



OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/AFGHANISTAN'S SKILLS TRAINING FOR AFGHAN YOUTH PROJECT

AUDIT REPORT NO. F-306-12-002-P
FEBRUARY 7, 2012

KABUL, AFGHANISTAN



Office of Inspector General

February 7, 2012

MEMORANDUM

TO: USAID/Afghanistan Mission Director, S. Ken Yamashita

FROM: OIG/Afghanistan Director, Nathan Lokos /s/

SUBJECT: Audit of USAID/Afghanistan's Skills Training for Afghan Youth Project
(Report No. F-306-12-002-P)

This memorandum transmits our final report on the subject audit. In finalizing the report, we carefully considered USAID/Afghanistan's comments on the draft report and have included those comments (without attachments) in Appendix II.

This report contains four recommendations. Based on the mission's comments and the supporting documentation, final action has been taken on Recommendations 2 and 3, and management decisions have been reached on Recommendations 1 and 4.

Please coordinate final action for Recommendations 1 and 4 with USAID's Audit Performance and Compliance Division.

Thank you and your staff for the cooperation and courtesy extended to us during this audit.

CONTENTS

Summary of Results	1
Audit Findings	4
Project Lacked Clearly Defined Goals, Objectives, and Priorities	4
Important Communications Were Not Always Documented or Effective	5
Remedy Notice Inaccurately Held Implementer Accountable for Illustrative or Proposed Activities.....	7
Project Lacked an Approved Marking and Branding Plan	8
Evaluation of Management Comments	10
Appendix I – Scope and Methodology	11
Appendix II – Management Comments	13

Abbreviations

The following abbreviations appear in this report:

ADS	Automated Directives System
AO	agreement officer
AOTR	agreement officer's technical representative
ATVI	Afghanistan Technical Vocational Institute
EDC	Education Development Center
KVO	Kunar Vocational Organization
OAA	Office of Acquisition and Assistance

SUMMARY OF RESULTS

Numbering approximately 20 million, young people aged 18–25 make up more than half the Afghan population. Decades of war, civil unrest, internal conflicts, and political instability have deprived young people of the education and technical training critical to improving their quality of life, becoming productive members of Afghan society, and promoting peace and development in Afghanistan.

The Skills Training for Afghan Youth Project intends to target Afghanistan’s marginalized youth—those who are highly vulnerable, disenfranchised, unskilled, uneducated, neglected, and most susceptible to joining the insurgency. Many of these young people live in the highly volatile east and southern provinces of Afghanistan. The goal of the project is to empower youth and adults aged 15–25 by providing “technical, vocational, and functional skills for productive work; basic education equivalency and life skills; and youth outreach and networking.”¹

Implemented through a 3-year,² \$49.9 million cooperative agreement with the Education Development Center (EDC), the project includes two phases. Phase One involves designing activities that (1) strengthen the capacity of selected vocational training institutions in targeted areas and (2) provide basic education and life skills development in community-based learning facilities and community-centered civic education activities; Phase Two involves implementing the activities designed during Phase One. An important element of the project is providing financial and technical assistance to two Afghan vocational skills training centers: the Afghanistan Technical Vocational Institute (ATVI) and the Kunar Vocational Organization (KVO), pictured below.



A carpentry student works at Kunar Vocational Organization in Shigal, Laghman Province. (Photo by OIG, July 27, 2011)

As of August 31, 2011, USAID/Afghanistan had obligated \$12.0 million and disbursed \$9.7 million for the project.

¹ As stated in the Skills Training for Afghan Youth cooperative agreement between the Education Development Center and USAID.

² The cooperative agreement period of performance is from April 1, 2010, to April 1, 2013.

The objective of this audit was to determine whether the project was achieving its main goals of providing technical, vocational, and functional skills for productive work; basic education equivalency and life skills; and youth outreach and networking activities.

