."

Our review of 35 files for USPSC contracts that ended between fiscal year 2001 and fiscal year 2003 found that 16 USPSCs (46 percent) had been granted a lump-sum payment for unused annual leave. The number of annual leave hours approved for payment ranged from 10 to 156, with an average of 74 hours. These lump-sum payments ranged from \$422 to \$6,822 for the 16

former USPSCs in the sample—totaling about \$49,500 in excess contract costs.

Contractors had not adequately supported their requests for lump-sum payments as required by the contract provisions and USAID policy. For the 16 contractors who were paid lump sum, only 10 contract files contained a Mission approval for the lump sum payment. Also, none of the payment requests or approval documents contained evidence that:

- the contractors had developed leave schedules as required by the contract, and
- job requirements had interrupted scheduled leave, preventing the contractors from using accrued leave before the end of the contract period.

Furthermore, the Mission did not follow CIB 96-19 when approving lump sum payments for annual leave. For example, in at least two cases, the Mission had approved payments for USPSCs who were resigning in order to take other employment. In such cases, the reason for not taking leave was personal preference, not job-related, and therefore would not meet the criteria for payment. In one additional case, the Mission granted both leave in the concluding weeks of the tour and a lump-sum payment—even though the AIDAR and the contract allow for only one or the other of these compensation methods.

The evidence also suggests that the Contracting Officer and Mission Director, contrary to CIB 96-19 policy, routinely approved requests for lump-sum payments for accrued leave, adding additional costs to the contracts involved. Of the ten requests found in contractor files, all were approved for lump-sum payments.

These routine payments occurred because the USPSCs did not follow the relevant contract provisions regarding planning for the use of leave and because neither the Contracting Officer nor the Mission Director followed USAID's CIB 96-19 policy with regard to granting lump-sum payments. As a result, USAID/WNIS added additional costs to the contracts.

If the Mission's 12 current USPSC contractors make claims at the same rate as our sample of 35 former contractors, the Mission would pay nearly \$17,000 in additional lump-sum claims. In our opinion, by fully implementing USAID policy so that such payments become, as envisioned by the CIB, the exception and not the rule, most (if not all) annual leave payments will be avoided.

We are therefore making the following recommendations:

Recommendation No. 2: We recommend that the Mission Director, USAID/WNIS, establish procedures to ensure compliance with USAID policies and USPSC contract provisions related to annual leave lump-sum payments.

USAID/WNIS Needed Controls on Health Insurance Reimbursements

Contractor health insurance benefits vary according to family size and may be limited by the employee's marital or retirement status. According to the AIDAR, Chapter 7, Appendix D contractors can receive reimbursement for up to 50 percent of their health insurance payments although such payments may not exceed the maximum U.S. Government insurance contribution for direct-hire personnel (currently \$2,050 for single individuals and \$4,575 for contractors with families). These benefits, however, are not available to USPSCs who are covered by a spouse's U.S. government health care plan. Furthermore, retired U.S. government employees must prove that their current insurance does not provide coverage overseas before they can receive any benefits.

USAID/WNIS did not have procedures in place to determine each USPSC's allowable health care benefit based on family size, marital status, or retirement status. Although three of the ten current USPSCs had exceeded the reimbursement ceiling for individuals, the Mission had not verified their eligibility for these benefits. One of these contractors was single but had received the higher benefit level only allowed to contractors with families. When notified of this error, the Mission immediately took action and sought collection of all benefit costs beyond the maximum allowable.

Before the audit fieldwork was completed, the Mission developed new control procedures for determining USPSC eligibility for health insurance benefits and ensuring that such benefits do not exceed the established maximum amounts. Because the control weakness was immediately and adequately addressed by the Mission during the audit, we are not making a recommendation regarding this issue.

USAID/WNIS Did Not Maintain Certified Salary Histories for All Contractors

According to AIDAR Chapter 7 and related guidance, a signed Standard Form (SF) 171 *Application for Federal Employment* or Optional Form (OF) 612, *Optional Form for Federal Employment* must be submitted by each applicant and retained in the contract file. The salary information on these forms, along

with the market value of the position, is used for salary negotiations by the Contracting Officer. USAID requires these specific forms because each form contains a penalty clause for any false statements. (In the past, some applicants had inflated their past salary histories to negotiate a higher salary with USAID.)

