



**OFFICE OF INSPECTOR GENERAL**  
U.S. Agency for International Development

# USAID's Award Oversight Is Insufficient To Hold Implementers Accountable for Achieving Results

**AUDIT REPORT 9-000-19-006-P**  
**SEPTEMBER 25, 2019**

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## MEMORANDUM

DATE: September 25, 2019

TO: USAID Administrator, Mark Green

FROM: Inspector General, Ann Calvaresi Barr /s/

SUBJECT: USAID's Award Oversight Is Insufficient To Hold Implementers Accountable for Achieving Results (9-000-19-006-P)

This memorandum transmits the final report on our audit of USAID's award management. Our audit objectives were to (1) determine if implementers delivered award results as initially intended and (2) assess USAID's award management process. In addressing the second objective, we sought to identify any impediments USAID faces in managing awards for optimal performance and determine how USAID could improve its award management. In finalizing the report, we considered your comments on the draft and included them in their entirety, excluding attachments, in appendix C.

The report contains 10 recommendations to strengthen the award management process and enforce accountability of those charged with award oversight. After reviewing information you provided in response to the draft report, we consider six closed (recommendations 1, 2, 3, 4, 8, and 9) and four resolved but open pending completion of planned activities (recommendations 5, 6, 7, and 10).

For recommendations 5, 6, 7, and 10, please provide evidence of final action to the Audit Performance and Compliance Division.

We appreciate the assistance you and your staff extended to us during this audit.

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## INTRODUCTION

Each year since 2008, USAID has spent an average of \$17.8 billion in acquisition and assistance awards to implement foreign aid and development programs. Acquisition awards—which include contracts, task orders, and blanket purchase agreements—are used to obtain specific goods and services. Assistance awards, such as grants and cooperative agreements, transfer funds or other valuables from USAID to another party for implementing programs that further U.S. foreign assistance objectives described in the Foreign Assistance Act and other laws.

In a June 2018 Agency-wide notice, the USAID Administrator stated, “USAID’s primary business is executing acquisition and assistance awards, and no other task is more important.” However, our prior work has shown that USAID’s awards often do not deliver the results the Agency contracted for. Over the past decade, we have made 2,700 recommendations in 365 audit reports aimed at strengthening USAID’s award management to better ensure they achieve intended outcomes.

Addressing these recommendations has been a major challenge for USAID—one that we have included in our Top Management Challenges reports for the past 3 fiscal years. These reports highlighted USAID’s need to improve program planning and monitoring, better document performance results, and better manage information. As we noted in our fiscal year 2019 report, persistent weaknesses in planning, monitoring, and evaluation undermine the timeliness and impact of USAID programs, especially in the nonpermissive environments the Agency frequently works in.<sup>1</sup>

We conducted this audit to (1) determine if implementers delivered award results as initially intended<sup>2</sup> and (2) assess USAID’s award management process. Our assessment of this process included identifying any impediments USAID faces in managing awards for optimal performance and determining how USAID could improve its award management.

To conduct our audit, we selected random statistical samples of 50 acquisition awards and 50 assistance awards that concluded between fiscal years 2014 and 2016. In determining the extent to which implementers delivered award results as initially intended, we excluded 19 awards that lacked information needed for this analysis (9 acquisition and 10 assistance). For the remaining 81 awards, we compared the results USAID expected to achieve when making the award to the final results reported by the implementer at the award’s end. This analysis resulted in a percentage achieved (award score) for each award. The award score does not indicate how well services were

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<sup>1</sup> USAID OIG, “Top Management Challenges for Fiscal Year 2019,” November 19, 2018. USAID describes a nonpermissive environment as a context in which uncertainty, instability, inaccessibility, or insecurity constrains USAID’s ability to operate safely and effectively.

<sup>2</sup> We defined initial expectations as the overall results established in the award and agreed to by USAID and the implementer in the first approved monitoring plan (when it is required). While award targets and expected results may fluctuate over the life of an award, we sought to determine how effectively implementers were delivering on their initial commitments.

performed or goods delivered, or the quality of the goods; it merely indicates whether the deliverables were (self-reported as) provided. We considered all reported results equally, whether it was an individual trained or a policy implemented, an output or an outcome. In assessing the award management process, we looked at all 100 awards in our sample.

We also reviewed documentation and systems related to USAID's award management process, and analyzed responses to questionnaires sent to contracting officers (COs) and agreement officers (AOs) and their designated representatives (CORs and AORs) to identify impediments and correlations with award management and performance.<sup>3</sup> We corroborated testimonial evidence with documentation and additional interviews with senior USAID officials. Appendix A describes our scope and methodology in more detail.

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## SUMMARY

Based on our analysis, an estimated 43 percent of the 2,321 awards ending in fiscal years 2014, 2015, and 2016 were reported as achieving, on average, approximately half of award expectations.<sup>4</sup> The remaining estimated 57 percent of awards met or exceeded expectations, though some awards were skewed by outlier performance measures that eclipsed the other results. Regardless of award outcomes, USAID paid implementers essentially the full award amount for the underperforming awards.

USAID's policies provide detailed guidance on managing awards, including identifying desired results; establishing goals, development objectives, and intermediate results to accomplish those results; and developing performance measures to track the progress of programs from start to finish. However, execution of the award management process lacks the rigor needed to ensure results are achieved. Specifically, we found pervasive problems in three key areas.

- Those responsible for managing the process did not always consider implementers' past performance before making or extending awards, establish timely or adequate monitoring plans including performance measures, ensure that CORs and AORs provided oversight through site visits and interacting with implementers, or formally assess implementers' performance.
- Competing award management roles and responsibilities may compromise independence and oversight. For example, many COs and AOs who responded to our questionnaire said they felt pressures from mission directors, their deputies, and technical and program offices to make award decisions. Also, many CORs and AORs

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<sup>3</sup> We engaged 147 COs and AOs and 232 CORs and AORs through questionnaires, receiving responses from 61 (41 percent response rate) and 102 (44 percent response rate), respectively. A followup questionnaire was sent to the 61 respondent COs and AOs, of which 50 responded.

<sup>4</sup> This estimate can be generalized with an 85 percent confidence interval, allowing for a 5 percent margin of error.

reported spending little time in carrying out the critical oversight roles that are delegated to them.

- Poor recordkeeping practices further undermine USAID's award management. For example, we identified numerous records that were missing in the Agency's electronic filing system, ASIST, which raises significant concerns about how USAID can manage performance or hold implementers accountable for results. Despite requirements to the contrary, files also continue to be split between ASIST and other inaccessible recordkeeping mechanisms such as hardcopy files and personal hard drives.

We are making 10 recommendations to improve USAID's execution of its award management process.

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## **BACKGROUND**

U.S.-funded aid and development foreign assistance programs and operations respond to global crises and support country development and reforms. USAID's foreign assistance also aims to advance U.S. national security, expand economic growth, create markets and trade partners for the United States, promote stable and free societies, and promote a path to recipient self-reliance.

USAID's projects and activities are designed to address foreign assistance needs it identifies along with partner governments, industry, civil society, and development partners. To implement these projects and activities, USAID solicits proposals and applications for carrying out project requirements described in the solicitation. The Agency's review of proposals from potential implementers typically includes the following evaluation criteria: (1) past performance, (2) technical approach, (3) personnel, (4) corporate capability, and (5) management plans. Once USAID identifies the best candidate to implement the project or activity, it makes an acquisition or assistance award to the selected organization.

While several offices play a role in managing USAID awards, COs and AOs—direct-hire Federal employees in most instances—have ultimate responsibility for award performance and compliance with terms. COs (for acquisition) and AOs (for assistance) are authorized to enter into, amend, or terminate awards. Since many have responsibility for more than one award, they could be the CO for one award and the AO for another one. They can be located in Washington, DC; the mission in the country where the award is being implemented; or in a regional office.

COs and AOs designate and authorize in writing CORs and AORs to assist in monitoring and administering acquisition awards and assistance awards, respectively, but the function of each designee type is essentially the same: review documents submitted by implementers, approve and track monitoring plans, sign monthly vouchers for payment, and execute other oversight responsibilities as described in CO and AO designation letters. CORs and AORs do not have the authority to obligate U.S. Government funds as COs and AOs do, but they may assist with managing the awards.

CORs and AORs can be direct hires, personal services contractors, or locally hired staff in Washington, DC; the country where the award was being implemented; or a regional office. Most CORs and AORs are a part of a technical or program office in Washington, DC, or in a mission overseas.

Most acquisition awards and some types of assistance awards require “substantial involvement” by USAID, which can include requiring the implementer to submit a monitoring plan shortly after the award is made, and establishing or clarifying results or performance indicators the award is expected to achieve, often with more specificity than the goals set at the time the award is made. These plans are also expected to include baselines for measuring progress, targets, and timeframes for when tasks would be accomplished. Implementers submit their monitoring plans to CORs or AORs for approval. Awards can include other required deliverables meant to assist USAID officials in managing the award—such as annual work plans, quarterly and annual progress reports, and periodic financial reporting. After completing an award, implementers typically produce a final performance report, which encapsulates the results achieved.

Although some awarding and monitoring requirements differ for the two award types, they have other important requirements in common. These include the U.S. Government Accountability Office’s (GAO) Federal internal control standards regarding establishing and monitoring performance indicators and holding managers accountable for results; National Archives and Records Administration recordkeeping guidance; and some USAID Automated Directives System (ADS) policies, including its program cycle operational policy in ADS chapter 201.