By funding operational costs, the project has enabled ATVI and KVO to continue conducting vocational training. In addition, the project has trained staff at ATVI and KVO in financial management, procurement, and reporting. However, after 16 months, there is little evidence that the project has made progress toward strengthening the overall technical capacity of these institutions or empowering youth.

USAID/Afghanistan utilized a design and build strategy for the project. This strategy allowed EDC, using the program description in its cooperative agreement, to design and present its implementation plan to USAID for approval after the award. However, the program description included in the cooperative agreement was loosely defined and largely illustrative, and there is little evidence that USAID and EDC agreed on key elements of the design. In addition, USAID and EDC differed on whether the design had been approved and on the specific activities to be implemented during Phase Two. Without a clearly defined program description outlining USAID's expectations for results and a mutual understanding of an approved design, the project is less likely to implement activities that contribute to the overall goals of the mission.

The Audit Findings section of this report discusses the following issues:

- *The project lacked clearly defined goals, objectives, and priorities.* The program description did not clearly communicate the project's purpose, goals, objectives, priorities, and activities (page 4).
- *Important communications were not always documented or effective.* Some key discussions between the agreement officer's technical representative (AOTR) and EDC regarding the design of the project were not documented, and USAID officials' communications with EDC did not achieve the mutual understanding necessary to enable implementation of Phase Two of the project (page 5).
- *Remedy notice inaccurately held EDC accountable for illustrative or proposed activities.* USAID issued EDC a remedy notice for failure to comply with the terms and conditions specified in its cooperative agreement. However, the components and activities in the agreement's program description were largely illustrative. As a result, USAID claimed EDC had made insufficient progress on tasks that it was not required to perform (page 7).
- *The project lacked an approved marking and branding plan.* EDC submitted a marking and branding plan to the agreement officer (AO) and AOTR for review on January 22, 2011. Yet 6 months later, the plan had not been formally approved (page 8).

The report recommends that USAID/Afghanistan:

1. Modify the cooperative agreement to include the clear, discrete tasks and funding necessary to complete the project early (page 5).
2. Remind Office of Social Sector Development staff to document significant meetings, discussions, and decisions (page 7).

3. Remind acquisition and assistance staff members of the importance of accurate communication with USAID recipients (page 8).
4. Finalize and implement the project's marking and branding plan (page 9).

Detailed findings follow. Our evaluation of management's comments in on page 10. The audit scope and methodology are described in Appendix I. USAID/Afghanistan's comments (without attachments) are in Appendix II.

AUDIT FINDINGS

Project Lacked Clearly Defined Goals, Objectives, and Priorities

Having a clear purpose, clear goals and objectives, and clear priorities in a program is important, because without them, it is difficult to design effective activities. The importance of such clarity is reflected in USAID's Automated Directives System (ADS) ADS 303.3.13, which states that the program description in a cooperative agreement must:

- Clearly identify the purpose of the program.
- Have clearly established goals.
- Clearly define the activities that constitute the program.
- Contain an implementation plan that specifically identifies each element of the program.
- Clearly and coherently express the specific understandings of both parties.

In addition, ADS 303.3.9.d(1) requires that, before the award of a cooperative agreement, the AO review the proposed program description and financial plan to ensure that they specify the objectives of the program, the activities funded by USAID that will achieve the objectives, and a monitoring system to measure the recipient's success.

The program description did not clearly communicate the project's purpose, goals, objectives, priorities, and activities. In fact, a report by an education specialist who assessed the project in May 2011 noted that the mission could help the project progress by clearly articulating its priorities to EDC and specifying which deliverables are of critical importance, which targets are acceptable, and which areas should be prioritized for implementation. The following factors contributed to the lack of a clear purpose, goals, objectives, priorities, and activities in the project.

A significant factor that contributed to the lack of clarity was the sense of urgency on the part of the mission to use the project as a vehicle to continue funding two very sensitive vocational educational programs—ATVI and KVO (formerly known as the Kunar Construction Centre). Both of these institutions had previously received support through USAID/Afghanistan's Capacity Development Program. However, when the mission realigned that program to focus on critical governance activities, another means had to be found to support ATVI and KVO. This issue had the attention of both the USAID mission director and the U.S. Ambassador. The mission's sense of urgency was further heightened because the executive director of ATVI was an influential former Afghan ambassador to Pakistan.

