



Office of Inspector General

April 30, 2013

MEMORANDUM

TO: USAID/Pakistan Mission Director, Jonathan M. Conly

FROM: Office of Inspector General/Pakistan Director, Matthew Rathgeber /s/

SUBJECT: Review of USAID/Pakistan's International Training Practices
(Report No. G-391-13-001-S)

This memorandum transmits our final report on the subject review. This is not an audit report. In finalizing the report, we considered your comments and included your response in Appendix II.

The report contains four recommendations to help improve USAID/Pakistan's international training practices. According to information provided by the mission, management decisions have been made on all four recommendations and final action has been taken on Recommendations 2, 3, and 4. The mission should coordinate with USAID's Audit Performance and Compliance Division concerning final action on the remaining recommendations. Please note that we do not agree with mission's management decision on Recommendation 4.

We want to thank you and your staff for the cooperation and assistance extended to us during this review.

SUMMARY OF RESULTS

USAID's training and career/professional development programs seek to help achieve the Agency's mission and performance objectives by improving individual and organizational performance. They also support the Agency's core values of teamwork and participation; valuing diversity; customer service; results management; empowerment; and accountability. In addition, USAID encourages employees to continue to develop their knowledge, abilities, and skills so they can meet and exceed their job responsibilities and grow professionally.

USAID/Pakistan currently has about 255 employees. Each year the employees, in consultation with their supervisors, maintain up-to-date individual development plans identifying areas in which they would like additional training and/or experience, as it pertains to their work. That training is then added to an employee's individual development plan, which the employee's supervisor approves. Any training taken outside the region should be allowed only in exceptional circumstances and must be approved by the deputy mission director.

In fiscal year (FY) 2012, USAID/Pakistan budgeted \$1.1 million for domestic and international training events. The mission spent about \$715,000 of this for the international training events. To reduce the costs of international training, USAID/Pakistan brought eight training events to the mission, and 150 employees attended.

The objective of this review was to determine whether USAID/Pakistan complied with its mission training policy. For the items tested, the mission did not fully comply with the mission training policy.

For all of the items tested, the mission had individual development plans that were approved by supervisors, and the deputy mission director approved the international travel related to them. However, the mission did not document and approve exceptions for the training events as required for 16 of 20 employees. Furthermore, in most cases, employees attended training events worldwide that was neither core nor mandatory. The review found the following problems.

- USAID/Pakistan did not fully comply with the policy for approving international training events (page 3). Office directors interviewed were either unaware of the policy or did not understand it. Consequently, employees routinely were attending training held in various international destinations, and some of these incurred excessive costs.
- The mission did not follow a standard approval process for training events (page 4). Only 20 percent of the events had exceptions documented.

Therefore, we recommend that USAID/Pakistan:

1. Provide and document training to all office directors and senior mission management to make them aware of the mission training policy (page 4).
2. Implement a plan to review all pending fiscal year 2013 international training events that are outside the Asia Regional Training Center to determine whether the courses comply with the mission training policy (page 4).

3. Implement a standard procedure for approving all training events that are classified as exceptions to the mission training policy (page 4).
4. Implement a plan to conduct a cost benefit assessment for all international training events that are not core or mandatory, and reduce the training budget by the amount of savings achieved (page 5).

Detailed results appear in the following section. The review's scope and methodology appear in Appendix I. Our evaluation of management comments is included in the report on page 6, and the full text of management comments (without attachments) is in Appendix II.

REVIEW RESULTS

Management Did Not Comply Fully With Policy for Approving International Training Events

According to Mission Order 400.2, USAID/Pakistan is committed to ensure fairness, objectivity, and consistency in providing training and promoting staff development. USAID encourages employees to continue developing their knowledge, abilities, and skills so they can meet and exceed their job responsibilities and grow professionally. USAID/Pakistan's policy is to approve training on a priority basis, depending on the budget, and with a focus on USAID core and mandatory training to make sure that all employees can fulfill their job requirements.

The mission order states that training provided in-country or at the Asia Regional Training Center in Bangkok, Thailand, takes priority over similar courses provided in other locations. Any training taken outside the region should be allowed only in exceptional circumstances and must be approved by the deputy mission director. International training—including any in Bangkok—is limited normally to one per employee during a fiscal year.