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## **ALMOST HALF OF AWARDS DID NOT ACHIEVE EXPECTED RESULTS, BUT IMPLEMENTERS WERE GENERALLY PAID FULL AWARD AMOUNTS**

Our scoring of self-reported results from the 81 awards we tested identified a range in award performance from 9.5 percent to 224.4 percent of intended results. Regardless of award outcomes, USAID paid implementers essentially the full award amount for underperforming awards. We sorted self-reported results for the awards we reviewed in three categories:

- *Results Not Achieved.* We found that 35 of the 81 awards did not achieve intended results. Accordingly, we estimate that 43 percent of USAID’s 2,321 awards ending in fiscal years 2014, 2015, or 2016, did not achieve all of their intended results, averaging 53 percent of what was intended.<sup>5</sup>
- *Achievement of Specific Task.* We found that 21 of the 81 awards achieved a specific task (or result). That allowed us to estimate that 26 percent reportedly accomplished their task. These awards had reported results as all or nothing, such as

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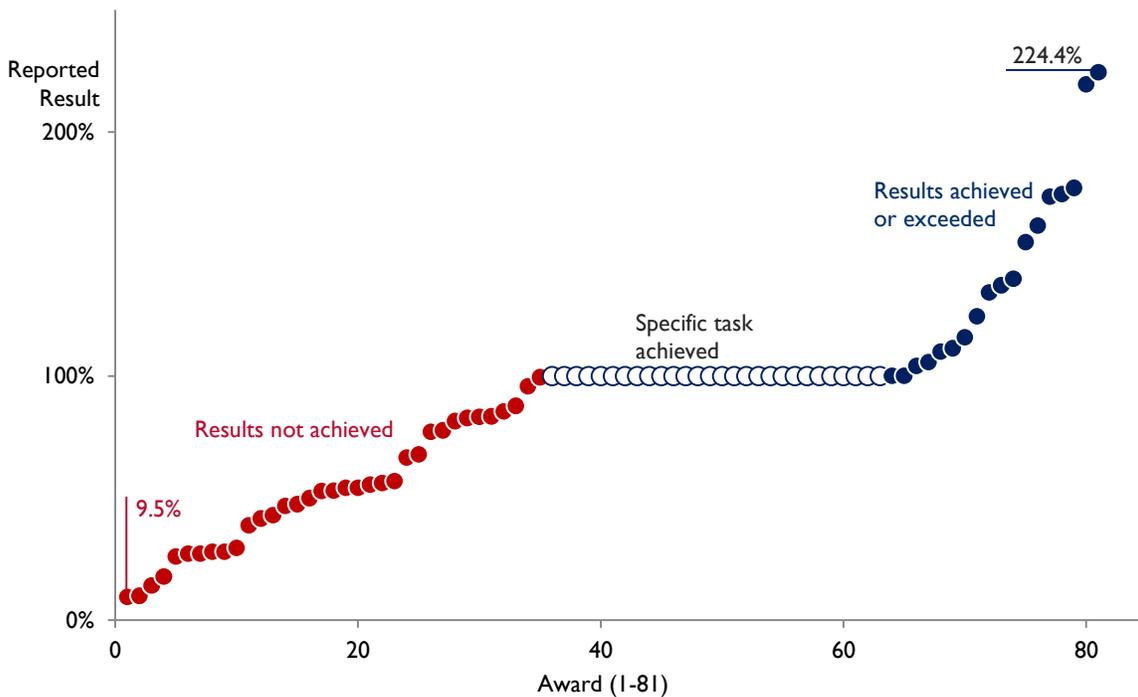
<sup>5</sup> Our estimates can be generalized to all USAID awards ending in fiscal years 2014, 2015, or 2016, with an 85 percent confidence interval, allowing for a 5 percent margin of error.

blankets purchased, an evaluation report prepared, or shipping or air freight transport provided. In other words, the implementers of these awards either did or did not complete the task.

- *Results Achieved.* The remaining 25 awards achieved intended results, meaning an estimated 31 percent of awards self-reported achieving 100 percent or more of expectations.

Figure 1 provides a snapshot of the 81 awards scored in our analysis, noting in particular the range in self-reported award results.

**Figure 1. Reported Results of Sampled Awards Varied Widely**



Source: OIG analysis based on award documentation from USAID and implementers.

While we did not validate self-reported results or determine whether or not the intended results were reasonable, our review identified concerns with 8 of the 25 awards that our award score analysis showed as achieving or exceeding intended results. Three awards reported zero results for around half of their performance measures. Despite preventative measures taken to mitigate outliers, another five awards skewed our award score analysis with overachievement in certain areas overshadowing less achievement in others.

For example, an implementer reported results achieving a calculated 110 percent of intended results on an award to strengthen the prevention and management of acute malnutrition in West Africa, but 77 percent of the achievement was attributed to a single performance measure—nutritional messaging radio outreach. The overall percentage masked shortfalls in outcome-related measures related to the number of beneficiaries receiving vital services:

- The implementer reported that 19 percent (4,557 of the 24,232) of intended beneficiaries received moderate acute malnutrition services.
- The implementer reported that 36 percent (582 of 1,614) of intended adult beneficiaries were admitted to stabilization centers for severe acute malnutrition, and none of the 166 intended beneficiaries under 5 years old were admitted.

Therefore, if the radio outreach performance measure were removed from consideration, the reported results from the remaining 29 performance measures represent an average of 45 percent of what the award set out to accomplish.

Regardless of whether or not implementers achieved expected results, USAID paid out on the 81 awards we tested. Specifically, USAID paid on average 97 percent of the 35 awards that implementers did not achieve results on (see appendix B), raising the question whether USAID—and the American taxpayer—is getting what it pays for.

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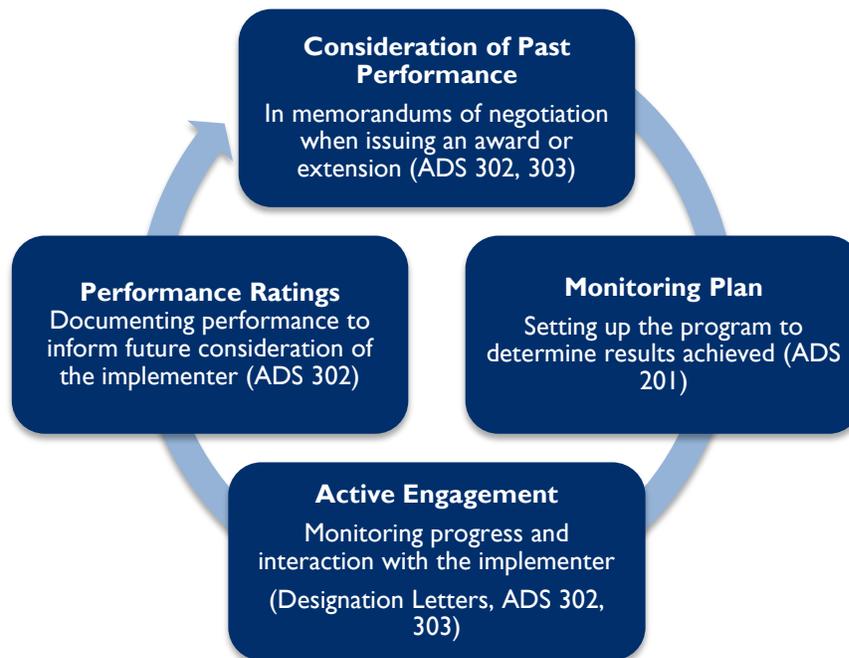
## **EXECUTION OF USAID’S AWARD MANAGEMENT PROCESS LACKS THE RIGOR NEEDED TO ENSURE RESULTS ARE ACHIEVED**

USAID’s award management process emphasizes achieving results. It features detailed guidance on establishing goals, development objectives, intermediate results, and performance measures or similar terms to measure the progress of programs in achieving those results. However, ongoing, systematic award management weaknesses hinder USAID’s ability to hold implementers accountable for performance. Specific problems are (1) a lack of staff adherence to internal guidance; (2) competing award management roles and responsibilities, which undermines COs’ and AOs’ independence and ability to provide effective oversight; and (3) poor recordkeeping systems, which could impede well-informed decisions on extending or making new awards.

### **COs, AOs, CORs, and AORs Did Not Always Adhere to USAID’s Award Management Process**

USAID’s award management process includes four critical components: consideration of past performance, monitoring plans, active engagement, and performance ratings (figure 2). If implemented as intended, these components provide accountability for achieving intended results.

**Figure 2. USAID’s Award Management Process**



Source: OIG analysis.

However, we found that COs, AOs, CORs, and AORs, did not fully adhere to each component of the award management process.

**Consideration of Past Performance.** According to Agency policy, a memorandum of negotiation is a comprehensive document that records the key elements of an award decision. It represents a complete history of the award process and serves as the document that any person working in an official capacity can read and know the history of how and why the award was made. The Agency requires COs and AOs to consider an implementer’s past performance as a basis for making or extending awards and document their considerations in memorandums of negotiation. However, based on the 100 awards we tested, the files did not always include required documentation. For example:

- We estimate that 11 percent of USAID’s 2,321 acquisition and assistance awards ending in fiscal years 2014, 2015, or 2016 did not have the required memorandums in award files.<sup>6</sup>
- We also estimate that 69 percent of USAID’s acquisition awards and 37 percent of assistance awards ending in fiscal years 2014, 2015, and 2016 had memorandums of negotiation, but they did not document if or how past performance was considered.

<sup>6</sup> Projectable with 90 percent confidence, allowing for a 5 percent margin of error.

Insufficient documentation of past performance has been a longstanding issue. In 2014, we concluded that the Agency did not properly document consideration of past performance or provide adequate oversight or support for use of past performance data.<sup>7</sup> Without considering past performance and documenting it, USAID lacks assurance that awards are made to implementers with a proven track record for being good stewards of U.S. funds.

**Monitoring Plan.** Sixty-three of the 100 sampled awards we reviewed required the implementer to establish a monitoring plan, often within 90 days of the award, but always “before major activity implementation begins.” However, many plans and the performance measures they contain were missing or late:

- Of the 63 awards requiring a monitoring plan, 24 did not have one.
- The 39 awards that had monitoring plans did not have them until an average of 259 days after the award began.
- Targets (expectations) for 219 of the 1,895 indicators in our sample were expressed as “TBD” (to be determined) or in some other unmeasurable way, such as percent targets for improvement without baselines to indicate what point they started from.
- Targets were not specified for 16 percent of awards (13 of 81) until the final performance report, so we could not determine when they had been adopted during the life of the award. USAID also would not have been able to hold implementers accountable for those results without set targets.

CORs and AORs are responsible for monitoring implementer progress. However, USAID policies and guidance concerning when and how monitoring plans should be developed and deployed do not include clear checks or accountability for ensuring the plans are in place and relevant.<sup>8</sup> While the issues noted above are not generalizable to the population of USAID’s awards, the extent of problems raise concerns of how pervasive this may be throughout the Agency.

**Active Engagement.** When designating a COR or AOR to assist in providing award oversight, a CO or AO issues a Designation Letter, which describes the responsibilities and limitations of the authorities delegated to the COR or AOR.<sup>9</sup> Included in this letter is the designee’s responsibility to monitor the implementer’s progress in achieving award objectives and act as a technical liaison between the CO or AO and the implementer. Site visits are an important component of monitoring to confirm implementation, identify gaps, and reconcile any discrepancies between what is

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<sup>7</sup> USAID OIG, “Review of USAID’s Past Performance Evaluations for Partners” (9-000-14-003-S), September 30, 2014.

