

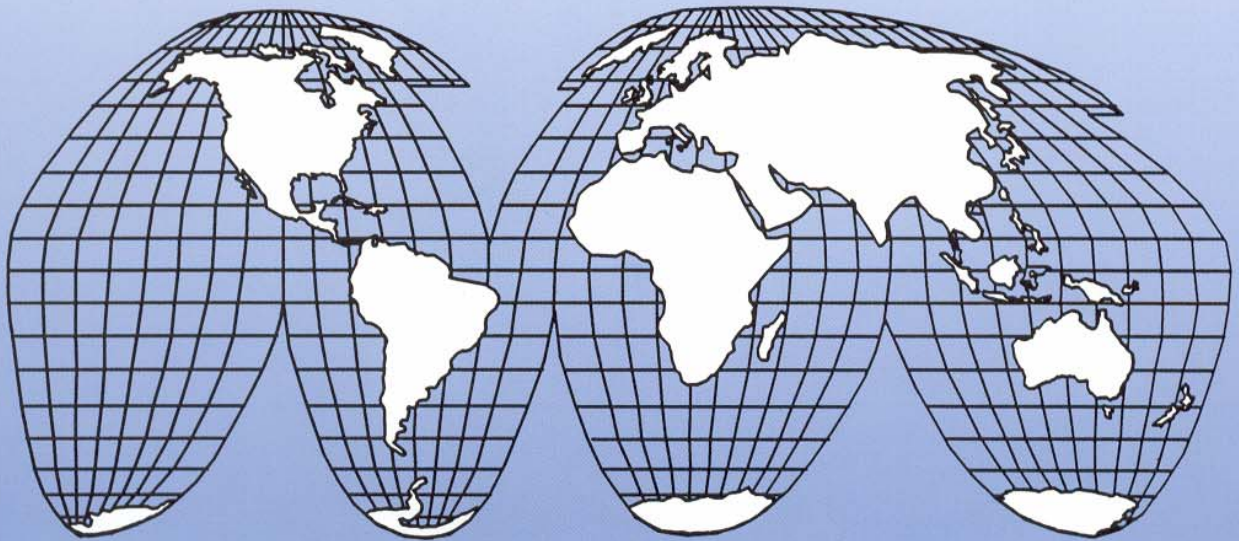
USAID

OFFICE OF INSPECTOR GENERAL

Audit of USAID/Nigeria's Participant Training Activities

7-620-03-004-P

September 12, 2003



Dakar, Senegal



September 12, 2003

MEMORANDUM

FOR: USAID/Nigeria Director, Dawn Liberi

FROM: RIG/Dakar, Lee Jewell III /s/

SUBJECT: Report on Audit of USAID/Nigeria's Participant Training Activities
(Report No. 7-620-03-004-P)

This memorandum is our final report on the subject audit. In finalizing this report, we considered your comments on our draft report and included them in Appendix II.

This report contains four recommendations. Based on actions taken by the Mission in response to the audit findings, management decisions have been reached, and all recommendations are considered closed upon issuance of this report. No further action is required of the Mission.

I appreciate the cooperation and courtesies 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/Nigeria complied with certain requirements for its participant training program; (2) if any participant trainees from Nigeria did not return from the United States and if so, what actions were taken by USAID/Nigeria; and (3) what additional actions the Mission should take to meet new participant training program requirements. USAID/Nigeria has complied with many of the Agency's requirements for participant training. The Mission has complied with requirements to use the Training Results and Information Network system, usually referred to as TraiNet, for processing participant trainee data, and for issuing J-1¹ visas for participants traveling to the United States (see pages 7 to 10). Further to their credit, USAID/Nigeria has not experienced any situations with non-returnees and thus has not had to take any actions to deal with this situation (see page 10). Additionally, USAID/Nigeria has taken several positive steps to ensure that the new requirements to more actively manage participant training programs are met (see pages 10 to 11).

However, certain problems continue to affect the overall success of the program. These include non-compliance with USAID Automated Directives System (ADS) requirements related to obtaining and maintaining documentation on health insurance, medical eligibility and taxpayer identification; performing background checks on participant trainees; and monitoring the participant trainees' progress on a systematic and timely basis (see pages 8 to 10 and 11 to 13).