Five of the twelve contractor files reviewed did not contain signed SF 171 or OF 612 forms. In four of these cases, unsigned copies of the forms were present; one file contained only an email from the applicant stating a previous salary level. Such documentation does not comply with USAID policy and does not provide the level of assurance offered by fully certified salary histories containing penalty clauses for false statements.

According to Mission personnel, these discrepancies may have occurred because some personnel had been unaware of the need to check for the signature. To ensure appropriate management attention to this problem we are making the following recommendation:

Recommendation No. 3: We recommend that USAID/WNIS obtain and maintain certified statements of past salary history for all USPSC contractors in the format mandated by USAID policy.

Management Comments and Our Evaluations

In response to our draft report, USAID/WNIS concurred with our findings and described actions taken to address the three recommendations.

To address Recommendation No. 1 the Mission implemented the use of a checklist for categorizing new positions at the Mission. The checklist is a written record that documents all the factors considered before making a final decision to hire a U.S. Direct Hire, FSN, locally-recruited USPSC, or internationally-recruited USPSC.

In response to Recommendation No. 2, the Mission issued an action memorandum, signed by the Mission Director, which establishes guidance to ensure that all lump sum payments for unused annual leave comply with USPSC leave policies.

To address Recommendation No. 3, the Mission developed standard solicitation language stating that unsigned SF 171 and OF 612 forms will not be accepted. In addition, the Mission updated its Employee File Checklist to ensure that Mission personnel confirm that each file contains a signed form. Finally, the Mission will also request and retain copies of USAID Form 1420-

17, which contains a clear definition of past salary and a penalty clause for false statements.

The Mission provided adequate documentation showing that each proposed action has been implemented. Therefore, we consider that final action has been taken on all recommendations.

Management comments are presented at Appendix II.

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**Scope and
Methodology****Scope**

OIG's Regional Inspector General, Budapest, audited USAID/WNIS' management of USPSCs in accordance with generally accepted government auditing standards. We conducted the audit at USAID/WNIS in Kiev, Ukraine, from October 6 through November 26, 2003. The audit focused on the Mission's USPSC requirements-determination process, its method of solicitation, contract awards, and compensation of USPSCs on staff at the Mission as of October 1, 2003. To provide an adequate sample size, we included all Mission USPSCs hired as of Fiscal Year 2001, for tests of (1) local USPSC and FSN hiring practices, and (2) annual leave lump-sum payments.

This audit included an examination of management controls, including those associated with determining Mission staffing needs and the Mission's competitive procurement of, setting of salaries for, and awarding of fringe benefits to USPSCs. These controls included the Mission's strategic plan and the Mission's annual report, which address the allocation of USDH, USPSC and FSN staff. Management controls over USPSCs include the guidance contained in the USAID Acquisition Regulation (AIDAR) Chapter 7, Appendix D, various contract information bulletins, and acquisition and assistance policy directives. In planning the audit, we considered prior relevant audit findings related to USAID's human capital.

Methodology

This audit was designed to ascertain (1) if USAID/WNIS determined its requirement for U.S. personal services contractors in accordance with USAID policies and procedures and (2) if USAID/WNIS awarded U.S. personal services contracts in accordance with selected USAID policies and procedures.

In order to achieve the objectives of this audit, we interviewed officials from USAID/WNIS regarding the requirements-determination process for USPSCs, and collected and evaluated related documents. We also reviewed contractor files to (1) assess general management controls over the Mission's USPSC recruitment, solicitation and compensation processes, (2) determine compliance with specific solicitation, hiring and compensation policies and procedures, and (3) provide reasonable assurance that fraudulent acts did not take place. Specifically, we:

- reviewed contracts files for evidence of appropriate competitive procedures, such solicitation on the Agency web site, or appropriate waivers;

- determined if salaries for USPSC positions were established based on the job's market value in the United States and a certified salary history and verified that a signed negotiation memorandum justifying the awarded salary was present;
- verified that the salary stated in each contract aligned with the appropriate GS schedule for the year of hire;
- confirmed that positions were classified according to applicable USAID policies and procedures and verified that the classification records were maintained in each contractor folder;
- confirmed that the selection of each contractor was justified and appropriately documented and, ensured that a signed selection memorandum in the appropriate format was contained in each contract file;
- reviewed the amount and justification for any contractor salary increases and verified current approved salary against the most current disbursement data; and
- determined the level of and justification for any fringe benefits, including annual leave and health insurance reimbursements and verified the disbursement records against payment approval memoranda.