In addition to the mission order, the Agency's Automated Directives Systems (ADS) 458.3.3.1, "Training and Career/Professional Development," states that the supervisory executive officer is responsible for assessing the costs and benefits to the government for scheduling employees to attend training at various locations and times.

Contrary to guidance, USAID/Pakistan's management did not comply with its policy for approving international training events. The mission routinely allowed staff to participate in events outside the Asia Regional Training Center without getting the deputy mission director's approval for exceptional circumstances or without conducting a cost benefit analysis.

During FY 2012, 113 employees attended training in Canada, Egypt, Ghana, Hungary, Singapore, South Africa, Thailand, the United Kingdom, and the United States—including Las Vegas, New York, and Washington, D.C. Of those, 35 (31 percent) went to one training event in Thailand, 42 (37 percent) went to one event outside of Thailand, and 36 (32 percent) attended multiple events.

For example, the mission spent \$14,905 for one employee to attend two training events in Washington, D.C., for 2 consecutive weeks. These same classes, or similar ones, could have been taken in Pakistan or Thailand. Although the deputy mission director approved the travel, the exceptional circumstances were not documented, and the mission did not conduct a cost benefit analysis.

In another example, a third-country national (TCN)¹ attended three nonmandatory or core training events in Washington, D.C., for 3 consecutive weeks. According to mission policy, TCNs shall receive training only for mandatory courses. Consequently, USAID/Pakistan spent \$10,034 on training that was not allowed under mission policy. Again, although the deputy

¹ The Agency's Web site defines third-country nationals are contractors from countries other than the United States or the country in which they work.

mission director approved the international travel, the exceptional circumstances were not documented, and the mission did not conduct a cost benefit analysis.

Approval process not followed. Only 4 of the 20 employees tested (20 percent) had proper justifications or exceptions documented for attending training at international locations other than the Asia Regional Training Center. The remaining 16 (80 percent) did not. Moreover, none of the 20 had cost benefit analyses conducted before incurring these training expenses.

These problems occurred because of a general lack of knowledge about mission and ADS policies. Of the ten office directors who supervise the employees who traveled internationally in our testing, two were not aware of the mission training policy. Six assumed that a waiver or justification was needed only if an employee was attending more than one international training, and two of the six did not realize that the exception or justification must be documented.

The mission currently has a standard approval process, which requires approval from the deputy mission director through a memorandum. In three instances, approval was requested via e-mail to the deputy mission director and in one instance via a memorandum. However, 16 out of 20 employees tested did not use this process for approvals.

In addition, the mission did not follow ADS in conducting cost benefit analyses when approving international training. Mission officials said they annually conduct an analysis to assess whether mandatory training should take place in Pakistan instead of outside the country. However, that approach does not address training requests that employees submit throughout the year.

Furthermore, mission officials said there have been no changes in approving international training for FY 2013, and their estimated travel budget for the year is \$1.5 million—\$400,000 more than the budget for FY 2012. Consequently, the mission has over-budgeted for training.

The estimated cost for all international training events in FY 2012 was \$715,000. This included 113 employees attending international training events. If OIG assessed all of the events for compliance, there could have been many instances of noncompliance. However, the review sampled 20 employees who attended destinations worldwide, and 16 had no exception approvals documented; the estimated cost of their travel and training was \$256,000.

Because of this systemic breakdown in management controls during FY 2012, USAID/Pakistan needs to take corrective action to fix the weaknesses. It also should examine all remaining international trainings for FY 2013 to ensure that the mission complies with its policy and ADS. Therefore, we recommend the following.

Recommendation 1. We recommend USAID/Pakistan provide and document training to all office directors and senior mission management to make them aware of the mission training policy.

Recommendation 2. We recommend USAID/Pakistan implement a plan to review all pending fiscal year 2013 international training events that are outside the Asia Regional Training Center to determine whether they comply with the mission training policy.

Recommendation 3. We recommend USAID/Pakistan implement a standard procedure for approving all training events that are classified as exceptions to the mission training policy.