<sup>8</sup> GAO, “Standards for Internal Control in the Federal Government,” September 2014. Principle 5 calls for management to evaluate performance and hold individuals accountable for their internal control responsibilities.

<sup>9</sup> FAR 1602-2, Responsibilities, states that a CO must designate and authorize a COR in writing, specifying the extent of the COR’s authorities and identifying his or her limitations. USAID uses Designation Letters to assign both CORs and AORs.

happening and what is being reported as happening. However, USAID policies did not provide Agency-wide guidance addressing how and when CORs or AORs should monitor award activities onsite or engage implementers until May 2019—approximately 8 months after we brought the issue to their attention.

Many CORs and AORs stated in response to our questionnaire that they have not conducted site visits or interacted with implementers for many awards—despite the Agency’s prior commitments to Congress that it would terminate awards if adequate oversight is not possible or adequate development progress is not being made:<sup>10</sup>

- Of the 105 CORs and AORs who responded to this question, 63 percent said they did not conduct a single site visit during the entire performance period for awards in our sample (representing 42 of the 100 sampled awards).<sup>11</sup> Two-thirds of the awards with non-visiting CORs and AORs were implemented in countries where movement is not restricted by security concerns (17 of the 49 referenced awards were in countries designated at the time as nonpermissive).
- For the 29 awards in our sample that were executed in nonpermissive countries, where security concerns restrict movement, oversight is a challenge. However, we found no evidence that formal plans were developed to mitigate this challenge before approving these awards. We have reported this longstanding oversight challenge in our annual Top Management Challenges reports, including the one for fiscal year 2019.<sup>12</sup>

CORs and AORs who reported in our questionnaire that they did not conduct any site visits were associated with sampled awards that, according to our award score analysis, achieved 28 percent less than awards with CORs or AORs who reported conducting regular site visits. In contrast, CORs and AORs who reported regular interactions with implementers (about half) were associated with award scores that were 17 percent more than those with minimal or no interactions with implementers.<sup>13</sup>

**Performance Ratings.** Agency policy notes that an award applicant’s history of performance can serve as an indicator of the quality of its future performance. The policy calls for a selection committee to check how well a prospective implementer has performed, including, to the maximum extent possible, the relevancy of work performed, instances of good and bad performance, and significant achievements and

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<sup>10</sup> Testimonies held before the Senate Foreign Relations Committee and the House Oversight and Government Reform Subcommittee on National Security on December 10, 2013, and April 3, 2014, respectively.

<sup>11</sup> Another 35 awards are represented by CORs and AORs claiming to have conducted site visits (totaling 77 awards altogether). Four of the 100 awards in our sample did not have a COR or AOR designated to them and the CORs and AORs responsible to the remaining 19 awards did not respond to our questionnaire.

<sup>12</sup> USAID OIG, “Top Management Challenges for Fiscal Year 2019,” November 19, 2018.

<sup>13</sup> In our questionnaire, we asked CORs and AORs whether they had regular, minimal, or no interaction with the implementer they were designated to liaise with for each of the sampled awards. We did not follow up to determine the method used or results of the interaction. This association between interaction and reported award performance does not represent causation.

problems.<sup>14</sup> However, USAID does not have a formal system for tracking and recording implementer performance on assistance awards, which comprise two-thirds of USAID’s funding. One Office of Acquisition and Assistance (OAA) official noted that developing such a system would cost millions of dollars, while another stated that no performance ratings or documentation for assistance awards are required. Without such a system in place, this funding is placed at greater risk of being awarded to implementers with reduced incentive or ability to deliver.

In contrast to assistance awards, the Federal Acquisition Regulation (FAR) requires agencies to collect and use implementer performance information in making acquisition awards. A 2009 Office of Federal Procurement Policy memorandum underscored this requirement, stating that agencies must use the Contractor Performance Assessment Reporting System (CPARS), a Federal Governmentwide system for rating, tracking, and reviewing the performance of acquisition awards. OMB required agencies to achieve at least 80 percent rating documentation by 2014 and 100 percent by 2015. The primary purpose of CPARS is to ensure that current, complete, and accurate information on contractor performance is available for use in procurement source selections. CPARS collects the assessment of a contractor’s performance, providing a record against a unique contract award. Contracting officers assign contractors performance ratings using a 5-point scale (see table 1). Scoring is applied to six areas: (1) quality of product or service, (2) schedule, (3) cost control, (4) management, (5) regulatory compliance, and (6) utilization of small business.

**Table 1. Evaluation Rating Definitions**

<b>Rating</b>	<b>Definition</b>
5. Exceptional	Performance meets contractual requirements and exceeds many. There were few, minor problems and corrective action was highly effective.
4. Very Good	Performance meets contractual requirements and exceeds some. There were some minor problems and corrective action was effective.
3. Satisfactory	Performance meets contractual requirements. There were some minor problems, which were addressed satisfactorily.
2. Marginal	Performance does not meet some contractual benefits. A serious problem exists (or occurred) and the corrective action is not yet identified or actions taken are only marginally effective.
1. Unsatisfactory	Performance does not meet most contractual requirements and recovery is not likely in a timely manner. Serious problems exist and corrective actions are ineffective.

Source: FAR 42.1503, Table 42-1.

In 2014, we reported that USAID was not adequately using CPARS,<sup>15</sup> and our sample indicates the Agency has yet to meet OMB’s 2015 requirement to achieve 100 percent

<sup>14</sup> ADS 303.3.9, Pre-Award Risk Assessment, Grants and Cooperative Agreements to Non-governmental Organizations

<sup>15</sup> “Review of USAID’s Past Performance Evaluations for Partners” (9-000-14-003-S), September 30, 2014.

use. Based on our review of 50 sampled acquisition awards, we estimate that 44 percent of awards ending in fiscal years 2014, 2015, and 2016 had a complete set of annual CPARS ratings, whereas an estimated 28 percent had no CPARS ratings on file. The remaining estimated 28 percent had some ratings, but not all—averaging half of the required annual ratings.<sup>16</sup>

When asked whether they confirmed rating information in CPARS, 9 of 24 COs responding to the question said that they did not.<sup>17</sup> A lack of documentation weakens the Agency’s ability to hold implementers accountable for not only achieving results, but the manner in which they achieve them. Further, without ratings, COs have less available data to assess implementers’ past performance when considering proposals for awards.

Even in cases where performance was rated, some ratings were questionable. None of the sampled acquisition awards received a rating less than satisfactory (the average rating was 4, or “very good”)—regardless of their performance.<sup>18</sup> For example, one implementer received satisfactory ratings despite the CO indicating that the services rendered did not meet USAID standards and the award had to be extended twice to improve the quality of work.

In addition, according to our award score analysis, awards that did not achieve initially intended results received a higher average CPARS rating (4.26 of 5) than awards achieving 100 percent or more (3.92 of 5). The two lowest performing awards from our analysis (achieving 27 percent and 10 percent of expected results) were given an average rating of 5 and 4.5, respectively.<sup>19</sup>

## **Competing Award Management Roles and Responsibilities May Compromise Independence and Oversight**

The FAR gives COs wide latitude to use professional judgment in making award decisions. However, 43 of 50 COs and AOs responding to our questionnaire (an 82 percent response rate), reported experiencing internal pressures from mission directors, their deputies, and technical and program offices, and external pressures from Ambassadors and implementers (figure 3). Further, 19 of the 50 COs and AOs reported being impacted when resisting these pressures, ranging from increased stress to negative

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<sup>16</sup> These estimates can be generalized onto USAID’s population of 1,513 acquisition awards ending in fiscal years 2014, 2015, and 2016 with a 90 percent confidence interval, allowing for a 5 percent margin of error.

<sup>17</sup> A tenth CO stated she did not confirm the CPARS rating for one award, but did for another. Questionnaire responses represent 26 of the 50 sampled acquisition awards. Another 19 COs responded to our questionnaire, but not to our CPARS question.

<sup>18</sup> We reviewed CPARS ratings for all 50 sampled acquisition awards, though only 35 of these awards had both scorable results (being a part of the 81 total acquisition and assistance awards with reported results) and CPARS ratings on file.

<sup>19</sup> The results of our award score analysis does not directly reconcile with the “quality of product or service” consideration of the CPARS rating.

ratings and issues with onward assignments. Further, 16 of the 50 said they do not have the independence they need to perform their jobs without undue influence.<sup>20</sup>

**Figure 3. Pressures Reported by Contracting and Agreement Officers To Make Certain Award Decisions**

We asked COs and AOs to report how often they experienced various award-related pressure.

	Always	Often	Sometimes	Rarely	Never	No Answer
Expedite awards	2	18	13	5	4	8
Increase amount of award	0	8	16	6	12	8
Exercise option years	0	10	10	7	11	12
Accept substandard performance or documentation	0	4	3	15	17	11
Make awards to a particular offeror	0	3	5	12	20	10
Not terminate an award for poor performance	0	2	3	14	21	10

Source: OIG analysis.

Almost a third of the 81 awards we tested were modified to reflect changes in funding, averaging an increase of 44 percent over the initial award amounts. These awards were also extended on average by about a year. While we did not determine USAID’s justification for modifying these awards, we noted that the increases in costs and performance periods were approved even though expected performance results were virtually unchanged.

While CORs and AORs assist in fulfilling CO and AO responsibilities, including monitoring progress, documenting material performance deficiencies, providing technical guidance, and liaising between the implementer and the CO or AO, 4 of the 102 CORs and AORs responding to our questionnaire stated that the sampled award they were responsible for was their full-time job. Further, of the 53 CORs and AORs offering the proportion of time spent on their award, 19 reported devoting 5 percent or less.<sup>21</sup> On average, the 53 respondents reported devoting 16 percent of their time to the COR or AOR role. Many CORs and AORs reported in our questionnaire that their role as a representative was a collateral duty in addition to their regular jobs, such as being an office director or deputy director, a regional technical advisor, or a technical officer.

We did not determine why CORs and AORs devote such little time to duties delegated by COs and AOs, or why award scores linked to non-U.S. direct hire CORs and AORs,

<sup>20</sup> We did not corroborate these reported impacts or evaluate the context surrounding the related pressures surrounding the assertions.

<sup>21</sup> The remaining CORs and AORs did not offer a proportion of their time spent on the sampled awards.

such as Foreign Service Nationals and third-country nationals,<sup>22</sup> were significantly better on average than U.S. direct hires, regardless of the direct hire's location.<sup>23</sup> On average, implementers reported 30 percent better award performance per our analysis when managed by CORs and AORs that were Foreign Service Nationals than those managed by direct hires.