Ultimately, a concept paper for the project, which included support for ATVI and KVO, was prepared by an education specialist from USAID's regional mission in Thailand. This specialist was brought in because (1) the technical team did not have the time to conduct the necessary sector assessments and develop the project concept internally, (2) the senior youth and workforce development officer based in USAID/Washington was not available, and (3) the technical office was under pressure to complete a new procurement quickly so that the mission could continue support to ATVI and KVO.

This concept paper included illustrative approaches and interventions, such as

[r]ecognizing the urgent need to expand access to basic education with inclusion of life skills for the vast unschooled youth population of Afghanistan, the project proposes to put in place an alternative education program that is equivalent to formal basic education, yet flexible and tailored to the specific needs of out-of-school youth.

The concept paper also suggested the use of a design and build activity awarded to EDC using a cooperative agreement. While this approach had the benefit of facilitating a quick award, it also left the definition of the project to a later date. Ultimately, the concept paper containing illustrative activities was used as the basis for the design in the request for application sent to EDC and for the program description in the cooperative agreement.

The lack of a clear purpose, goals, objectives, priorities, and activities in the project, as discussed above, meant that USAID and EDC did not have a clear mutual understanding of and expectations for the project and its activities. Consequently, EDC had to revise and resubmit designs repeatedly, project implementation stalled, and Afghan youth did not get the education, skills training, and outreach as originally conceived.

USAID/Afghanistan has decided to end the project early. Accordingly, we make the following recommendation.

Recommendation 1. We recommend that USAID/Afghanistan modify the cooperative agreement for the Skills Training for Afghan Youth Project to include the clear, discrete tasks and funding necessary to complete the project early.

Important Communications Were Not Always Documented or Effective

*Standards for Internal Control in the Federal Government*³ notes that significant events should be clearly documented and that documentation should be readily available. Accordingly, significant communications between an AOTR and an implementing partner should be documented. Doing so helps ensure that significant discussions and decisions arising from those discussions are recorded, affording all participants a mutual understanding of important issues pertinent to the discussion, key circumstances surrounding those issues, and important decisions made regarding those issues.

Effective communication is a powerful element in performance management. Pertinent information must be identified, captured, and communicated in a form and time frame that enable people to carry out their responsibilities.

Examples of project communications that were not documented or effective follow.

Some Key Discussions and Decisions Were Not Documented. During the period under audit, the project had two AOTRs. The first AOTR oversaw the project from July 7, 2010, to January 17, 2011, when the second AOTR assumed responsibility. Key discussions between the first AOTR and EDC regarding the design of the project were not documented. Both EDC and USAID officials agree that in the early months of the project design phase, the first AOTR

³ Government Accountability Office, GAO/AIMD-00-21.3.1, November 1999.

provided EDC with substantial verbal feedback and guidance. Yet most of the guidance and technical feedback, as well as the decisions reached, were not documented.

Without documentation detailing the discussions that took place and the decisions that were reached concerning the project, it is not possible to determine whether USAID's first AOTR provided appropriate technical and administrative input, whether EDC officials agreed with that input, or whether agreement was reached on important issues. For example, although the first AOTR indicated that she and EDC officials discussed the various programmatic options included in EDC's technical application and selected the options to be included in the design, there is no documentation of those discussions or decisions.

In contrast, EDC officials indicated that there was not agreement on those options. Moreover, EDC officials stated that they could not confirm the nature of the technical feedback that the AOTR provided. We believe that this difference in understanding contributed to the extended design period that proved problematic for the project; it might have been avoided had the first AOTR drafted and shared with EDC staff the minutes of the early meetings.