To help USAID/Nigeria strengthen its participant training program, we are recommending that the Mission Director update the Participant Training Mission Order by (1) incorporating the ADS requirements related to obtaining individual taxpayer identification numbers (see page 9), (2) developing and incorporating a checklist of required documents for each participant trainee file (see page 9), (3) developing and incorporating a process to perform background checks on all participants traveling to the United States (see page 11), and (4) developing and incorporating a process to obtain real-time data on the participants' status while they are in the United States and upon their return to Nigeria. (see page 12).

Background

Each year USAID's participant training programs send approximately 6,000 people to the United States.² According to USAID, "participants" may be host country residents or foreign nationals taking part in a

¹ J-1 visas are nonimmigrant visas issued for participants in educational and cultural exchange programs, such as USAID's participant training program.

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

structured learning activity. Participant training is considered as either short-term or long-term (about 9 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 is collected and reported through its Training Results and Information Network (TraiNet) database that was developed, maintained, and managed by a contractor, Development InfoStructure (DevIS).

As a result of homeland security concerns and the recent attacks on the U.S., increased attention is now being 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 Service (INS)³ and the Department of State have changed and established more specific procedures for issuing J-1 visas, monitoring exchange visitors, and recording various status changes such as new addresses, altering course loads, etc. Also, the INS developed its own database known as the Student and Exchange Visitor Information System (SEVIS) which required implementation by all sponsors on February 15, 2003 to input data requests for J-1 visa applications and print them electronically. With timely input and accurate data, SEVIS 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 INS has further determined that "all" students in the U.S. as of August 1, 2003 will be included in SEVIS, including those who were in the U.S. before the initial implementation of SEVIS on February 15, 2003.

USAID/Nigeria's participant training program is managed by the Office of Program and Project Development. A Foreign Service National Training Specialist oversees the day-to-day training activities, including entering and verifying data in TraiNet and facilitating the visa process. She also supports and provides training to the 27 implementing partners that have access to TraiNet. Between fiscal year 2000 and 2003, 253 participant trainees from Nigeria have been sent to the United States for training, funded partly or wholly by USAID.

Audit Objectives

This audit was conducted at USAID/Nigeria as part of the world-wide Audit of USAID's Participant training activities conducted this fiscal year by each of the six USAID Regional Inspectors General and the Performance Audit division of the Office of Inspector General in Washington, D.C.

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

³ In March 2003, INS was reorganized under the U.S. Department of Homeland Security.

- Has USAID/Nigeria 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/Nigeria who were trained in the United States, and did USAID/Nigeria take appropriate actions when participants failed to return to their home countries?
- What additional actions should USAID/Nigeria take to meet new requirements for selecting, monitoring, and reporting on participants training in the United States?

Appendix I contains a discussion of the scope and methodology for this audit.

Audit Findings

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

USAID/Nigeria has complied with many of the Agency's requirements for participant training, particularly with the use of Training Results and Information Network (TraiNet) and issuance of J-1 visas. The Mission's compliance with these requirements is particularly noteworthy considering the environment in which the program operates. However, the Mission did not comply with requirements pertaining to obtaining evidence on the participant trainees' health insurance, medical eligibility and taxpayer status.

As required by the USAID Automated Directives System (ADS), the Mission uses TraiNet to enter data for all USAID-funded participants traveling to the United States for training. The Mission staff involved with the participant training program are well trained in their respective TraiNet roles and have good working knowledge of the system. Furthermore, the USAID/Nigeria Mission Order for the participant training program, issued October 15, 2002, specifically requires all implementing partners to use TraiNet software to enter information on training programs and participants. In February 2002, a staff member from Development InfoStructure (DevIS), the company that developed TraiNet, provided TraiNet version 2⁴ training to 41 staff from 23 implementing partners, and the Mission's Training Specialist provided additional training. The implementing partners commented positively about the level of support and guidance from the Mission staff and DevIS.

⁴ USAID/Nigeria was the first USAID mission in the world to receive the upgraded TraiNet 2.0.