Recommendation 4. *We recommend USAID/Pakistan implement a plan to conduct a cost benefit assessment for all international training events that are not core or mandatory, and reduce the training budget by the amount of savings achieved.*

EVALUATION OF MANAGEMENT COMMENTS

USAID/Pakistan has taken final action on Recommendations 2, 3, and 4 and made a management decision on Recommendation 1. As discussed below, we disagree with the mission's management decision on Recommendation 4.

Recommendation 1. USAID/Pakistan agreed to document and provide training to all office directors and senior mission management by September 30, 2013; the training will be designed to make sure they understand their roles and responsibilities regarding staff development and training. Therefore, the mission has made a management decision for this recommendation.

Recommendation 2. USAID/Pakistan agreed with the recommendation, stating that its management training committee conducts a review and assessment of past and current staff development and training needs/requirements. The mission has revised its international trip request form. The revised form requires a signed justification from the office director for approval by the deputy mission director for exception to the mission policy for training and staff development outside the region. As a result, exceptional future international training requests will be approved by the deputy mission director. In addition, the mission provided OIG with a list of all pending trainings and these trainings were reviewed and in compliance with the mission training policy. Therefore, the mission has taken final action.

Recommendation 3. USAID/Pakistan agreed and revised the international trip request form. The revised international trip request form now requires a signed justification from the office director for approval by the deputy mission director for any exception to the mission policy for training and staff development outside the region. Therefore, the mission has taken final action.

Recommendation 4. The mission disagreed with the recommendation to implement a plan to conduct a cost benefit assessment for all international training events that are not core or mandatory and to reduce the training budget by the amount of savings achieved. In its response, USAID/Pakistan stated that it completes a training cost/benefit assessment each year prior to making training budget allocations. The response further states that a comprehensive cost analysis report is prepared for review and approval by senior mission management, comparing the cost of mandatory training courses that can be offered locally with regional and international training.

However, the mission has not provided any evidence that these cost benefit assessments and cost analysis reports were completed for FY 2013, when the training budget increased by about 35 percent. We asked for documentation several times during this review and again after receiving the mission's comments, but nothing has been provided. The mission has not indicated that it intends to examine high-cost training events. As a result, we disagree with this management decision.

In order to address this recommendation, the mission needs to develop and implement a plan to review the total costs, including travel, associated with each proposed international training that is not core or mandatory and determine if the benefits of the training justify the costs.

SCOPE AND METHODOLOGY

Scope

USAID's Office of Inspector General in Pakistan conducted this review of USAID/Pakistan's international training practices. It was conducted in accordance with general government auditing standards. These standards require that we plan and perform the review to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with the review objective. We believe that the evidence obtained provides that reasonable basis.

The purpose of this review was to determine whether USAID/Pakistan complied with its mission training policy. In FY 2012, USAID/Pakistan budgeted \$1.1 million for domestic and international training events and spent about \$715,000 for international events.

We performed this review from January 28 through March 4, 2013, conducting fieldwork at USAID/Pakistan, where we reviewed employees attending international training events for FY 2012.

Methodology

The review team interviewed office directors, reviewed relevant policies (such as mission order 400.2 and ADS 458), and inspected the relevant documents that USAID/Pakistan provided.

Our sample of international training was based on population of 113 employees. We tested all training events for employees whose training exceeding \$10,000 in FY 2012. In some cases, this included more than one event per employee greater than the dollar threshold; the review team judgmentally selected the threshold amount of \$10,000 spent per employee for international trainings as an amount considered significant for one employee to incur. The sample included 20 employees from 10 different mission offices.

For the sampled employees, we tested the number of international trainings per employee in FY 2012. We reviewed employees' individual development plans and looked to see whether an exception was documented for training events outside the Asia Regional Training Center.

MANAGEMENT COMMENTS



USAID | **PAKISTAN**
FROM THE AMERICAN PEOPLE

MEMORANDUM

Date: April 11, 2013

To: Matthew Rathgeber
Director OIG/Pakistan

From: Jonathan M. Conly /s/
Mission Director USAID/Pakistan

Subject: Management Comments on the Review of USAID/Pakistan's International Training Practices

Reference: Report No. G-391-13-001-S dated March 07, 2013

The USAID/Pakistan Mission would like to thank the OIG for providing the Mission the opportunity to review the draft review report of International Training Practices. The Mission management appreciates efforts of the OIG in explaining the review process and maintaining a collegial atmosphere. This memorandum contains USAID/Pakistan's management response to the draft review report. We have also added additional information that is meant to give the report a broader context.

