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INTERNATIONAL DIVISION

The Honorable M. Peter McPherson
Administrator, Agency for International
Development



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Dear Mr. McPherson:

On July 9, 1981, we notified you that the General Accounting Office was initiating a survey of personnel staffing practices of the Agency for International Development. During the course of this work, we learned of several recently completed internal Agency studies that covered this subject such as the Task Force Report on Programming and Implementation Processes, the Financial Management Survey of Current Overseas Mission Staff Levels, the AID portfolio management analysis, and also the on-going Financial Management Task Force study of overseas mission staffs. These studies, supplemented by AID testimony at this year's congressional hearings, indicate that AID is taking or is planning to take a number of actions aimed at improving personnel practices and performance. Accordingly, we have decided to postpone further work at this time to enable you to address the related Agency findings and to act on those recommendations you deem most appropriate.

Some of the concerns noted in these studies include:

- the lack of a correlation between a mission's program and the size of its staff;
- the lack of objective criteria for staffing decisions;
- the question of rational assignment of foreign service personnel to Agency headquarters;
- the staffing implications related to suggested "remedies" to improve project implementation;
- the need for specialists with technical skills and in-depth knowledge of their fields; and
- the various problems which arise with contractor personnel performance overseas.

We believe that attention should also be focused on whether the Agency has a justified need for the large number of Participating Agency Service Agreements (PASAs) and Resource Support Service Agreements (RSSAs); and whether all these agreements are actually cost-beneficial. In fiscal year 1980, the level of Agency PASA/RSSA activity reportedly totalled \$39.3 million; PASA


activities at \$24 million were down 9.3 percent from the previous year but RSSAs at \$15.3 million were up 25.6 percent. As of June 30, 1981, the Agency reported that 8.5 percent of its total U.S. national workforce was PASA/RSSA and that 43 percent of the Bureau for Development Support (now under the Bureau of Technology and Science) and 32 percent of the Bureau for Private and Development Cooperation (Bureau for Private Enterprise) were RSSA. A comparison of a June 30, 1981, PASA report with one from June 30, 1977, indicates that 11 of 79 PASA personnel have been employed overseas by the Agency for 4 years.

You may also wish to take this opportunity for an in-depth and critical analysis of the Agency's personal services and other personnel contracts. Since fiscal year 1979, there has been a requirement to limit the Agency's expenditures on personal services contracts (PSCs). The PSC ceilings for fiscal year 1979 and 1981 were \$10 million and \$14.5 million, respectively. Agency Headquarters allocates PSC ceilings to the Bureau which in turn reallocate to the missions. The management of PSC costs has been decentralized and there appears to be no central monitoring. Consequently, Agency Headquarters does not know the status of these funds or what they are purchasing. You may wish to consider establishing a reporting system to enable the Agency to effectively monitor PSC expenditures.

As part of your efforts, you may want to review two recent GAO reports which we believe could be of use: "Civil Servants and Contract Employees: Who Should do What for the Federal Government?" (FPCD-81-43), June 19, 1981, and "Controls Over Consulting Services Contracts at Federal Agencies Need Tightening," (PSAD-80-35), March 20, 1980. We have enclosed one copy of each report.

Since we are deferring further work in this area, as previously mentioned, we will appreciate your advising us as soon as possible of your progress in addressing the Agency's personnel situation.

Sincerely yours,


Samuel W. Bowlin
Associate Director

Enclosure - 2

cc: w/o enclosure
Secretary of State
Attn: Mr. Quaid