We developed materiality thresholds for discrepancies identified during this audit for the 13 filled contractor positions at the Mission as of October 1, 2003. Specifically, we determined that for USPSC requirements, one case of non-compliance (which would represent about 7.5 percent of the sample) would represent a material condition. For procedural issues, all conditions that may have reduced competition or significantly increased costs to the U.S. government, in the opinion of the auditors, were considered reportable. Audit findings related to record-keeping and contractor file maintenance were deemed reportable only if they occurred in more than 2 cases (about 15 percent) of the sample or represented significant costs to the U.S. government.

**Management
Comments**

Note: Management comments regarding Recommendation No. 3 address an issue included in the draft report but not contained in the final report.



**United States Agency for International Development
Regional Mission for Ukraine, Belarus and Moldova**

February 12, 2004

Nancy Lawton
Regional Inspector General
Budapest, Hungary

Subject: Response to Draft Report of the audit of USAID Mission for Ukraine, Belarus and Moldova's management of Personal Service Contractors – Report No. B-121-04-00x-P, drafted January 14, 2004.

Dear Ms. Lawton:

Thank you for allowing us the opportunity to review the subject draft report and for the professional and cooperative way in which the audit was conducted. We believe the results of the audit will improve Mission management of US Personal Service Contracts.

Following are our comments and a summary of actions taken on the four recommendations included in the draft report:

Recommendation No. 1:

We recommend that USAID/WNIS adopt procedures that will document its compliance with USAID policy regarding the use of its non-direct hire workforce.

We concur with the finding and have taken the following action to address the recommendation:

The mission has implemented the use of a checklist for categorizing new positions. The checklist is a written record that documents all the factors considered before making a final decision of whether to

hire a Direct Hire, FSN, Local Hire USPSC, or Off-Shore USPSC. This check list is attached (See attachment A).

Recommendation No. 2:

We recommend that the Mission Director, USAID/WNIS establish procedures to ensure compliance with USPSC leave policies.

We concur with the finding and potential savings. Mission has taken the following action to address the recommendation:

Attachment B is an action memorandum, signed by the Mission director that establishes strict guidance to ensure that all lump sum payments for unused annual leave comply with USPSC leave policies.

Recommendation No. 3:

We recommend that the cognizant USAID/WNIS Contracting Officer determine the allowability of, and collect as appropriate, questioned costs related to payments for accrued annual leave.

We concur with the finding and have taken the following action to address the recommendation:

Attachment C is an action memorandum, signed by the cognizant Contracting Officer which makes a determination of allowability for each of the questioned costs related to payments for accrued annual leave

Recommendation No. 4:

We recommend that USAID/WNIS obtain and maintain certified statements of past salary history for all USPSC contactors in the format mandated by USAID policy

We concur with the finding and have taken the following action to address the recommendation:

Effective immediately all USPSC solicitations for applications will include the following language:

“Applicants shall submit Optional Form OF-612, Resume and 3 references including full name, telephone number and address. (Note: applicants who submit the SF-171 and 3 references will be considered as having submitted the proper forms for consideration. However, since the SF-171 has been updated through the OF-612, candidates should strive to submit, using the OF-612 and attaching a resume). The OF-612 form is located at the USAID Agency website: www.usaid.gov, click on USAID Forms. Applicants shall sign the application form. Unsigned OF-612 or SF-171 forms shall not be accepted and therefore applicants shall not be considered for the advertised position.”

Additionally, as part of the normal practice of the mission, a standard offer letter is sent to each successful candidate. The offer letter (Attachment D) requests a Biodata Sheet (AID 1420-17). This Biodata Sheet is a certified statement of the Contractor’s past salary history. To ensure that Biodata

sheets are received for each USPSC employee, our Employee File Checklist has been modified to include a check for the Biodata sheet (Attachment E). We use this form for salary negotiation purposes because it contains the definition of salary (which excludes bonuses, profit-sharing arrangements, commissions and consultant fees, extra or overtime work payments, overseas differential, or quarters, cost of living or dependent education allowances).