The Mission's ability to comply with the requirement to use TraiNet is remarkable because of the environment in which the program operates. Mission staff stated that surges and outages of electricity coupled with slow internet connections have hindered the implementing partners' ability to consistently enter and transmit electronic data through TraiNet. Implementing partners we met with also acknowledged this problem. Thus, despite training, support and guidance from the Mission Training Specialist and DevIS, some implementing partners have had and continue to have difficulties using TraiNet. Another complicating factor is that the Mission Training Specialist cannot modify data once it is entered by the implementing partners (due to the design of edit rights in TraiNet), and as a result, she has often engaged in a series of back-and-forth communication via telephone or email with the implementing partners to correct any data entry errors. In some cases, in the interest of time, she herself would make the initial entry of data to ensure that visas were processed sufficiently in advance of the training start date. The level of assistance provided to the implementing partners by the Mission staff to help resolve these problems is commendable.

Regarding the use of J-1 visas, the USAID/Nigeria Mission Order on participant training clearly states that J-1 visas must be used by all USAID-sponsored participants when traveling to the United States for training, including conferences, regardless of the length of the program. The Consular officer in Lagos (where J-1 visas are processed) indicated that his office is vigilant regarding issuance of J-1 visas for participant trainees. The training files for 69 participant trainees in fiscal years 2002 and 2003 corroborated compliance with the requirements, as all but one of the trainees used a J-1 visa when traveling to the United States. The one exception was a physician who traveled on a B-1⁵ visa in order to not miss his training due to delays in the processing of the J-1 visa application.

Despite these accomplishments, however, USAID/Nigeria did not comply with other ADS requirements related to the participant trainees' medical insurance, medical eligibility and taxpayer status.

Mission Needs to Comply with Insurance, Medical Eligibility and Taxpayer Status ADS Requirements

The participant training files maintained by the Mission did not contain documentation or other evidence regarding the participant trainees' health and accident coverage, medical eligibility or taxpayer status, as required by ADS. Specifically, ADS 253.5.6 requires the following for participants whose training in the United States is wholly or partially financed by USAID:

⁵ B-1 visas are non-immigrant visas issued to persons wanting to enter the United States temporarily for business purposes.

- The purchase of a Health and Accident Coverage (HAC) insurance policy.
- A certification of the participant's medical eligibility except when a particular HAC policy has been purchased for training programs of less than 30 days.
- The filing of the necessary forms to obtain an Individual Taxpayer Identification Number (ITIN).

In 2002, the Mission's Federal Managers Financial Integrity Act (FMFIA) report noted a control weakness and associated medium risk to non-compliance with the HAC requirement, and identified the issuance of a Mission Order as the planned corrective action. The subsequent Mission Order related to the participant training program incorporated the requirements for the HAC as well as the medical eligibility certification and further states that proof of both of these should be presented to the Mission's Training Specialist as part of the J-1 visa application process.

Despite the requirements of the ADS and the Mission's own order, the Mission's files for 36 participant trainees in fiscal year 2002 did not contain any documentation on HAC, medical eligibility certification or ITIN. However, the implementing partners who nominated the participant trainees provided documentation that HAC policies had been purchased for 28 of the 36 trainees. According to Mission staff, in some cases they knew that the HAC had been purchased by the implementing partners for their trainees but did not document the purchase in the files, as required by the Mission Order. Also, in other cases, the implementing partner preferred to wait until the participant trainee's visa was issued before purchasing the HAC, in case the visa would not be approved. Additionally, for those participant trainees for whom HAC had not been purchased, the files contained no evidence of a medical certification. Finally, none of the files contained evidence that an ITIN had been obtained for the trainees. The Mission Training Specialist was not aware of the tax identification number requirement.

Therefore, to facilitate tracking of compliance with ADS requirements and to ensure that the Mission obtains and maintains required participant training documents, we make the following two recommendations:

Recommendation No. 1: We recommend that the Mission Director of USAID/Nigeria incorporate the Automated Directives System requirement to obtain an Individual Taxpayer Identification Number into the Mission Order on the participant training program.

Recommendation No. 2: We recommend that the Mission Director of USAID/Nigeria develop a checklist of required documents to be maintained in each participant trainee file and incorporate this checklist into the Mission Order on the participant training program.

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

USAID/Nigeria has been in operation since 1999. For the three-year period between October 1999 and September 2002, USAID/Nigeria has reported no cases of Nigerians not returning after attending USAID-sponsored training in the United States. This was corroborated by data from various sources within USAID/Washington, as well as with implementing partners in Nigeria who have considerable experience sending participant trainees to the United States. Because there have been no cases of non-returnees, the Mission has not had to take any actions to deal with this situation. The Mission Order does specify that any participant trainee that does not return to work will be considered a non-returnee and will be reported to USAID headquarters in Washington, and the information will be forwarded to immigration officials.