Time constraints apparently contributed to the first AOTR's failure to document key discussions and decisions. She explained that she had many competing demands on her time. For example, she noted her responsibility for orienting the incoming director of USAID/Afghanistan's Office of Social Sector Development while serving as education team leader, mentoring the new education specialist (later designated her successor as AOTR for the project), and transferring responsibility to the incoming education team leader. One critical responsibility that consumed the AOTR's time was managing the project-related ramifications of the suspension of a major implementing partner and spearheading the effort to replace that partner—e.g., preparing the request for application and leading the technical review panel. The first AOTR considered these tasks of higher priority than preparing minutes of meetings and discussions with EDC.

Communication Between USAID and EDC Was Not Always Effective. USAID officials did not always communicate with EDC in an effective manner that achieved the mutual understanding necessary to implement Phase Two of the project. For example, on January 22, 2011, EDC submitted its revised design⁴ for the project to the second AOTR. EDC's submission included a design document, work plan, staffing plan, budget, and security plan. Although the second AOTR believed that she had provided the approval of the design document necessary for EDC to begin implementing Phase Two activities, EDC officials believed that they did not have the necessary approval. Although the second AOTR had indicated her approval of the project design and key deliverables in writing, the same document noted that final adjustments were being made to the budget, as well as to the project's work, staffing, and security plans. The fact that these documents were still under review contradicted the approval granted by the AOTR.

Another example involved communications between the AO and EDC. When EDC submitted the project design and other key documents, it asked the mission to agree that the design phase (Phase One) was complete. The AO formally closed the design phase effective the next day—without final USAID technical approval of the project design and key project documents. At this time, the AO also urged EDC to move forward with implementation and to refrain from any further delays in finalizing key areas of work. EDC officials later noted that they were confused by the formal closure of Phase One and the instruction to move forward with implementation, because USAID had not yet granted final technical approval of the project work plan or the

⁴ EDC submitted its initial version of the project design on October 28, 2010.

budget. After the design phase was formally closed, EDC continued to respond to the AOTR's request to revise the design documents.

Because of ineffective communication, USAID and EDC had drastically different understandings about the implementation of Phase Two of the project. USAID officials believed that since they had approved EDC's design, formally closing the design phase, EDC would start implementing Phase Two activities. In contrast, EDC officials recognized that several documents critical to implementation, such as the work plan, the budget, and the design document, had not received final USAID approval. Consequently, EDC did not move forward with Phase Two activities.

Several factors contributed to the ineffective communications between USAID and EDC. First, the second AOTR was new to both USAID and the AOTR role. She was also inexperienced in managing USAID education projects and providing substantive technical guidance to USAID implementing partners. Consequently, she did not provide the clear, insightful, and practical guidance that an experienced AOTR would likely have provided.

Second, the AO and EDC were operating under different assumptions. EDC believed that final technical approval of the design documents and formal closure of the design phase was necessary before implementation could begin. In contrast, the AO urged EDC to start implementing Phase Two of the project solely based on his formal closure of the design phase, implying that final technical approval was not necessary for implementation. These different assumptions made effective communication difficult.

Finally, EDC officials did not aggressively seek clarification to bring about mutual understanding of the project. According to EDC officials, mission staff members were reluctant to contact the AOTR's supervisor or more senior USAID officials for clarification of the items in question.

Ultimately, the absence of documentation detailing significant discussions and decisions reached during the design phase, combined with ineffective communication, led to significant misunderstandings between EDC and USAID officials concerning how to proceed with the project. Given that both AOTRs and the AO have departed USAID/Afghanistan, we make the following recommendation concerning the documentation of significant events, discussions, and decisions.

***Recommendation 2.** We recommend that the director of USAID/Afghanistan's Office of Social Sector Development remind her staff in writing to document significant meetings, discussions, and decisions.*

Remedy Notice Inaccurately Held Implementer Accountable for Illustrative or Proposed Activities

It is important that documents describing significant events do so accurately. Examples of such documents include minutes of significant meetings, memoranda documenting key decisions, and critical communications, such as a letter communicating noncompliance with the terms of an agreement (referred to here as a remedy notice). On May 23, 2011, the AO issued EDC a remedy notice for failure to comply with the terms and conditions specified in its cooperative agreement. This letter cited specific areas in which USAID asserted that EDC made inadequate or insufficient progress toward implementing the terms of the cooperative agreement and inadequate or insufficient progress on activities outlined in EDC's technical application.