Overreliance on these designees in light of their regular duties could hinder COs' and AOs' ability to carry out their responsibilities to ensure compliance with the terms of the contract, and safeguard U.S. interests.<sup>24</sup> Our analysis of reported results showed that awards with more experienced COs and AOs (those with more than 10 years' experience) achieved up to 38 percent better results, but USAID has had difficulty retaining COs and AOs.

USAID has not formally analyzed the cause for variations in award performance between contracting and agreement officer's representative hiring types. Without comprehensive analyses of findings such as these, any actions USAID may take to strengthen the integrity of its award management process may not be effective in the end.

## **Poor Recordkeeping Further Undermines USAID's Award Management**

Federal internal control standards call for the Agency to clearly document internal control and all transactions and other significant events in a manner that allows the documentation to be readily available for examination.<sup>25</sup> USAID did not provide the records needed to demonstrate any accomplishments for 18 of the 100 awards in our sample until November 2018 (we initially requested them in April 2017), after we had completed our analysis. The Agency spent almost \$270 million on these 18 awards—an amount that, when projected to the entire portfolio of awards that ended in the 3 fiscal years sampled, would represent an estimated \$3.3 billion in disbursements for goods or services for which USAID could not readily provide receipt of results documentation.<sup>26</sup>

USAID's difficulty in producing required documents demonstrates a risk that raises significant concerns about USAID's ability to manage performance or hold implementers accountable. To provide stakeholder access to award files, USAID spent millions to implement ASIST, the Agency's repository for award-related documents, and has required that all awards made after April 3, 2014, be filed in ASIST.

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<sup>22</sup> Third-country nationals are neither U.S. citizens nor citizens of the country to which they are assigned for duty. U.S. direct hires are permanent, Federal employees who are U.S. citizens.

<sup>23</sup> When looking at whether direct hire CORs and AORs were based in Washington, DC, or in the country where the award was executed, reported award performance varied by only 5 percent.

<sup>24</sup> FAR 1.602-2, Responsibilities.

<sup>25</sup> GAO, "Standards for Internal Control in the Federal Government," September 2014. Principle 10.03, Design of Appropriate Types of Control Activities.

<sup>26</sup> Our estimate can be generalized to all USAID awards ending in fiscal years 2014, 2015, and 2016, with a 90 percent confidence interval plus or minus \$165 million.

However, we estimate that 30 percent of the 34,653 active awards made after April 3, 2014 (up until December 11, 2017, when the sample was pulled), did not have a single document in the system.<sup>27</sup> We found other problems:

- CORs, AORs, and activity managers did not obtain full access to ASIST until June 26, 2018, after we discussed their need for access. They are currently being trained and transferring their files to the system.
- An award file checklist and OAA's checklist of COR and AOR documents were not established for ASIST until after we noted the need for them; the checklists have yet to be fully implemented and incorporated into Agency policy.
- There is no records disposal schedule for ASIST (increasing the risk of inappropriate document disposal), and the schedules for GLAAS (another procurement database that automates the procurement processes from planning to award closeout) and hardcopy procurement files do not reflect the required National Archives and Records Administration retention period of 6 years.

Continued inability to access records of past performance and other award-related documents puts the Agency at risk of making award decisions without considering critical performance-related information.

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## CONCLUSION

USAID has longstanding challenges with executing acquisition and assistance awards. The Agency has missed opportunities to fully assess implementers' performance and hold them accountable for award performance. As a result, USAID has less assurance that U.S. foreign assistance goals are being met. Until the Agency takes action to put in place monitoring plans and appropriate performance measures for awards, implement controls to ensure its employees and implementers adhere to the award management process and related requirements, address challenges with roles and responsibilities for award making and oversight, and significantly improve its recordkeeping practices, it will continue to put USAID programs and projects—and the billions of dollars that fund them—at risk of not achieving intended results.

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## RECOMMENDATIONS

To strengthen the award management process and enforce accountability of those charged with award oversight, we recommend that the USAID Administrator direct the appropriate offices to take the following actions:

- I. Implement a strategy to (1) ensure award monitoring plans with measurable performance indicators, baselines, and expected results (targets) are established for all required activities and projects before major activity implementation begins and (2) identify those responsible for tracking and enforcing the strategy.

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<sup>27</sup> Our estimate has a 95 percent confidence interval that ranges from 27.5 to 32.5 percent.

2. Implement an approach to track, document, and review implementer performance on USAID assistance awards.
3. Implement a control to ensure USAID staff complete CPARS according to Governmentwide standards, including maintaining documentation to support ratings.
4. Implement guidance for contracting officer's representatives and agreement officer's representatives to clarify the type and extent of engagement (including site visits and implementer interaction) and associated documentation requirements for each award. This guidance should include how contracting and agreement officers document alternative oversight methods if a nonpermissive environment or other security concerns limit engagement.
5. Implement a strategy to ensure contracting officer's representatives and agreement officer's representatives prioritize their delegated responsibilities in the context of their other duties.
6. Implement a strategy to help ensure contracting officers and agreement officers are free of undue influence in the execution and management of awards.
7. Implement a control to prevent obligating funds for any award or modification that lacks key award/modification documents, such as memorandums of negotiation, including language evidencing the consideration of past performance in ASIST.
8. Implement a plan to strengthen ASIST by (1) giving all contracting/agreement officer's representatives the access and training they need to read, enter, and edit documents in ASIST; (2) incorporating into Agency policy standard checklists of award and contracting and agreement officer's representatives' documents required to be in ASIST; (3) updating the Agency's records retention and disposition schedules for ASIST award records; and (4) revising its corresponding policy to comply with the National Archives and Records Administration retention period of 6 years after business use ceases.
9. Implement a control for making payments or increased obligations to implementers contingent on all required deliverables being completed and required supporting documentation being uploaded or cited in ASIST.

We also recommend that the USAID Administrator direct the Office of Acquisition and Assistance, in collaboration with the Office of Human Capital and Talent Management, to:

10. Conduct and document an analysis of the cause for variations in award performance between contracting and agreement officer's representative hiring types.

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## **OIG RESPONSE TO AGENCY COMMENTS**

We provided our draft report to USAID on August 8, 2019, and on September 9, 2019, received its response, which is included as appendix C. USAID also provided technical comments on the draft, which we considered and incorporated into the final report as appropriate.

The report included 10 recommendations. We consider six of them closed (recommendations 1, 2, 3, 4, 8, and 9) and four resolved but open pending completion of planned activities (recommendations 5, 6, 7, and 10).

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## **APPENDIX A. SCOPE AND METHODOLOGY**

We conducted our work from March 2017 through August 2019 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 based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We conducted this audit to (1) determine if implementers delivered award results as initially intended and (2) assess USAID's award management process. In addressing the second objective, we sought to identify any impediments USAID faces in managing awards for optimal performance and determine how USAID could improve its award management.

Our audit scope includes all USAID acquisition awards (e.g., contracts, task orders) and assistance awards (e.g., grants, cooperative agreements) of at least \$150,000 in value that ended performance in fiscal years 2014, 2015, or 2016.<sup>28</sup> There were 2,321 awards (1,513 acquisition awards and 808 assistance awards) in this population, with disbursements totaling \$21.4 billion. This population represents programming expenses (expenses directly related to the aid programs USAID is implementing through its implementers), which span the globe. We did not look at operating expenses such as office supplies, salaries, office space, travel, and training for USAID staff.

We identified and assessed internal controls significant to our audit objectives. Specifically, we reviewed Agency award management practices including the use of memorandums of negotiation, award modifications, monitoring and evaluation plans, approval of key personnel in award management activities, other ongoing monitoring and engagement activities from COs/AOs and COR/AORs, and the use of suspensions/debarments and award terminations as a part of its award management activities.

To answer the first audit objective, we randomly selected probability samples of 50 acquisition awards and 50 assistance awards from the populations, though one assistance award was removed from the audit scope due to a technicality in GLAAS. We made 7 requests over 5 months and searched multiple USAID systems including ASIST; GLAAS; and the Development Experience Clearinghouse (DEC), an online resource for USAID-funded technical and program documentation. We concluded that USAID did not have documentation for 18 other awards (9 acquisition awards and 9 assistance awards), reducing the sample to 41 acquisition awards and 40 assistance awards (81 awards total).

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<sup>28</sup> The \$150,000 minimum award value was applied because it is the threshold used for CPARS. The time period was selected because record retention requirements would warrant the availability of relevant documents. Sufficient time would have passed for final performance reports and other documentation would have been received by the Agency.

With these probability samples, each member of the population had a nonzero probability of being included, and that probability could be computed for any award. Because we followed a probability procedure based on random selections, our sample is only one of a large number of samples that we might have drawn. Since each sample could have provided different estimates, we express our confidence in the precision of our particular sample's results as an 85 percent confidence interval (reduced from the initial 90 percent because USAID could not provide adequate documents to test 18 awards during fieldwork), with a 5 percent margin of error.<sup>29</sup>

From Washington, DC, we tallied the initially expected results for each award, and compared them with the results implementers reported achieving in their final reports (or final CPARS ratings in limited cases) to arrive at an overall performance score (percentage achieved) for each award. For example, an award was issued to empower women in Afghanistan through vocational skills training and capacity building, which included three performance measures: (1) developing an initial implementation plan for a pilot startup (1 plan), (2) completing a training plan (1 plan), and (3) training 150 women—152 expected deliverables in total. We compared that number with the number that the implementer reported achieving (in our example, 152—the 2 plans and 150 trained women, or 100 percent). The 81 scored awards averaged 69,128 expected deliverables.

To prevent the positive or negative skewing of results by significant outliers, we reduced both the initial expectations and related results of performance measures that are estimated so that they more consistently match the numbers of the other measures within each award. For example, 10 million people reportedly reached by radio broadcasts compared to an expectation of 8 million would be reduced to 10,000 people and 8,000 people, respectively, when the other measures within that award include targets of similar value. In doing this, we reduce the prospect of an implementer being able to achieve zero results for all measures except this one and still attain a high award score. We also avoid the implementer having a precipitously low award score if the radio effort fell through and no people were reached. We considered all reported results equally, whether it was an individual trained or a policy implemented, an output or an outcome. The award score does not indicate how well services were performed or goods delivered, or the quality of the goods; it merely indicates whether the deliverables were (self-reported as) provided.