According to the Mission officials, most of the participant trainees that are sent to the United States are well-established Nigerian citizens with families and good jobs in Nigeria. Documentation in the participant trainee files for the past several years showed that the trainees have been bank managers, mid- to high-level Nigerian government employees and officials and staff from USAID's implementing partners. Therefore, Mission officials consider the risk of such participant trainees not returning from a short-term program in the United States to be low.

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

USAID/Nigeria has taken steps to meet the new requirements for using TraiNet, the Visa Compliance System and SEVIS for the participant training program. However, the Mission has not fully complied with requirements for conducting background checks or monitoring the progress of participant trainees.

The Mission drafted a revised Mission Order for participant training that references the new requirements of TraiNet, the Visa Compliance System and SEVIS. In this draft order, the Mission increased the amount of time needed to process a J-1 visa from 30 days to 60 days to reflect USAID's visa guidance. The Mission designated appropriate staff to perform the required roles as data Initiator, Verifier and Approver for TraiNet and the Visa Compliance System. Additionally, staff at various implementing partners have been trained and designated as Initiators as allowed by the ADS. Since February 15, 2003, if complete and accurate data is entered into TraiNet, the visa process moves smoothly and relatively fast, with 20 to 30 days between the times of initial data entry to when the Mission receives the J-1 visa. As mentioned earlier, the Training Specialist continues to encourage the implementing partners to initially enter their trainees' data, and is working with them ongoingly to help overcome their data entry problems.

However, certain problems continue to affect the transition to the new process and improvements could be made to ensure full compliance with the ADS and Complete Guide to Visa Compliance. These include performing background checks, and monitoring the progress of the trainees on a systematic and timely basis.

Background Checks Are Needed on Participant Trainees

USAID/Nigeria has not performed any background checks on participants traveling to the United States since February 2003. The January 2003 USAID Complete Guide to Visa Compliance requires that such background checks be performed for all participants traveling to the United States. It further states that the process must be contained in a Mission Order, and must address how the determination will be made and by whom, and the types of acceptable evidence to be relied upon. The evidence and results of the check should be maintained on file with other participant training documentation. However, USAID/Nigeria had not yet established a process to conduct background checks, nor does the draft Mission Order address this requirement. Mission officials noted that for the most part, they have personal knowledge of the participants, who are often officials in the Nigerian government or staff from USAID's implementing partners and do not consider a background investigation to be necessary. The Complete Guide for Visa Compliance states that personal knowledge of the participant is acceptable evidence to be relied upon in making the determination, but that the determination should be documented.

Recommendation No. 3: We recommend that the Mission Director of USAID/Nigeria develop a process to perform background checks for all participants

traveling to the United States and incorporate specific references to this process in the Participant Training Mission Order.

Real-Time Tracking and Monitoring Are Needed on Participant Trainees

USAID/Nigeria did not have a systematic, real-time process in place to track and monitor the changing status of participants in the United States, nor for their return to Nigeria. According to ADS E253.5.2c, USAID sponsoring units or implementing partners are responsible for tracking the whereabouts of participants at all times while in the United States as well as for the timely return to the workplace. Minimum monitoring includes, among other things (1) the participant trainee has arrived and settled into living quarters; (2) the participant trainee is attending program sessions; and (3) the participant trainee's departure arrangements have been made and communicated to USAID. USAID's Complete Guide to Visa Compliance further defines the requirement, stating that information must be tracked and reported using TraiNet on real-time basis (defined as the same day the information is known) as opposed to the prior quarterly tracking reports.