However, the components and activities described in the cooperative agreement's program description were largely illustrative and thus not required. Essentially, USAID claimed that EDC had made insufficient progress on tasks that, for the most part, it was not required to perform. In fact, the first page of the program description explicitly states: "Phase Two . . . activities are represented herein as illustrative" and "[f]inal submission and approval of the Phase Two activities will be incorporated into the award through a formal modification upon approval of Phase One." The cooperative agreement was never modified to incorporate a final, approved Phase One design into the award.

The USAID remedy notice also cited examples of poor or inadequate performance with reference to EDC's technical application. Yet page 12 of the technical application submitted by EDC noted that its proposal included menus for design phase activities for each of the project's four components and that, at the start of the project, the EDC team would meet with USAID to review the design activity options and make a final selection. According to the former AOTR, USAID and EDC met regularly to discuss the proposed options. However, EDC officials stated that they did not meet with USAID to agree on the menu items proposed in the technical application, and no written record of any discussions exists in the AOTR files.

The remedy notice included a few activities that were explicitly "required" in the program description or the EDC technical application. For example, the program description stated that during the first phase of the project, the recipient would "take over the ATVI and Kunar Construction Center from the Capacity Development Program and begin the process of further strengthening their activities," which EDC did.

The remedy notice said that EDC's progress toward implementing several activities required under the cooperative agreement was insufficient or inadequate. For example, in accordance with mission priorities, EDC was expected to develop strategic links with the Government of Afghanistan. Quarterly progress reports and weekly meetings provided evidence that EDC had indeed actively pursued links with government ministries. Nevertheless, the remedy notice stated that EDC had not sufficiently demonstrated adequate engagement of Afghans in the project. In the absence of a final approved design, project work plan, performance indicators, and baseline data, it is difficult to determine the adequacy of EDC's progress.

The inaccuracies in the remedy notice issued to EDC arose because the AO relied on inaccurate assertions that the technical office made regarding the performance required of EDC. Because much of the notice was inaccurate, it did not achieve its intent of addressing what USAID viewed as EDC's inadequate progress on the project. In fact, the notice had the unintended effect of moving EDC to suspend its agreements with its two key recipients, ATVI and KVO, and diverting EDC from focusing on programmatic efforts to developing a detailed response to the remedy notice.

***Recommendation 3.** We recommend that USAID/Afghanistan remind its acquisition and assistance staff members in writing regarding the importance of confirming that their communication with USAID recipients is accurate.*

Project Lacked an Approved Marking and Branding Plan

Since 9/11, America's foreign assistance programs have been more fully integrated into the

U.S. National Security Strategy. This elevation of foreign assistance increased the need for U.S. foreign assistance activities to be identified in the host country as being from the American people. Accordingly, USAID launched a branding campaign and established policies to ensure that U.S. taxpayers receive full credit for the foreign assistance they finance.

ADS 320 contains USAID policy directives and required procedures for branding and marking USAID-funded programs, projects, activities, public communications, and commodities with USAID's standard graphic identity. The essence of the policy directives is that all USAID-funded foreign assistance must be branded through use of a branding strategy and marked according to a marking plan. This policy also permits USAID implementing partners to request waivers, in whole or in part, for each project in exceptional circumstances when the marking requirements would pose compelling political, safety, or security concerns.

The requirement for a marking and branding plan was incorporated in EDC's cooperative agreement, which states that such a plan shall be submitted to USAID within 120 days of the date of the award. The AOTR was to assist the AO in reviewing the proposed branding strategy and marking plan; the AO was to approve the marking plan and include it in the award.