Since management action has been taken on each of the findings in the draft report, we request that each of the recommendations be closed upon issuance of the final report.

Sincerely,

Christopher D. Crowley
Mission Director

Staffing Categorization Checklist

Position: _____ **Date** _____

1. Does the position meet the definition of a core activity position? Would this person direct or have responsibility for the design, implementation, support, or evaluation of the mission's program?

Yes No

If yes, go to question #2, if not, please explain and go to question #3.

2. Is it possible to fill this position with a Direct-Hire employee?

Yes No

If not, please explain

3. Is it possible to fill this position with an FSN employee?

Yes No

If not, please explain

4. Is it possible to fill this position with a locally recruited USPSC?

Yes No

If not, please explain

5. Based on the above, the following category of staff is recommended:

USDH FSN Internationally Hired USPSC Locally Hired USPSC

OD: _____
Name/ Signature

D/Dir: _____
Name/ Signature



**United States Agency for International Development
Regional Mission for Ukraine, Belarus and Moldova**

Action Memorandum to the Mission Director

To: Christopher D. Crowley, Mission Director
Date: February 9, 2004
Subject: USPSC compensation for Annual Leave
Reference: December 2003 Audit finding

Purpose:

To clarify the Mission policy on lump-sum payments or end of contract leave granted to USPSC employees for annual leave remaining at the termination of their contracts and ensure that mission application of this policy complies with the standard provisions of the USPSC contracts, CIB 96-19 and AIDAR Appendix D.

Background:

It has been the mission practice to compensate USPSC employees for annual leave balance remaining at the time of contract termination. This was annual leave the employees were unable to schedule before the completion of their contracts. In most cases, the employees verbally discussed their leave plans with their supervisors, but were unable to schedule all accrued leave before the end of their contract due to workload demands.

Over the course of three years, twelve payments totaling \$27,861 were made to USPSC employees. Four employees were allowed to take vacation days to the close of their contracts (including one employee who was allowed to take vacation days at the close of his contract, as well as lump-sum payment for those days he did not take).

Discussion:

The standard leave clause of the USPSC contract states the following:

The Contractor in consultation with the USAID Mission shall develop a vacation leave schedule early in his/her tour of duty taking into consideration project requirements, employee preference and other

factors. All vacation leave earned by the contractor must be used during his/her tour of duty. All vacation leave earned by the contractor but not taken will be forfeited unless the requirements of the activity precluded the employee from taking such leave and the Contracting Officer, with the endorsement of the Mission Director, approves one of the following options:

- 1. Taking leave during the concluding weeks of the employee's tour, or*
- 2. Lump-sum payment for leave taken, provided such leave does not exceed the number of days which can be earned by the Contractor during a twelve month period.*

The Regional Inspector General/ Budapest conducted an audit of our USPSC contracts for calendar years 2001 through December 2003. In the draft audit report dated January 14, 2004, the auditors found that 46 percent of the USPSCs had been granted lump-sum payments. In each case, the files contained no evidence that the prerequisite leave plan had been completed, nor was there documentation to demonstrate that job requirements had disrupted these plans. In at least two cases, employees were resigning to take other jobs, indicating that the inability to take their leave was a personal preference and not job-related.

In examining the practice of the Mission, the auditors referred to the 1996 CIB directive admonishing Missions not to routinely approve the lump-sum payments to USPSC employees or allowing annual leave to be taken in the concluding weeks of the employee's tour. That directive states this practice "should cease immediately." Approval cannot be granted unless it can be demonstrated that, despite every effort, all leave could not be taken prior to the end of the contract.

As a result of the finding above, the auditors have made the following recommendation:

"We recommend that the Mission Director, USAID/WNIS establish procedures to ensure compliance with USPSC leave policies."

In order to address this issue adequately, the Mission needs to ensure it is in compliance with existing regulations, which require adequate documentation to support that leave was scheduled in writing, cancelled due to specific work demands, and that attempts were made to reschedule the leave. Once documentation exists to substantiate this, then the final step requires the approval of the Contracting Officer and the endorsement of the Mission Director.