To answer the second audit objective, we examined more than 2,000 award-related documents to determine the characteristics of each award relating to the award management practices associated with them, such as the consideration of past performance, monitoring ongoing implementation, and evaluating implementer performance. We then compared those with performance results to determine any correlations. Our approach under the second audit objective was not solely dependent on the availability of the base awards and performance reports, so we were still able to

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<sup>29</sup> Some of the award management practice results can still be projected with the initial 90 percent confidence interval because we had the necessary documentation to assess them despite the missing performance data. Those results are disclosed in the report.

project our results with a 90 percent confidence interval and allowing for a 5 percent margin of error.

We also distributed a questionnaire to all COs/AOs and COR/AORs associated with the sampled awards. To prepare the questionnaire, our audit team formulated questions based on potential issues we identified during our review of the award-related documents and on existing knowledge and observations from prior OIG work relating to award performance. We emailed the questionnaire directly to all 147 COs/AOs and all 232 CORs/AORs associated with our sampled awards with instructions to answer the enclosed questions and return the completed questionnaire directly to the audit team by a specific due date.

Of the 147 COs and AOs engaged through the questionnaire, we received responses from 61 (a response rate of 41 percent). Twenty-six percent of the nonrespondents were unreachable—our email was either returned as undeliverable or the CO/AO was no longer in USAID's email system. Those who responded represent COs and AOs responsible for 73 of the 100 initially sampled awards and 60 of the 81 awards (74 percent) after the sample reduction. A followup questionnaire addressing identified risks tied to pressures on OAA officials was sent to the COs and AOs who had initially responded, of which 50 replied.

Of the 232 CORs and AORs engaged through the questionnaire, we received responses from 102 (a response rate of 44 percent). Half of the nonrespondents were unreachable—our email was either returned as undeliverable or the COR/AOR was no longer in USAID's email system. Those who responded represent CORs and AORs responsible for 80 of the 100 initially sampled awards and 68 of the 81 awards (84 percent) after the sample reduction. We held meetings with USAID officials within OAA to confirm key takeaways from our questionnaires.

The questionnaire responses do not represent a uniform Agency point of view, nor do they reflect an Agency-wide position. Rather, they offer perspectives from a cross-section of key employees at the core practice of award management activities. We used individual responses to corroborate broad trends and develop correlations between award management practices and reported award performance.

We selected a random probability sample of 268 awards on December 11, 2017, from all 34,653 active awards awarded after April 3, 2014, to determine the extent that current awards were uploaded in ASIST as required by the Agency. The results of this testing can be projected with a confidence level of 95 percent with a margin of error of less than 5 percent.

We met with senior USAID Management Bureau officials, including OAA officials responsible for award management policies and procedures, ASIST, GLAAS, and CO staffing and professional development. We also interviewed officials from Records Management, Human Capital, and those tasked with developing the Agency's procurement reform agenda.

USAID uses several computer-processed data systems to manage its awards, including ASIST, GLAAS, the DEC, CPARS, FAPIIS, and Abacus. We obtained full access to ASIST, GLAAS, the DEC, FAPIIS, and Abacus, walking through ASIST and GLAAS results with

OAA staff, conducting our own testing of awards in FAPIIS, and cross-checking data in the DEC and Abacus with other sources. Since CPARS is not a USAID-run system, we did not test it for reliability, but we tested results reported in it against data found in hardcopy or ASIST files. Data reliability was not determined beyond this for any of these systems for several reasons: First, the data needed was available from multiple sources, including hardcopy or paper files. Auditors simply obtained it from the best source(s) available. Second, this was not a financial or financial-related audit, so extensive testing was not required. Finally, most of the data was used for determining the universe, background, and context. It was not material to answering audit objectives, or in cases where it was, it was available or corroborated from other sources.

## APPENDIX B. DISBURSEMENTS MADE FOR AWARDS THAT DID NOT ACHIEVE INTENDED RESULTS

Award	Award Score (OIG Comparative Analysis) <sup>a</sup>	Percentage of Initial Award Paid <sup>b</sup>	Total Award Amount Paid
1	9.5%	95.3%	\$1,429,112
2	10.4%	91.0%	\$154,657
3	14.3%	103.9%	\$25,981,030
4	17.9%	88.3%	\$1,324,559
5	26.1%	169.3%	\$846,904
6	27.3%	43.4%	\$1,380,184
7	27.3%	74.9%	\$985,585
8	28.1%	96.4%	\$1,927,114
9	28.1%	100.0%	\$1,081,639
10	29.6%	73.5%	\$763,716
11	38.9%	100.0%	\$2,800,241
12	41.7%	95.1%	\$1,120,380
13	43.0%	102.8%	\$176,720,941
14	46.8%	100.0%	\$700,000
15	47.6%	100.0%	\$20,000,000
16	50.0%	93.1%	\$371,245
17	53.0%	57.4%	\$2,760,600
18	53.6%	58.0%	\$22,338,910
19	54.2%	49.6%	\$1,135,946
20	54.2%	84.9%	\$5,622,952
21	55.5%	100.0%	\$7,646,725
22	56.2%	100.0%	\$1,205,012
23	57.0%	84.3%	\$34,443,670
24	66.7%	62.7%	\$125,387
25	67.9%	102.0%	\$40,180,348
26	77.2%	80.1%	\$680,922
27	77.8%	99.3%	\$4,433,598
28	81.6%	99.5%	\$1,178,557
29	82.8%	186.7%	\$1,950,849
30	83.3%	169.4%	\$11,209,502
31	83.5%	100.0%	\$493,257
32	85.6%	100.0%	\$294,114
33	87.8%	95.2%	\$758,025
34	95.8%	95.7%	\$187,214
35	99.5%	100.0%	\$897,324

<sup>a</sup> Initially intended results and final results reported by the implementer and/or USAID as being achieved were determined by auditors and reported as a percentage achieved.

<sup>b</sup> These show the percentage of the initially projected award amount that was actually disbursed for each of the 35 underperforming awards in our sample for a comparative analysis. For example, the first award reported achieving 9.5 percent, but received 100 percent of the initially projected award amount. Amounts exceeding 100 percent represent increased funding through award modifications.

Source: OIG analysis.

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## APPENDIX C. AGENCY COMMENTS



### MEMORANDUM

**TO:** Van Nguyen, Director of the Global and Strategic Audit Division, Office of Inspector General

**FROM:** Mark Walther, Acting Director, Office of Acquisition and Assistance, Bureau for Management

**DATE:** September 9, 2019

**SUBJECT:** Management Comments to Respond to the Draft Audit Report Produced by the Office of the Inspector General titled, *USAID's Award Oversight is Insufficient to Hold Implementers Accountable for Achieving Results* (9-000-19-00X-P) (Task No. 99100217)

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The U.S. Agency for International Development (USAID) would like to thank the Office of the Inspector General (OIG) for the opportunity to provide comments on the draft audit of USAID's award-oversight programs. The Agency agrees with the ten recommendations, and provides the following comments on the significant progress already made.

USAID has taken actions to request the closure of six of the ten recommendations upon issuance of the audit report. The Agency is implementing, or will soon implement, actions to address the remaining four to strengthen USAID's management of the performance of our grants and contracts and our stewardship of taxpayer resources.

Shortly after its launch in early 2018, USAID's Effective Partnering and Procurement Reform (EPPR) project under the Agency's Transformation began an ambitious and highly consultative process to move the Agency beyond our traditional approaches to embrace practices that support collaboration, co-design, and co-financing to improve our models of investing our resources. EPPR proved to be critical in the response to the OIG's audit of our management of our awards as it moved toward finalization in 2019. The draft audit identifies critical gaps in USAID's award-management control environment, notably by highlighting systemic gaps in documentation, accountability, and tracking results. Many of the challenges identified by the OIG match those identified by the Agency's staff and partners throughout the EPPR process. As a result, USAID is

well-positioned to respond to many of the OIG's findings with recent and relevant feedback from stakeholders and peer-reviewed, recommended resolutions gathered by the EPPR.

Notably, EPPR identified gaps in accountability and award-management responsibilities by Contracting Officer's Representatives (CORs) and Agreement Officer's Representatives (AORs), including their relationships to Contracting Officers (COs) and Agreement Officers (AOs). EPPR's recommendations, coupled with the OIG's draft audit report, have enabled USAID to change how CORs/AORs carry out their responsibilities, as well as solve gaps identified by a lack of an Agency-wide accountability locus for policy, practice, and skills-development for CORs/AORs. Through EPPR's recommendations on making our practices regarding the past performance and key personnel of the recipients of our awards more reliable, USAID was able to respond to the audit by rebalancing how we evaluate and apply them to account for risk and value. Finally, through EPPR's analysis, staff had already identified ways in which the Agency could change our practices to protect the independence of COs/AOs and empower the Office of Acquisition and Assistance in the Bureau for Management to lead its overseas workforce. As a result of EPPR, the Agency is able to respond to the OIG's findings in all these areas more quickly and effectively.

The OIG's evaluation provides a valuable opportunity to assess and improve USAID's policies, procedures, and programs. As we continue to shape the USAID of tomorrow, the guiding principles of the Acquisition and Assistance (A&A) Strategy (Tab 3) will encourage innovation among our staff and partners and create a more adaptive and resilient Agency. The reforms embraced by the *A&A Strategy*, and the refinement to our policies and processes the OIG's recommendations have prompted, were major themes at the EPPR Summit (Tab 4) (May 2019) that brought together approximately 400 USAID contracting and assistance professionals from around the globe. USAID is developing communications materials (Tab 5) on these reforms, and remains committed to communicating and adapting critical awards-management practices at multiple internal conferences and with the development community at large.

Thank you for the opportunity to respond to your draft report, and for the courtesy shown by your staff while conducting this engagement.

**COMMENTS BY THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) ON THE REPORT RELEASED BY THE OFFICE OF THE USAID INSPECTOR GENERAL (OIG) TITLED, “USAID’S AWARD OVERSIGHT IS INSUFFICIENT TO HOLD IMPLEMENTERS ACCOUNTABLE FOR ACHIEVING RESULTS” (Task No. 99100217)**

Please find below the management comments from the U.S. Agency for International Development (USAID) on the draft report produced by the Office of the USAID Inspector General (OIG), which contains ten recommendations for the Agency:

**Recommendation 1:** Implement a strategy to (1) ensure award-monitoring plans with measurable performance indicators, baselines, and expected results (targets) are established for all required activities and projects before major activity implementation begins; and, (2) identify those responsible for tracking and enforcing the strategy.