In reviewing the data in TraiNet and Visa Compliance System for participants that were in the United States during the time of our audit work, we noted that most of the records showed the status of the training and the participant trainee as 'Planned' without the basic updates showing that the trainee had arrived and was attending the training sessions. Furthermore, the draft revision of the Mission Order for the participant training program does not include any requirements for sponsors to provide real-time monitoring and tracking of the status of trainees as delineated in the Complete Guide to Visa Compliance. Finally, the 2002 FMFIA report noted a control weakness related to the timely tracking of the participants' return to their workplace by sponsoring units using TraiNet. Although the corrective action for this weakness was to develop a monitoring plan, this plan has yet to be developed. Mission officials indicated that it is often difficult to fully use TraiNet to monitor the participant trainees. This is due to the design of the TraiNet software, which only allows the initial data entry person to update the information in the system. For example, if the Mission Training Specialist made the initial data entry, she must rely on updates via email or telephone from the implementing partners to update her TraiNet files. However, the Mission officials agreed that more could be done to monitor the status of the participant trainees, by developing a process to pro-actively contact the implementing partners for updates throughout the training period.

Recommendation No. 4: We recommend that the Mission Director of USAID/Nigeria develop a process to obtain real-time data on the participants' status while in the United States and upon their return to Nigeria, and incorporate specific references to this process in the Participant Training Mission Order.

**Management
Comments and
Our Evaluation**

In response to the draft report, USAID/Nigeria agreed with all of the findings and recommendations in the draft audit report. Based on appropriate actions taken by the Mission, all recommendations are considered closed upon the issuance of the final report. The attachments to the management comments are not included in this audit report.

Recommendation No. 1 recommends that the Mission Director incorporate the Automated Directives System (ADS) requirement to obtain an Individual Taxpayer Identification Number (ITIN) into the Mission Order on the participant training program. The Mission concurred with this recommendation and has taken steps to address it which include identifying in the Mission Order the primary responsibility for obtaining the ITIN to be that of the Implementing Partners (IP) and their U.S. home offices. The Mission has spelt out procedures that might help in achieving this. They noted, however, that when they tried to implement the ADS requirement by asking an IP to contact the J-Visa Help Desk in Washington, D.C. on the processes involved, the IP informed the Mission that the requirement was not mandatory. The Mission also contacted the J-Visa Specialist in Washington and found out that she too did not know how this works. The Mission is awaiting clarification from an officer who is revising ADS 253. The Mission is nevertheless implementing the requirement gradually as mandated by the current ADS and as the implementation process becomes clearer.

Recommendation No. 2 states that the Mission Director should develop a checklist of required documents to be maintained in each participant trainee file and incorporate the list in the Mission Order. The Mission has developed this checklist, which was vetted by the Regional Legal Adviser, and incorporated it in the Mission Order. The Mission has listed in the Mission Order all the documentation that the implementing partners must ensure that the trainees bring before the J-Visa can be released.

Recommendation No. 3 recommends that the Mission Director develop a process to perform background checks for all participants traveling to the United States and incorporate specific references to this process in the Participant Training Mission Order. The Mission has put a process in place and identified it in the Mission Order. It includes personal

knowledge by Mission staff of the participants and their institutions as their initial security check and use of the I.C. Consular Lookout and Support System by the U.S. Consulate to perform name checks on the participants.

Recommendation No. 4 requests the Mission Director to develop a process to obtain real-time data on the participants' status while they are in the United States and upon their return to Nigeria, and incorporate specific reference to the process in the Participant Training Mission Order. The Mission has identified the Implementing Partner (IP) to be responsible for tracking the whereabouts of participants at all times and has listed the information the IP is required to enter into the TraiNet on the same day it becomes aware of the data.

USAID Nigeria has committed to continue to work hard to ensure that all procedures are followed.

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

RIG/Dakar 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/Nigeria 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/Nigeria who were trained in the United States and did USAID/Nigeria take appropriate actions when participants failed to return to their home countries?
- What additional actions should USAID/Nigeria take to meet new requirements for selecting, monitoring, and reporting on participants training in the United States?

To answer these questions, we reviewed the training records for all participant trainees from Nigeria sent to the United States between fiscal years 2000 and 2003. Where appropriate, we tested management/internal controls in relation to training activities.

In addition, we interviewed officials from USAID/Nigeria, United States Embassy Nigeria and various implementing partners who were involved with participant training activities in Nigeria. We conducted the audit fieldwork from June 2 through June 19, 2003 in Abuja and Lagos, Nigeria.