EDC first submitted a marking and branding plan to the AO and AOTR for review on January 22, 2011. Yet at the time of audit, 6 months after submission, the proposed marking and branding plan had not been formally approved, despite receiving the AOTR's final approval on February 17, 2011. The AOTR and mission Office of Acquisition and Assistance (OAA) staff gave different explanations for this delay. When queried, the AOTR initially stated that she had sent her final approved marking and branding plan to the AO. Later, the AOTR said that the mission's OAA requested that she not send the final marking and branding plan because OAA staff members were working on the remedy notice. However, the USAID/Afghanistan senior acquisition and assistance specialist responsible for the project indicated that OAA had neither received the marking and branding plan from the AOTR prior to the start of this audit nor had it told her not to submit that plan for AO approval. The AOTR ultimately did not provide the AO with the marking and branding plan for final review until August 7, 2011.

Because EDC did not have an approved marking and branding plan, it did not implement the proposed plan. As a result, activities, public communications, and commodities were not being properly marked or branded, and Afghan youth and their communities were not fully aware that the American people were assisting them.

Recommendation 4. *We recommend that USAID/Afghanistan finalize and implement the Skills Training for Afghan Youth Project's marking and branding plan.*

EVALUATION OF MANAGEMENT COMMENTS

Based on our evaluation of management's response to the draft report, management decisions have been reached on Recommendations 1 and 4. In addition, final action has been taken on Recommendations 2 and 3. The following paragraphs provide our evaluation of the mission comments on each recommendation.

Recommendation 1. The mission agreed to modify the project cooperative agreement to include clear, discrete tasks and funding necessary to properly bring the project to an early completion. In an action memo dated November 6, 2011, the mission director approved terminating the cooperative agreement with EDC early and discontinuing the project. On November 10, 2011, the cooperative agreement was modified to provide incremental funding for closeout activities. The mission will also modify the cooperative agreement to incorporate EDC's closeout plan, which clearly delineates remaining tasks. The mission comments indicate that the date for final action was December 28, 2011. Based on the mission's actions in response to the recommendation, a management decision has been reached.

Recommendation 2. The mission agreed that the director of USAID/Afghanistan's Office of Social Sector Development would remind her staff in writing to document significant meetings, discussions, and decisions. The director issued a memorandum to the staff on December 8, 2011, to remind them of their responsibility as agreement and contracting officers' technical representatives to establish and maintain adequate files for activities that they manage. The memorandum also emphasized the importance of documenting significant meetings, discussions, and decisions and retaining these records in official files. Based on the mission's actions in response to the recommendation, final action has been taken on Recommendation 2.

Recommendation 3. The mission agreed to remind its acquisition and assistance staff members in writing about the importance of ensuring that their communication with USAID recipients is accurate. On December 5, 2011, the OAA director issued guidance reminding staff members that it is their responsibility to ensure clear, concise, accurate, and complete information is conveyed to grantees and contractors. The Skills Training for Afghan Youth audit report finding and recommendation were also discussed at the weekly team meeting held on December 6, 2011. Based on the mission's actions in response to the recommendation, final action has been taken on Recommendation 3.

Recommendation 4. The mission agreed to finalize and implement the branding and marking plan. The mission comments indicate that the date for final action was December 31, 2011. Based on the mission's actions in response to the recommendation, a management decision has been reached on Recommendation 4.

SCOPE AND METHODOLOGY

Scope

The Office of Inspector General Afghanistan Country Office conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objective. We believe that the evidence obtained provides that reasonable basis. The objective of the audit was to determine whether the Skills Training for Afghan Youth Project was achieving its main goals of providing technical, vocational, and functional skills for productive work; basic education equivalency and life skills; and youth outreach and networking activities.

USAID/Afghanistan awarded a 3-year, \$49.9 million cooperative agreement to EDC to implement the project. As of August 31, 2011, EDC had expended \$9.7 million of the \$12.0 million that USAID/Afghanistan had obligated for the project. The audit covered project activities implemented by EDC from April 1, 2010, to August 31, 2011. Because the project never progressed beyond the design phase, we did not select or test a sample of project transactions to assess project implementation.