- **Management Comments:** USAID agrees that monitoring plans (called Activity Monitoring, Evaluation, and Learning Plans [AMELPS]) with measurable performance indicators, baselines, and expected results (targets) are essential for the successful management of activities, and that they must be in place before major implementation of an award begins. USAID’s Program Cycle Operational Policy (Tab 6), or Automated Directives System (ADS) Chapter 201, published in September 2016, after the awards examined in this audit were already in place, requires that “Activities must have an approved Activity Monitoring, Evaluation, and Learning (MEL) Plan in place before major implementation actions begin,” and further specifies that “For A&A awards, implementing partners must submit a proposed Activity MEL Plan to the COR/AOR in accordance with the guidelines in their award or agreement, often within 90 days of an award.” To support this policy, USAID has implemented a strategy since 2017 that ensures Activity MEL Plans are in place before major implementation commences, and has taken actions to track and enforce this strategy:

- *Guidance:* USAID published the How-To Note: Activity Monitoring, Evaluation and Learning Plan (Tab 7) in November 2017 to help USAID’s staff and implementing partners understand and implement the requirements better.
- *Executive Communication:* USAID issued an Executive Message (Tab 8) in December 2018 that reminded all staff of the requirement to have Activity MEL Plans in place. The Agency further amplified this message in an Agency-wide email newsletter in March 2019 (Tab 9), and highlighted a reminder of this requirement to Mission Directors at the 2018 Mission Directors’ Conference.
- *New Activity MEL Plan Template* (Tab 10): To ensure compliance by staff and partners with this existing requirement, the Bureau for Policy, Planning, and Learning (PPL) developed a template for Activity MEL Plans. The template, completed June 13, 2019, is available on USAID’s ProgramNet (Tab 11) and the public-facing Learning Lab (Tab 12).

- *New Activity Design and Implementation Training:* PPL has developed a new Activity Design and Implementation Training that, among other things, will reinforce the requirements for USAID staff to conduct regular site visits and ensure implementers have Activity MEL Plans in place prior to the beginning of major implementation. Since July 2019, the course is available for registration by USAID's staff in the Agency's Learning-Management System and USAID University, and offered in multiple locations worldwide.
- *Improved COR/AOR Coordination:* The new COR/AOR coordination function will provide supervisors with appropriate metrics to track specific tasks as part of the performance process. PPL's recruitment of two Full-Time-Equivalent (FTE) hires for this function is in process. The first set of performance measurements will be available for tracking in September 2020.
- *Revised Designation Letter:* USAID has revised the template for the COR/AOR Designation Letter (Tab 14) to indicate clearly the responsibility of CORs/AORs to approve an Activity MEL Plan within the timeframe specified by each award. The letter also highlights the importance of meaningful measurement of past performance and ensuring the conduct of site visits in accordance with ADS 201. The Agency completed revisions to USAID Direct Contracting, or ADS 302 (Tab 15), and Grants and Cooperative Agreements to Non-Governmental Organizations, or ADS 303 (Tab 16), and published them in an Agency Notice (Tab 17) on August 1, 2019.
- **Target Completion Date:** USAID requests closure of the recommendation upon issuance of the final report.

**Recommendation 2:** Implement an approach to track, document, and review implementers' performance on USAID assistance awards.

- **Management Comments:** USAID agrees the Agency must track, document, and review assistance awards more thoroughly. The Office of Acquisition and Assistance in the Bureau for Management (M/OAA) has created a new performance template for filing in the Agency Security Image and Storage Tracking System (ASIST) to document performance, and has implemented the policy as provided in an Agency Notice (Tab 17). M/OAA updated ASIST with this change during August 2019. USAID has taken the following actions to respond to the OIG's recommendation:
  - *New Post-Award Requirements:* AORs will use a template (Tab 18) to document performance at the end of each award period. As of August 2019, AOs must review/sign the Assistance Performance Review drafted by the AOR at the end of the performance period. Once the AO signs, he or she will need to file the completed document in ASIST in the main file for assistance awards (Section V. - Post-Award Section, sub-section W). The AO will search for the Assistance-Performance Reviews through an ASIST report, and this document's file plan location will be part of the existing search criteria as of October 2019.

- *New Awards and Pre-Award Steps (Separate from the above):* Before making an award to an organization, AOs will search ASIST for the Assistance Performance Reviews to use an applicant’s history of performance to inform a risk-assessment of the potential implementer.
- *Revised Designation Letter:* USAID has revised the template for the COR/AOR Designation Letter (Tab 14) and ADS 302 (Tab 15) and 303 (Tab 16). M/OAA and PPL will highlight these changes and new requirements in forthcoming conference calls and policy updates.
- **Target Completion Date:** USAID requests closure of the recommendation upon issuance of the final report.

**Recommendation 3:** Implement a control to ensure USAID staff complete the Contract Performance Assessment Reporting System (CPARS) according to Government-wide standards, including maintaining documentation to support ratings.

- **Management Comments:** USAID agrees that contractor-performance ratings must accurately reflect performance, and that our staff must complete them according to Government-wide standards. While current Agency policy requires COs to review and approve assessments in CPARS before releasing them, USAID agrees that we should take additional steps to enhance the reliability of assigned ratings of past performance. Steps USAID has taken to implement the OIG’s recommendation include the following:
  - *Executive Message (Tab 19):* To strengthen the accuracy of ratings of past performance in CPARS, USAID issued an Executive Message on April 1, 2019, that encouraged Operating Units to use the annual portfolio-review process and the annual performance-assessment process for contractors to validate the accuracy of contractors’ performance and broadly inform future performance-assessments. This is a new source of information for past performance. In addition, the Message also reinforces that site visits are valuable opportunities to document service-delivery in site-visit reports for reference in annual assessment reports on contractors’ performance.
  - *Revised Strategy-level Portfolio Review (Tab 20) Guidance and Contractor Assessment Guidance:* USAID issued revised guidance in March 2019, called How-To Note: Strategy-Level Portfolio Review (Tab 20), to expand the sources of input for the performance-assessment ratings for contractors to include portfolio reviews. Specifically, the revised guidance now states: “If the portfolio review process surfaces information that changes the assessment of contractor performance, remember to include these updates in the annual contractor performance assessments.” It also clarifies that assessments of contractors’ performance are now an additional source of information that can inform a portfolio review, along with formal programmatic monitoring, evaluations, and information from other management processes.

- *Mandatory Training:* The Agency will ensure that CORs/AORs have the tools to evaluate the past performance of contractors by requiring the CPARS e-learning course as a refresher training, included in the update of ADS 302 (Tab 15) and 303 (Tab 16), as highlighted in an Agency Notice issued on August 1, 2019 (Tab 17). The Agency also has added two mandatory courses: ASIST/Global Acquisition and Assistance System (GLAAS) Filing Overview and Contractor Performance Assessment for CORs (on-line course). Information on those new requirements now appear within the COR/AOR Certification requirements (Tab 21) and are part of the 122 Agency-Specific required hours of training stated in the Federal Acquisition Institute (Tab 22).
- *Revised Designation Letter:* USAID has revised the template for the COR/AOR Designation Letter (Tab 14) to emphasize the review of implementers' past performance when managing awards, also communicated to USAID personnel in the Agency Notice of August 1, 2019 (Tab 17).
- *COR/AOR Accountability for CPARS:* USAID will support CORs/AORs by recommending training that emphasizes how to measure and record past performance in CPARS accurately. Additionally, USAID will recommend the inclusion of the skill-sets in the performance reviews of CORs/AORs.
- **Target Completion Date:** USAID requests closure of the recommendation upon issuance of the final report.

**Recommendation 4:** Implement guidance for Contracting Officer's Representatives and Agreement Officer's Representatives to clarify the type and extent of engagement (including site visits and implementer interaction) and associated documentation requirements for each award. This guidance should include how contracting and agreement officers document alternative oversight methods if a non-permissive environment or other security concerns limit engagement.

- **Management Comments:** USAID agrees that site visits are essential for monitoring and overseeing the performance of awards, except in cases in which a non-permissive environment requires using alternative oversight methods. USAID's Program Cycle policy, ADS 201, requires that for each activity, Missions and Washington Operating Units must perform site visits to inspect the progress and deliverables of awards, verify monitoring data, and learn from implementation. As acknowledged in an Executive Notice issued on December 21, 2018 (Tab 8), differences in country contexts and management needs mean that each Operating Unit should determine the frequency of site visits. To clarify the requirement for site visits and oversight, USAID has taken several steps to implement this guidance, including the following:

- *New Guidance:* In June 2019, USAID posted the How-To Note: Planning and Conducting Site Visits (Tab 23) on ProgramNet (Tab 11) and Learning Lab (Tab 12), which is available to both staff and the public. This guidance includes a

discussion of alternative methods in non-permissive environments, including third-party or remote monitoring, and notes that USAID Missions are required to have a Mission Order on Performance Monitoring that includes requirements for documenting exceptions to conducting site visits. The new guidance also clarifies that CORs/AORs must write a brief report to highlight the findings from a site visit, and file the report in each official award file in ASIST. To disseminate this new guidance further, (1) the PPL Newsletter (Tab 24), (2) the Agency Newsletter (Tab 9), and (3) the Global Mission Director call included notices. USAID hosted a webinar for all USAID (Tab 25) staff on this topic on September 5, 2019.

- *New Activity Design and Implementation Training* (Tab 13): USAID has developed a new classroom training for Activity Design and Implementation that will reinforce the requirements to conduct site visits and alternatives in non-permissive environments. The Agency will evaluate and refine the course following the first two “beta” course offerings in Summer 2019. As of July 2019, the course is available for registration by USAID staff in the Agency’s Learning Management System and USAID University, and offered in multiple locations worldwide.
- *Revised Designation Letter*: USAID has revised the template for the COR/AOR Designation Letter (Tab 14) to articulate the requirement for site visits more clearly. USAID completed and published revisions to ADS 302 (Tab 15) and 303 (Tab 16) in an Agency Notice (Tab 17) on August 1, 2019. The revision of ADS 302 highlights the importance of site visits as part of effective monitoring of contracts and that the filing of documentation of site visits in ASIST is mandatory. ADS Mandatory Reference: ADS 302mar, Contracting Officer’s Representative (COR) Designation Letter (Tab 26) is updated accordingly and requires that CORs place a brief report to highlight the findings of site visits in each official award file in ASIST. The Agency has revised ADS 302mar, Model Letter and Procedures for Designating the Contracting Officer’s Representative (COR) for Contracts and Task Orders (Tab 26) to require that CORs approve Monitoring-and-Evaluation (M&E) Plans (if applicable), in accordance with the submission requirements specified in the award and ensure that CPAR ratings and narratives are evaluating performance related to specific deliverables/services required under the award and are consistent with the Federal Acquisition Regulations (FAR). The revision of ADS 303 incorporates a new requirement for an award-performance review—Within 45 calendar days of the completion date of an award, the AOR must review the recipient’s performance by completing the mandatory Performance-Review Template. The mandatory Performance-Review Template with required procedures is posted on the M/OAA templates website. ADS Mandatory Reference: ADS 303mai, AOR Designation Letter (Tab 27) is updated accordingly. The revision adds the ASIST/GLAAS Filing Overview course as a prerequisite for AOR designation and updates. The Agency has revised ADS Mandatory Reference: ADS 303mai, Model Letter and Procedures for Designating the Agreement Officer’s Representative (AOR) (Tab 27) to require that AORs ensure that staff conduct site visits in accordance with Agency

policy reflected in ADS 201 and related Mission Orders. The AOR must also ensure the uploading of a brief report to highlight the findings of site visits in each official award file in ASIST.