Methodology

To determine if USAID/Nigeria complied with the requirements for administering participant training conducted in the United States, we reviewed USAID/Nigeria's participant training files for fiscal years 2000 through fiscal year 2003. We used this data to identify the universe of participant trainees sent to the United States during that time period. We also reviewed USAID's directives and guidance that were pertinent to the program and reviewed USAID/Nigeria's mission directives. We interviewed officials from USAID/Nigeria who were involved in participant training activities, and officials from the United States Embassy in Abuja who represented the Security Office and from the U.S. Consulate in Lagos. Finally, we interviewed officials from four implementing partners carrying out participant training activities in Nigeria. We reviewed reports generated from the TraiNet system and discussed problems and difficulties with staff at the Mission and implementing partners.

To determine the non-returnee rate of Nigerians trained in the United States and whether USAID/Nigeria took appropriate actions when participants failed to return to their home countries, we reviewed data from USAID/Nigeria and the implementing partners we visited. We also interviewed officials from the United States Embassy in Abuja and the Consulate in Lagos, Nigeria.

**Management
Comments:**



USAID/NIGERIA

MEMORANDUM

To: RIG/Dakar, Lee Jewel III

From: USAID Nigeria Mission Director, Dawn Liberi /s/

Subject: Re Draft Report on Audit of USAID/Nigeria's Participant Training Activities (Report No. 7-620-03-00X-P)

Date: September 8, 2003

Thank you for your draft report on the Audit of USAID/Nigeria's Participant Training Activities. My staff and I have closely reviewed the issues raised and have also engaged the help of the Regional Legal Adviser, Scott Stofel. We extensively revised the Mission's Participant Training Mission Order to address all the recommendations as well as other issues we noted were ADS requirements that were not previously captured. Following please find USAID/Nigeria's response to your four recommendations.

- **Per recommendation 1** which recommends that the Mission Director should incorporate the ADS requirement to obtain an Individual Tax Payer Identification Number into the Mission Order. USAID/Nigeria action follows:

We have done that. The Mission Order identifies the primary responsibility for obtaining the ITIN to be that of the Implementing Partners and their U.S. home offices. We spelt out procedures that might help in achieving this. However, it is noteworthy that when the Mission tried implementing

this by asking an IP to contact the J-Visa Help Desk in Washington, D.C. on the processes involved, they were informed that the requirement was not mandatory. The ADS actually states that short term scholars (with program less than 12 months) may not be liable to Federal Tax while Longer Term scholars (12 months and above) are generally liable. Further request for clarification by the Training Specialist from the J-Visa Specialist in Washington, D.C. revealed that she also did not know how this works. We are currently waiting for clarification from an officer who is revising the ADS 253. Despite all this, since ADS currently mandates this requirement, we are going to implement it gradually as the implementation process becomes clearer.

- **Recommendation 2** states that the Mission Director should develop a checklist of required documents to be maintained in each participant trainee file and incorporate the list in the Mission Order. The Mission's action follows:

The USAID/Nigeria checklist, which was vetted by the RLA, has been developed. We have also incorporated this as a requirement in the Mission Order. We noted in the Order that partners must ensure that participants bring documentation of their tax identification numbers, health and accident coverage, certificate of medical eligibility (where the program is for more than 30 days), letter identifying who is responsible for payment of claims not covered by the insurance plans and also drug trafficking certification (where required). All documents must be received before the J-1 visa can be released.

- **Recommendation 3** states that the Mission Director should develop a process to perform background checks for all participants traveling to the United States and incorporate specific references to this process in the Participant Training Mission Order. USAID/Nigeria action is noted below:

A process has been put in place and identified in the Mission Order. Personal knowledge by staff of participants and their institutions constitute our initial security check. In addition, the I.C. Consular Lookout and Support System (CLASS) will be used by the U.S. Consulate to perform name checks on the participants.

- **Recommendation 4** requests the Mission Director to develop a process to obtain real-time data on the participants' status while in the United States and upon their return to Nigeria, and incorporate specific reference to the process in the Participant Training Mission Order. USAID/Nigeria action is noted below:

The Implementing Partner is responsible for tracking the whereabouts of participants at all times and is required to enter appropriate data into the TraiNet on the same day it becomes aware of the following:

- a. Participant's arrival in the U.S.
- b. Participant's date of settling into living quarters
- c. Participant's change of address in the U.S.
- d. Participant's departure arrangements have been made
- e. Participant's return to Nigeria to Nigeria and resumption at work.

USAID Nigeria will continue to work hard to ensure that all procedures are followed. If you have any questions regarding our response to your recommendations, please contact me.