The audit was performed in the Islamic Republic of Afghanistan (Afghanistan) from July 21 through September 19, 2011. In Kabul, fieldwork was conducted at USAID/Afghanistan and at EDC's office. We also made site visits to three vocational and technical training institutions in Kabul, Laghman, and Kunar Provinces. As part of the audit, we assessed the significant internal controls used by USAID/Afghanistan to monitor project activities, for example, by conducting site visits and reviewing performance data submitted in progress reports and Afghan Info.⁵ We also reviewed the mission's Federal Managers' Financial Integrity Act report for fiscal year 2010 and prior audit reports for any issues related to the audit objective.

Methodology

To answer the audit objective and obtain an understanding of the project goals, objectives, and related performance and compliance requirements, we analyzed relevant project documents including (1) the program description, (2) the cooperative agreement and all modifications, (3) EDC's technical application, (4) quarterly performance reports, and (5) correspondence between EDC and USAID.

We interviewed USAID/Afghanistan staff in Kabul; education specialists in USAID/Washington's Bureau of Economic Growth, Agriculture and Technology/Office of Education; and EDC administrators in Kabul; Washington, D.C.; and Boston, Massachusetts. We also visited ATVI and KVO in Laghman and Kunar Provinces, where we interviewed staff members to obtain their views about the project's strengths and weaknesses and verified that classroom instruction was taking place. We met with administrative and training staff and saw classrooms, equipment, and supplies used to provide vocational education and technical training to Afghan youth.

⁵ Afghan Info is a management information system used to track program and project information for all mission-funded activities.

To determine the reliability of computer-processed data received from the mission in support of its obligated and disbursed amounts, we reviewed prior audits of the mission's financial statements and internal controls.

MANAGEMENT COMMENTS



MEMORANDUM

TO: Nathan Lokos, OIG/Afghanistan Director

FROM: Jeffrey Ashley, Acting Mission Director /s/

DATE: December 18, 2011

SUBJECT: Management Response to the Audit of USAID/Afghanistan's Skills Training for Afghan Youth (STAY) Project (Report No. F-306-12-XXX-P)

REFERENCE: NLokos/KYamashita Memo dated November 15, 2011

Thank you for giving the Mission the opportunity to review the subject draft audit report. Below are the Mission's comments on the findings and recommendations in the report.

I. General Comments

USAID/Afghanistan is committed to assisting the Government of the Islamic Republic of Afghanistan's (GIROA) Ministry of Education in training and educating its youth to drive economic and social development. The STAY project was designed to support the United States Government (USG) stabilization efforts and Afghanistan National Development Strategy goal of creating employment for disenfranchised youth. The project was conceived prior to USG strategic commitments to foundational investments and working with GIROA ministries through direct assistance mechanisms. Consequently, USAID is re-designing its technical and vocational education and training (TVET) portfolio to better define the activities we support in alignment with these priorities. Ensuring strong management of these activities through the implementation of the audit

recommendations below will support the achievement of USG and GIRoA development goals in Afghanistan.

II. Response to Audit Recommendations

***Recommendation 1.** We recommend that USAID/Afghanistan modify the STAY cooperative agreement to include the clear discrete tasks and funding necessary to properly bring the project to an early completion.*

Mission Response: USAID/Afghanistan concurs with this recommendation.

Actions Taken/Planned: In early August 2011, USAID began the process of finalizing a close-out plan with EDC, Inc., which includes a clear delineation of remaining tasks and the necessary funding. An Action Memo to amend the STAY Cooperative Agreement (CA) with EDC was approved by the Mission Director on November 6, 2011 (Attachment 1). Subsequently, a CA modification was executed on November 10, 2011, (Attachment 2) to fund incrementally the CA by \$1.5 million to finance close-out activities. The CA is being modified to incorporate the phase-out plan.

Target Final Action Date: December 28, 2011.