Action:

Effective immediately, in compliance with USPSC leave policies and to avoid the appearance that annual leave is routinely compensated through lump-sum payments or leave days at the end of the contract, the following documentation is required prior to such payments:

- Evidence that the leave was scheduled early in the tour of duty, taking into consideration project requirements, employee preference and other factors.
- Documentation (including copies of emails and/or leave request forms) between the employee and their supervisor that substantiates that the leave was canceled due to exceptional or emergency work demands.

- Documentation that supports a good-faith attempt on the part of the employee to reschedule the annual leave for another date before the termination of the contract.
- A written request from the employee describing the events which precluded the employee from taking their leave balance. This request must be approved by the Contracting Officer and have the concurrence of the Mission Director.

Approved: _____
Christopher D. Crowley
Mission Director

Disapproved: _____
Christopher D. Crowley
Mission Director

Date: _____



United States Agency For International Development
Regional Mission For Ukraine, Belarus and Moldova

September 3, 2003

Dear Ms. ...:

This is in reference to your application for the position of Elections and Political Processes Advisor with the United States Agency for International Development in the field program office in Kiev, Ukraine. This letter constitutes our salary and benefits package offer.

This is a USPSC graded GS-15 position. The salary range for this position is \$85,140-\$110,682. Based on confirmation of your last base salary we can offer you the amount of \$ 97,335 per year. We need you to submit a Biodata Sheet (AID 1420-17) for our files. In addition, Ukraine has a post differential of 20% which is approximately an additional \$19,467 per annum added to the base salary. Total compensation of salary with differential is thus \$116,802 (subject to tax). Ukraine has a Cost of Living Allowance (COLA) which equates to the amount of \$1,530 per year. A fully furnished apartment with appliances will be provided and all utilities, except personal telephone costs, are paid by the mission. The term for this contract would be 2 years from the initial start date.

As an offshore hire USPSC, you are authorized a shipment of NTE 7,200 pounds of HHE (net) and storage NTE 10,800 lbs.; shipment of one POV and airfreight (UAB) 250lbs. (gross). Ukraine is a consumables post and the allowance is 2,500 lbs. weight net to be shipped for a 2 year contract. Shipment of UAB must be initiated within 30 days of arrival at post. Shipment of HHE and consumables must be initiated within the first 360 days at post.

You are eligible for reimbursement of a portion of your health and life insurance costs. (Please note: retired U.S. Government employees shall not be paid additional contributions for health or life insurance under their contracts. The Government will normally have already paid its contribution for the retiree unless the employee can prove to the satisfaction of the Contracting Officer that his/her health and life insurance does not provide or specifically excludes coverage overseas). The contribution for health and life insurance under the proposed contract shall not exceed 50% of the actual costs and are also subject to dollar ceilings set by the Agency. The current health insurance dollar ceilings on an annual basis are (a) not to exceed \$2,050 for contractor only, and (b) not to exceed \$4,575 for contractor with family. The current life insurance dollar ceiling is \$500.00/annum.

Annual and sick leaves are accrued at a rate 4 hours every two weeks. A higher rate (6 hours) is possible if you have documentation to show previous service of at least 3 years as a USAID PSC employee and 8 hours if you have previously served at least 15 years as a USAID PSC employee. Our review of your application indicates that you are eligible for 4 hours of annual leave per pay period.

All USPSCs must have both shown proof of health insurance and medevac (medex) insurance prior to coming to post. Insurance must cover both employee and family members accompanying on orders. Medex insurance can be obtained from MEDEX Assistance Corporation, P.O. Box 5375, Timonium, MD 21094-5375; by calling: (800) 537-2029 (toll-free in U.S.) or (410) 453-6300; by telefaxing: (410) 453-6301; or by emailing: operations@medexassist.com and is reimbursable upon presentation of receipt and voucher.

This offer is contingent on receipt of a) medical clearance from the Department of State Office of Medical Services for employee and dependents and b) security clearance for employee only from the Office of Security, Agency for International Development and c) final signed contract between the contracting official here in Kyiv and yourself. You are required to obtain a security and medical clearance prior to our executing a contract with you. You should not give any notice or make plans to leave your current location until you receive final authorization from us that all clearances are received and a contract is finalized. Should you accept our offer letter, a pre-contract authorization letter will be provided to cover specified costs for medical clearances for yourself. No other pre-contract costs except those specified in the letter will be reimbursed.