- **Target Completion Date:** USAID requests closure of the recommendation upon issuance of the final report.

**Recommendation 5:** Implement a strategy to ensure Contracting Officer's Representatives and Agreement Officer's Representatives prioritize their delegated responsibilities in the context of their other duties.

- **Management Comments:** USAID agrees with this recommendation. The OIG correctly identified a clear and pressing need for greater consistency and quality in the performance of the functions of the Agency's CORs/AORs. This sentiment also appeared in feedback gleaned through the EPPR process by USAID's employees and external stakeholders through the External Listening Tour, a series of engagements with implementing partners to gather input on their experience of working with USAID on the design of programs, procurement (assistance or acquisition), and the management of awards. EPPR had generated eight recommendations in this area before the OIG first shared the draft audit with the Agency. As such, under the umbrella of USAID's Transformation and EPPR, a project team formed to define the needs and examine the options for functional homes to ensure accountability for prioritizing and managing the COR/AOR roles effectively. Given the existing and proposed mandate of the Agency's new organizational restructuring, the project team consisted of staff from the Transformation; the EPPR project team; M/OAA; experts from PPL envisioned to work on performance-improvement in a future Bureau for Policy, Resources, and Performance (PRP); and personnel from the proposed Bureau for Development, Democracy, and Innovation (DDI).

This group recommended, and USAID's leadership approved, designating PPL (and the future PRP) to provide overall coordination and guidance for the execution of COR/AOR core functions and duties throughout the Agency, with a focus on improving the quality and consistency of how our employees perform this function. In addition to revising ADS 302 (Tab 15) and 303 (Tab 16) and the template for the COR/AOR Designation Letter (Tab 14), USAID has undertaken the following steps to prioritize and strengthen accountability for the role of COR/AOR in managing awards:

- *Restructuring USAID:* PPL is currently the home of the Program Cycle and the corresponding guidance and training. The Agency can easily tailor our existing work on Collaborating, Learning, and Adapting (CLA), as well as Project Design and Management, to CORs/AORs to help them serve their core functions. Transformation affirms and emphasizes the role of PPL (and the proposed PRP) in the performance of programs, especially given the Bureau is the home of the Agency-wide Program Management Improvement Officer (PMIO). The proposed PRP, specifically the unit therein for performance-management, would have the responsibility and Agency-wide authority to coordinate the necessary reforms to

improve the performance of CORs/AORs and implement reforms consistent with the current responsibilities of the PMIO. In anticipation of this restructuring, PPL employees are already working closely with EPPR and M/OAA to revise guidelines for reviews of employee performance and professional development, and to redesign required trainings. USAID has allocated funds in Fiscal Year 2019 to hire two full-time employees dedicated to the performance of CORs/AORs and co-ordination across the Agency.

- *Clarifying Accountability for Performance:* Using the core functions and duties described as guiding parameters, the EPPR project team assessed where the COR/AOR role receives the authority, accountability, and “backstopping” for each function. On April 10, 2019, Administrator Mark Green approved a formal matrix (Tab 28) of roles and responsibilities, which emphasizes active engagement across the stakeholder community and the commitment of subject-matter expertise and resources. This administrative roadmap clarifies accountable parties for the management of the performance and workload of CORs/AORs, communications and evaluations, training and certification, and staffing. The current PPL, Management Bureau, Office of Human Capital and Talent-Management (HCTM), and USAID’s Technical Bureaus are serving in the appropriate roles as the future structures (PRP and DDI) take shape.
- *Equipping the COR/AOR Workforce:* While USAID believes that clarifying roles and responsibilities in the COR/AOR function and in the management of that function will positively affect performance, the Agency acknowledges the need to provide resources that will support improved our management of awards. Hand-in-hand with a commitment to staffing, USAID has committed to improving training for CORs/AORs. In July 2019, the M/OAA Professional Development and Training unit piloted the newly revised Acquisition and Assistance Course 203 for CORs/AORs now titled, “Applied A&A Skills for Practitioners.”
- **Target Completion Date:** USAID’s proposed re-organization relies on Congressional consent, a process not yet finished. However, the clarification of the roles of Operating Units and the assignment of accountability is complete, and Bureaus and Independent Offices (B/IOs) as they are currently structured are undertaking a long-term process of implementation to manage and prioritize COR/AOR functions effectively. Activities related to training and the issuance of guidance are expected to continue through FY 2020 (October 1, 2020).

**Recommendation 6:** Implement a strategy to help ensure Contracting Officers and Agreement Officers are free of undue influence in the execution and management of awards.

- **Management Comments:** USAID agrees that the independence of COs/AOs and their representatives is essential to the sound and active management of awards. In addition to strengthening training and access to resources for all COs/AOs and CORs/AORs, USAID has taken additional steps to reiterate to Agency/Mission

leadership and staff the critical need for these functions to perform in an environment free of distortive influence:

- *Executive Communication:* On December 21, 2018, Administrator Green issued an Executive Message (Tab 8) to the Agency that stated, “To exercise their responsibilities, COs/AOs must be able to act based on independent judgment, without inappropriate influence on award or award-administration decisions,” and directed USAID staff to review ADS Chapter 201, which outlines the roles of COR/AORs in the Agency’s business process. This message also appears in the orientation documentation (Letter of Instruction template) (Tab 29) supplied by the Administrator to Mission Directors at the assumption of their posts.
- *Coordination with the U.S. Department of State:* Understanding that USAID works in collaboration and, often, in co-location with colleagues from the State Department, USAID coordinated with the Department to issue a worldwide cable (Tab 30) to all employees on February 2, 2019, to emphasize the independence of COs/AOs.
- *Discontinuation of Certain Performance Review Practices:* On May 1, 2019, Administrator Green issued an Executive Notice (Tab 31) to announce a policy to bar performance-rating officials from soliciting input, directly or indirectly, from implementing partners as part of 360-degree assessments of our employees. USAID has revised the 400 series of the ADS Chapters to reflect this policy. Our expectation is that ending this practice will mitigate potential conflicts of interest.
- *Clarified Role of Backstop Coordinator:* The Foreign Service Assignments Community of Stakeholders (under the Agency’s Transformation) worked with HCTM to develop the language that appears on the HCTM website here: <https://pages.usaid.gov/HCTM/backstop-coordinators> (Tab 32). M/OAA was closely involved in this effort. This new language articulates the role to include serving as an advisor to Mission Management, Foreign Service Officers, and HCTM on human-capital and talent-management matters that require backstop-specific technical knowledge. The updated description is now conceptually consistent with one of the underlying purposes of checking in with the technical backstop, which is to serve as an objective internal control checkpoint regarding personnel actions that affect the execution of A&A functions.
- *Incorporate Updated Language on Backstop Coordinators into Agency Operating Policy:* HCTM/FSC is updating its policy documents, especially ADS 436 on Foreign Service Assignments and ADS 415 on Civil Service to Foreign Service Appointments, to incorporate formally language that clarifies the role of Backstop Coordinators in the assignments process (including extensions and curtailments).
- *Expanded M/OAA Appeal Authority:* According to ADS 436 (Tab 33), the Director of the Foreign Service approves all non-Senior Leadership Group assignment decisions by taking into consideration the perspectives of Missions,

B/IOs and Foreign Service Officers during the decision-making process. HCTM and M/OAA have established a practice of reviewing Mission selections jointly to solicit M/OAA's perspective on the preferred allocation of COs/AOs. The process of appealing an assignment and the roles of each party in the process appear in ADS 436, and currently the authority to appeal an assignment extends only to positions within the Bureau in question. HCTM proposes to modify ADS 436 to expand M/OAA's authority for appeals beyond positions in the Bureau (usual) to appeals, at the Deputy Assistant Administrator (DAA) level, of all Backstop 93 assignments on behalf of OAA. The Agency has revised ADS 436 (Tab 33), which is in clearance.

- **Target Completion Date:** December 31, 2019.

**Recommendation 7:** Implement a control to prevent obligating funds for any award or modification that lacks key award/modification documents, such as memorandums of negotiation, including language evidencing the consideration of past performance in ASIST.

- **Management Comments:** USAID agrees with the recommendation that essential documents must be in place prior to the obligation of funds, and is undertaking a series of actions and related communication and training on the GLAAS and the ASIST systems to ensure our staff file the required documentation prior to the obligation of funds:
  - *Certification Field in GLAAS:* As communicated in this Agency notice (Tab 34), as a short-term solution until the full system changes are complete, on October 12, 2018, the Office of the Chief Information Officer (M/CIO) in the Bureau for Management and M/OAA created a new field in GLAAS that requires each CO or AO to self-certify every base award and each modification. This ensures that COs and AOs are responsible for, and aware of, the status of the required documents in the ASIST file for the awards in their portfolio.
  - *Implementing a Blocking Capability for GLAAS Obligations:* M/CIO and M/OAA have developed a plan to modify GLAAS and ASIST to add an automated capability to block the obligation of funds if the required documents are not in ASIST. The list of required documents appears on the M/OAA ASIST page (Tab 35):
    - The initial obligation block will be in place for new contracts, grants, and cooperative agreements by October 31, 2019; and
    - The obligation block for modifications to awards will follow by August 31, 2020.
  - *Communication with, and Training of Users:* M/CIO and M/OAA held a training for the blocking capability for GLAAS obligation on June 20, 2019, and provided the slides and recording to all staff via its newsletter (Tab 36) on June 27, 2019,

also housed on the M/OAA ASIST page (Tab 35). Other communications, including additional training (in-person and online), to address the blocking capability for GLAAS obligation will follow. GLAAS user notices and M/OAA communications over August and September 2019 continue to reiterate the upcoming changes.