Management Decision: The Mission deems that appropriate actions are being taken to address Recommendation 1 and, therefore, requests OIG's concurrence to the management decision.

***Recommendation 2.** We recommend that the Director of USAID/Afghanistan's Office of Social Sector Development remind her staff in writing about the importance of documenting significant meetings, discussions, and decisions in writing, and direct them to do so.*

Mission Response: USAID/Afghanistan concurs with this recommendation and fully agrees with the importance of documenting significant meetings, discussions, and decisions in writing to ensure proper oversight of USAID awards and compliance with USG requirements. The Mission notes this finding is not a systemic problem within the Office of Social Sector Development (OSSD). Nevertheless, the Mission considers this a good opportunity to remind staff of project/program documentation requirements. Given the Mission's high staff

turnover, it is imperative cognizant employees maintain complete files to preserve vital information necessary for the effective management of their portfolios.

Actions Taken/Planned: The OSSD Director issued a memorandum to her staff (Attachment 3) that reminds them of their responsibility as AO/COTRs to establish and maintain adequate files for the activities they manage. The memo emphasizes the importance of documenting significant meetings, discussions and decisions in writing (and retaining those records in official files) and directs OSSD staff to meet this requirement.

In addition, at the OSSD staff meetings, the Office Director will remind staff to ensure AO/COTR files are in order. Prior to the departure of an AO/COTR, the Office Director shall ensure pertinent files for awards he or she managed are complete. The OSSD Director will not approve the employee check-out form without proper hand-over of files to the incoming AO/COTR.

Target Final Action Date: Final action is considered complete with the issuance of the OSSD Director's memo.

Management Decision: The Mission deems appropriate measures have been taken to fully address Recommendation 2 and, therefore, requests OIG's concurrence to the management decision and closure of the recommendation.

***Recommendation 3.** We recommend that USAID/Afghanistan remind its acquisition and assistance staff in writing regarding the importance of ensuring that their communication with USAID recipients is accurate.*

Mission Comments: USAID/Afghanistan concurs with this recommendation. It should be noted, however, that the finding is an isolated incident and is not a reflective of systemic problem within the Office of Acquisition and Assistance (OAA) of the Mission. Nevertheless, the Mission views this as an opportunity to remind cognizant Agreement/Contracting Officers of their responsibility to ensure clear, concise, accurate and complete information is conveyed to grantees and contractors.

Actions Taken: On December 5, the Mission's OAA Director issued pertinent guidance to OAA staff (please refer to Attachment 4). The finding and recommendation were also discussed at the OAA weekly team meeting held on December 6, 2011.

Target Final Action Date: Required actions have been completed.

Management Decision: The Mission deems that appropriate actions have been taken to fully address Recommendation 3 and, therefore, requests OIG's concurrence to the management decision and closure of this recommendation.

Recommendation 4: *We recommend that USAID/Afghanistan finalize and implement the STAY marking and branding plan.*

Mission Response: USAID/Afghanistan concurs with this recommendation.

Actions Taken/Planned: USAID/Afghanistan notified EDC of the approval of their Branding and Marking plan on November 17, 2011, (Attachment 5). The Mission will confirm EDC's implementation of the plan upon receipt of final reports, market surveys and other studies conducted by the project.

Target Final Action Date: December 31, 2011.

Management Decision: The Mission deems appropriate actions are being taken to address Recommendation 4 and, therefore, requests OIG's concurrence to the management decision.

Attachments:

- 1) Approved Action Memo for EDC CA Early Termination dated 11/6/2011
- 2) EDC CA Modification 6 dated 11/10/2011
- 3) OSSD Office Director's memo dated 12/08/2011
- 4) OAA Director's Guidance to OAA Staff dated 12/05/2011
- 5) Email approval of EDC Branding and Marking plan dated 11/16/2011

cc: OAPA: HDorcus/RPorter/DNiss

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Avenue, NW
Washington, DC 20523
Tel: 202-712-1150
Fax: 202-216-3047
www.usaid.gov/oig