We are pleased that you are interested in joining the USAID team. Please sign this letter and return it to us if you accept our offer. Once acceptance from you has been received, we will send you a pre-contract letter authorizing you to proceed with your medical and security clearance processes. Also will be happy to answer any further questions you may have. You can call us at 380-44-4625678 and ask to speak to Victoria Grib, Personnel Officer or contact her at vgrib@usaid.gov. Thank you.

Sincerely,

Donella Russell
Regional Contracting Officer

Acceptance of Offer:

I hereby certify that I accept this offer: _____ Date: _____

Kyiv: Nyzhny Val 19; 04071 Ukraine, Phone/Fax:(380) 44-462-5678/462-5834
Minsk: 46 Starovilenskaya Str., 220002, Belarus. Phone/Fax:(375) 172-210-12-83/234-7853
Chisinau:57/1, Banulescu Bodoni; ASITO 5th Fl.; 2005, Moldova. Phone/Fax: 810-3732-237-460/237277

US PSC CHECKLIST

Contract No: _____		
Name: _____		
Position: _____		
Date: _____		
Signed by: _____		
Contract Period: _____		
Total Estimated Cost: _____		
1.	Contracting Officer has sufficient authority:	Y ___/N ___
2.	Contractor has signed the contract	Y ___/N ___
3.	Funds available dated prior to CO signature	Y ___/N ___
4.	Statement of duties establishes an employer/employee relationship	Y ___/N ___
5.	Market value of the job has been established consistent with GS level	Y ___/N ___
6.	Salary is set in accordance with market value adjusted in accordance with Appendix D OR Mission Director has approved exception	Y ___/N ___
7.	Announcement of the position is in file. Renewals or extensions for the same position do not need to be publicized	Y ___/N ___

	OR At least 3 viable individuals were considered by consulting other source lists	Y ___/N ___
8.	Selection memo with results of interviews (including names and rankings) are included in file.	Y ___/N ___
9.	File contains a signed SF-171 or OF-612 from the Contractor	Y ___/N ___
10.	File contains a signed Biodata sheet (ROD1470-17)	Y ___/N ___
11.	A copy of the class justification is in the file, if limited competition was used.	Y ___/N ___
12.	The CO's certification that the contract is awarded pursuant to AIDAR 706.302-70(b)(1), that its conditions were met, and the cost is fair and reasonable (may be included in neg memo)	Y ___/N ___
13.	If limited competition was not used, the file contains a Sole Source Justification	Y ___/N ___
14.	As applicable, file contains:	
	a. Security clearance	Y ___/N ___
	b. Medical clearance	Y ___/N ___
	c. Names to be notified in an emergency	Y ___/N ___
	d. Approved deviations, if any	Y ___/N ___
	e. For procurement officials, Procurement Integrity Certification (may be elsewhere in Mission)	Y ___/N ___
	f. A record that Agency conflict of interest requirements have been met.	Y ___/N ___
	g. Completed W-4 Form	Y ___/N ___

15.	<p>A negotiation memorandum is in the file discussing:</p> <p>a. Number of applicants and how they were screened to the interview level.</p> <p>b. How the Contractor was selected.</p> <p>c. How the salary level for the Contractor was established.</p> <p>d. Explains any other negotiated costs.</p> <p>e. A determination that the cost is reasonable.</p>	<p>Y ___/N ___</p> <p>Y ___/N ___</p> <p>Y ___/N ___</p> <p>Y ___/N ___</p> <p>Y ___/N ___</p>
16.	The file contains only one contract.	Y ___/N ___
17.	The contract covers only one position.	Y ___/N ___
18.	The Checklist for Personal Services Contracts is in the file and checked accurately.	Y ___/N ___
19.	<p>Contracts are replenished by recurrent obligations AND Amendments are issued at least semiannually to reflect current total estimated costs and current obligations OR Contracts are incrementally funded.</p>	<p>Y ___/N ___</p> <p>Y ___/N ___</p> <p>Y ___/N ___</p>
20.	The Contract has Medevac insurance	Y ___/N ___
21.	General Quality or Other Comments:	