- *Revisions to Templates:* Language on the consideration of past performance is part of the mandatory negotiation memorandum templates (Tab 37) (May 2019).
- **Target Completion Date:** August 31, 2020.

**Recommendation 8:** Implement a plan to strengthen ASIST by (1) giving all Contracting/Agreement Officer's Representatives the access and training they need to read, enter, and edit documents in ASIST; (2) incorporating into Agency policy standard checklists of award and Contracting and Agreement Officer's Representatives' documents required to be in ASIST; (3) updating the Agency's records retention and disposition schedules for ASIST award records; and (4) revising its corresponding policy to comply with the National Archives and Records Administration (NARA) retention period of six (6) years after business use ceases.

- **Management Comments:** USAID agrees with the recommendations that all required documents managed by CORs and activity managers should be in ASIST for all mandated awards. The revised COR/AOR Designation Letter (Tab 14) make it clear to refer to ASIST for filing. ASIST contains a checklist of required documents for filing, and that CORs/AORs have automated access to ASIST upon award. We believe that effective records-keeping is essential to good stewardship of taxpayer resources:

- *Change in Agency Policy - Checklist:* USAID implemented new policies on June 26, 2018, for AORs/CORs (Tab 38) to manage required documentation for awards in ASIST.
- *Communications with Users:* USAID released an Agency Notice (Tab 39) on November 8, 2018, to establish deadlines for the filing of documents for active awards (those with six months or more remaining). An Agency Notice (Tab 40) issued on April 25, 2019, echoed the requirements.
- *Mandated Online Training:* In addition, USAID has mandated a new on-line training for CORs/AORs, ASIST/GLAAS Filing Overview, along with infographics for CORs/AORs, to ensure they have the tools they need to meet the new standards. This new requirement appear on the Professional Development and Training page under the "Certifications" icon for COR-AOR Certification Process (Tab 21). The Agency Notice (Tab 41) issued on December 14, 2018, also refers to the mandated online training.

- *Expansion of Access to ASIST Reports:* USAID has expanded access for staff to use ASIST Reports to run their own reports on missing documents. Alternatively, staff can refer to the ASIST page (Tab 35), where they can view these reports for the Agency and filter as needed. Additionally, these reports appear in the Enterprise Reporting Portal.
- *Ongoing Monitoring of Progress in Filing:* The user-friendly ASIST Dashboard (Tab 42) is available to all USAID staff to monitor the Agency's shared goal on record-keeping and track missing critical documents. USAID will continue to monitor the dashboard data monthly to ensure the completeness of files in ASIST, and give awards-management staff the support they need to comply with the enhanced requirements. The dashboard provides aggregate information and staff can drill down to see award-specific data in three categories (by AO/CO, by Executive Officer, and by COR/AOR). M/OAA presented the dashboard to the Management Operations Council in July 2019, and released information on it via an Agency Notice (Tab 43) to all staff in August 2019.

USAID agrees that our policies on records and disposition schedules must align with NARA's requirements:

- *Identification of Records and Policy Revision for ASIST Awards:* The Management Services, Information, and Records Division (M/MS/IRD) within the Bureau for Management has reviewed and updated the Agency's schedules for the retention and disposition of award records in ASIST.
- *Policy Revision to ADS Chapter 502 (Tab 44):* M/MS/IRD revised ADS Chapter 502: The USAID Records Management Program, to reflect the retention period of six years after business use ceases, as written in the NARA regulations, for corresponding ASIST awards. M/MS/IRD included language to emphasize the new ASIST processes and requirements. The Agency issued the revised ADS 502 on August 30, 2019, along with an Agency Notice (Tab 45).
- **Target Completion Date:** USAID requests closure of the recommendation upon issuance of the final report.

**Recommendation 9:** Implement a control for making payments or increased obligations to implementers contingent on all required deliverables being completed and required supporting documentation being uploaded or cited in ASIST.

- **Management Comments:** USAID agrees that all expected documents and deliverables should be complete at each disbursement interval prior to approving payment to an implementer. The Office of the Chief Financial Officer (M/CFO) within the Bureau for Management, M/OAA, and M/CIO have implemented a new COR voucher-certification capability in ASIST and released communications about this change:

- *COR Voucher Certification Capability* (Tab 40): This systems change is now fully operational and will help in ensuring that documentation is in place prior to the approval (Tab 46) of payments to implementers. CORs will need to confirm that documents are on file that support the approval of the payment as a part of certifying the voucher in ASIST.
- *User Communications*: The Agency released several notices (on February 11, 2019; February 28, 2019; and April 25, 2019, respectively) to communicate this change. All of these notices appear on the M/OAA ASIST page (Tab 35).
- **Target Completion Date**: USAID requests closure of the recommendation upon issuance of the final report.

**Recommendation 10:** We also recommend that the USAID Administrator direct the Office of Acquisition and Assistance, in collaboration with the Office of Human Capital and Talent Management, to conduct and document an analysis of the cause for variations in award performance between Contracting and Agreement Officer’s Representative hiring types.

- **Management Comments**: USAID agrees with the OIG’s proposal to analyze the causes of meaningful variance in performance and its possible correlation to the hiring type of CORs/AORs. The OIG suggests in its findings that non-direct hires—Foreign Service Nationals (FSNs) and third-country nationals (TCNs)—perform award-management duties more effectively. While conventional wisdom would support the theory that FSNs and TCNs have longer tenures at Missions and more in-country experience acumen and, thus, are better equipped to manage awards, USAID has not uncovered measurable data to prove that theory. Noting that the OIG’s sample size of survey respondents among AORs/CORs represented 68 awards (of 2,321 awards in the assessed timeframe) might not be sufficient to draw broader conclusions regarding the effect of hiring type of the management of awards, USAID has already undertaken a survey of 434 COR/AORs (Tab 48).

In reviewing the data gleaned from an internal survey (Tab 47), USAID University, GLAAS, ASIST, and the Development Data Library (DDL) used to track country/regional progress, USAID encountered challenges with the 1) the classification and tagging of data regarding COR/AOR characteristics like hiring type; and, 2) the successful application of adaptive-management approaches (or lack thereof) and its impact on measurement of the final success of awards. USAID is planning an initial public release of the Development Information Solution (DIS) system in the fall of 2020 to a select subset of Missions. This system offers the opportunity to centralize and streamline data and to access feedback on the progress of programs before their conclusion. Likewise, the reiteration of the importance of accurate CPARS ratings and the development of a CPARS-like template for assistance will improve USAID’s ability to better discern variance in the performance of CORs/AORs.

USAID's analyses did not highlight hiring type as a commonly cited driver of variance in the performance of awards, but they did validate themes addressed elsewhere in the OIG's findings, primarily in two categories. The first focuses on the lack of clarity around authorities and accountabilities (including for essential training) around the role of AORs/CORs. USAID is hopeful the administrative schema established earlier this year and led by PPL will ameliorate many of these issues. The second category of themes that emerged in USAID's survey of AORs/CORs led to the identification of CO/AO engagement, particularly for the clarification of duties and general guidance. EPPR's analyses further identified workload-management as a root cause of this challenge and helped to inform USAID's efforts to address it.

- *Addressing the Management of the Workload of COs/AOs:* The OIG also identified the need to empower M/OAA with greater influence over the performance ratings of COs/AOs, the administration of awards, and the overreliance on COR/AORs to carry out delegated activities related to the performance of awards. In the course of validating EPPR's recommendations to strengthen the Agency's management of awards, M/OAA and HCTM conducted workload analyses that identified insufficient staff as an Agency vulnerability to maintain operational controls, and as a driver of inadequacies in both monitoring and documentation:
  - *Increase the number of Washington- and Field-Based COs/AOs:* High attrition rates and budgetary constraints have resulted in historically low staffing levels in the contracting and assistance backstop. USAID in May 2019 recognized the backstop as a mission-critical operation, and empowered M/OAA with direct authority to hire to attrition for Washington-based contracting and assistance professionals. USAID has committed to recruiting and hiring more Foreign Service COs/AOs as well.
  - *Ensuring Coordination between M/OAA and HCTM in Foreign Service Assignments:* The OIG correctly identified a strong correlation between award-management performance and experience for field-based CO/AOs. M/OAA and HCTM have undertaken a review of the processes for bidding and assignment for Foreign Service Officers, and have concluded that performance and experience, jointly ascertained by HCTM and the M/OAA Office for Foreign Operations, should inform assignments. As part of Transformation, USAID has already undertaken a complete redesign of its performance-management process for Foreign Service Officer, introduced beginning in 2018 while this audit was underway. (See ADS 461 on Employee Performance Management and Development [Tab 49] and ADS 463 on Foreign Service Promotions [Tab 50].) Under this system, employees have a prominent role in the documentation of their performance, as they serve as the primary drafters of the Annual Accomplishment Records and Promotion-Input Forms reviewed by Promotion Boards. Rating Officials are required to solicit 360-degree

feedback from colleagues who are most familiar with the employees' work before completing Skills Feedback Assessments and Annual Performance Evaluations. The Agency will encourage employees and Rating Officials to solicit 360-degree feedback on the performance of COs/AOs from M/OAA whenever appropriate. In addition, M/OAA representatives may be Peer Raters for surveys conducted as input into the reviews conducted by Promotion Boards, which also includes ratings by subordinates and supervisors (but, as noted above, not from implementing partners). This new system ensures the consideration of multiple perspectives in assessing a Foreign Service Officer's performance, which increases the fairness and objectivity of the process and future assignments.

USAID will continue to leverage new data sources as they come online, and to ensure a full analysis of the data from the survey by HCTM and M/OAA to identify the full breadth of the drivers of the variance in performance of our staff in managing awards. USAID welcomes the opportunity to share these data with the OIG and engage the OIG's insights as this analysis moves forward.

- **Target Completion Date:** July 1, 2020

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## **APPENDIX D. MAJOR CONTRIBUTORS TO THIS REPORT**

The following people were major contributors to this report: Van Nguyen, audit director; Ryan McGonagle, assistant director; Brian Smith, auditor; Tanner Horton-Jones, associate counsel; Carlos Molina, auditor; Mary Llacer-Salcedo, auditor; Laura Pirocanac, writer-editor; Karen Sloan, communications officer; Allison Tarmann, writer-editor; and Steven Ramonas, auditor.