Staff development and training in USAID Pakistan is the Mission's highest priority to enhance individual and organizational performance. To ensure all categories of Mission personnel are well equipped with the tools needed to advance the USG's foreign policy agenda through USAID programs.

As noted in the Summary of Results section of the review report, the Mission fully complied with its policies and procedures with regard to the preparation of Individual Development Plans (IDP) as well as having a Deputy Mission Director approve international travel for training. The report does, however, fault the mission for not documenting and approving, as an exception, training events which took place outside of the region. Specifically, in the Review Results section of the report, on page 3, the report notes that "those courses outside the region should only be allowed in exceptional circumstances *that must be approved by the deputy mission director.*" The OIG's reference to exceptional circumstances "must be approved by the deputy mission director" is not explicitly or implicitly stated in the Mission Order. It is unclear as to the origin of this statement as reported. This is a matter of interpretation. Reading Section II. B and Section V. E of the Mission Order, it is reasonable one might draw the conclusion reached in the report. However, there is a nuanced difference regarding "priority over similar courses provided at other

locations” as stated in Section II. B – Guidelines and V.E regarding the requirement for an “action memorandum for approval” for courses outside the region. A revised and updated Mission Order on Training Policies and Procedures will be promulgated to clarify and specifically state documentation requirements and requisite approvals.

The intent of Section II.B is to provide the guidelines governing mission training. The Mission Order does not prescribe documentation requirements in this section. While the section states preferences for training locations, what is more relevant is that mandatory or required courses are not always available within the region as stated in the Mission Order. USAID Pakistan, to the maximum extent possible, offers core and mandatory courses at post; however, security, visa issuance and training course provider schedules are also factors that must be taken into consideration. Additionally, the RDMA is not the Agency’s only training center. In addition to RDMA, Agency sponsored training centers are established in Egypt, South Africa as well as USAID University in Washington, D.C. As also noted in the pre- and exit-conferences, it is not the Mission’s intent to strictly limit locations available for staff development and training; an element that will be clarified in the revised Mission Order.

Accordingly, a significant portion of the review’s findings are based on an interpretation of the intent of the Mission Order in the Guidelines section. As noted in the report, training that occurred outside the region was first approved by the employee’s supervisor during the IDP process and subsequently approved by a Deputy Mission Director on the international travel request, which is required.

The report asserts that the Mission is in non-compliance with an ADS requirement for cost-benefit analysis. Specifically, the report states according to ADS 458.3.3.1 “the Executive Officer is responsible for assessing the cost/benefit to the government for scheduling employees to attend trainings at various locations and time.” There is an established Mission Training Committee (MTC). The MTC members are the Supervisory Program Officer, the Mission Controller, the Executive Officer and Mission Training Coordinator. The MTC is charged with reviewing Mission training plans at the macro-level based on training plans submitted by individual offices and the development of the Mission’s training budget. In assessing the Mission’s training plans, the MTC considers (1) historical data that includes a comprehensive assessment of previous training undertaken by Mission staff as well as core course offerings, (2) an analysis of core and mandatory course requirements to ensure Mission hosted and individual training is consistent with the functional requirements of staff positions and Agency mandated certifications, and (3) the MTC evaluates projected training costs based historical data. The MTC is responsible for the development and administration of the Mission’s annual training budget. The assessment of training costs also takes into consideration the previous year’s actual completed training and per capita amounts spent (per employee). The Mission’s resource allocation for staff development and training is predicated on a comprehensive review of staff needs and funds availability.

Recommendation No. 1: We recommend USAID/Pakistan provide and document training to all office directors and senior mission management to make them aware of the mission training policy

Management comments:

Mission management agrees with the recommendation. In view of the high staff turnover as a result of the one year tour of duty, Mission management will implement orientation/training program for senior management personnel. This program will be designed to ensure decision-makers understand their role and responsibilities in requesting staff development and training opportunities for their staff and the approval process requirements. Mission expects to complete this action by September 30, 2013. This time frame takes into consideration the summer transition period and the arrival of new personnel.

Based on the actions identified above, the Mission requests OIG's acknowledgement that a management decision has been reached and that the recommendation will be deemed closed when the Mission conducts the first of these orientation/training sessions to all office directors and senior management personnel.

Recommendation No. 2: We recommend USAID/Pakistan implement a plan to review all pending fiscal year 2013 international trainings that are outside the Asia Regional Training Center to determine whether the courses comply with the mission training policy.

Management comments:

Mission management agrees with the recommendation in principle. Annually, the MTC conducts a review and assessment of past and current staff development and training needs/requirements. The MCT provides the requisite level of oversight and evaluation of Mission trainings and monitoring of resource allocations.

Also, The Mission has revised its International Trip Request form (Annex- A). The revised form requires a signed justification from the Office Director for approval by the Deputy Mission Director for exception to the Mission policy for training and staff development outside the region. As a result, exceptional future international training requests will be approved by the Deputy Mission Director. Therefore implementation of a separate plan to review all pending FY 2013 international trainings is not necessary.

Based on the above, the Mission requests OIG's acknowledgement that a management decision has been reached and requests closure of the recommendation upon issuance of the final review report.

Recommendation No. 3: We recommend USAID/Pakistan implement a standard procedure for approving all trainings that are classified as exceptions to the mission training policy.

Management comments:

Mission management agrees with the recommendation. As also mentioned in response to recommendation no. 2 above, the Mission has revised the International Trip Request Form (Annex- A). The revised form requires a signed justification from the Office Director for approval by the Deputy Mission Director as an exception to the Mission policy for training and staff development outside the region.

Based on the above, the Mission requests OIG's acknowledgement that a management decision has been reached and requests closure of the recommendation upon issuance of the final review report.

Recommendation No. 4: We recommend USAID/Pakistan implement a plan to conduct a cost benefit assessment for all international training events that are not core or mandatory and reduce the training budget by the amount of savings achieved.

Management comments:

Mission management does not agree with the recommendation. The Mission believes that it is complying with all the requirements pertaining to the analysis of cost/benefit analysis to the government of employee trainings.

Training cost/benefit assessments are completed each year prior to training budget allocations. A comprehensive cost analysis report is prepared for review and approval by senior Mission management. In this report, the MTC compares the cost of mandatory training courses that can be offered locally versus regional and international training offerings and/or in USAID/W. The MTC considers workload factors, scheduled training events, timing and number of courses available, including the cost of training at

regional centers in Bangkok, Cairo and other USAID training facilities in determining costs—relative to approved Individual Training Plans (IDPs) and Mission requirements.

Agency's core and mandatory certification courses are offered at the Mission level, which results in significant savings each year. For example, in 2011 and 2012 a total of 93 employees were trained to be certified as CORs/AORs through trainings conducted at the Mission—a total of five courses were offered which resulted in net savings of over \$400,000 (average tuition fee is \$4,500 per employee), which would not have been possible had these trainings not been conducted locally. This estimate does not take into account the cost associated with transportation and per diem. Likewise the Mission routinely offers PDM, PFA, and Monitoring and Evaluation as well as the GLASS certification program for Mission staff requiring access to this financial management system. According to the Agency's Training and Education Division (HR/TE), USAID Pakistan has the most aggressive and effective Mission level training program. In two years a total of 485 Mission participants took part in Mission level training programs. For FY 2013 it is anticipated that at least 285 staff members will benefit from Mission level offered courses.

It is unclear what the basis for this recommendation is or exactly how the OIG determined that the Mission is not in compliance with the cost/benefit analysis requirement. We do not agree with the OIG's interpretation of the requirements. It appears this recommendation significantly overstates Agency and Mission policy requirements. Even if the Mission management concurred with the advice that a cost benefit assessment would facilitate enhanced staff ability to achieve Mission program objectives, reduction of the Mission training budget would not necessarily be a logical or programmatically prudent result of such an assessment. The Mission's training requirements and hence training budget may increase in the following year as new personnel joins the Mission, as a result of either new activities coming on board or staff joining in to replace outgoing employees.

Based on the above, the Mission requests OIG's acknowledgement that a management decision has been reached and requests closure of the recommendation upon issuance of the final review report.