OFFICE OF INSPECTOR GENERAL

AUDIT OF USAID/PAKISTAN'S INDEPENDENT MONITORING AND EVALUATION PROGRAM

AUDIT REPORT NO. G-391-13-003-P
October 28, 2013 [Revised]

ISLAMABAD, PAKISTAN

Office of Inspector General

October 28, 2013

MEMORANDUM

TO:　　　USAID/Pakistan Mission Director, Gregory C. Gottlieb

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

SUBJECT:　Audit of USAID/Pakistan's Independent Monitoring and Evaluation Program
　　　　　　(Report No. G-391-13-003-P) [Revised]

This memorandum transmits our revised final report on the subject audit. We have carefully considered your comments on the draft report and have included them in their entirety in Appendix II. The original audit report has been revised to provide additional clarifications on several matters. These revisions do not impact the report's recommendations or the mission's management decisions thereon.

This report contains 11 recommendations to help the mission improve various aspects of the Independent Monitoring and Evaluation Program. Based on your written comments in response to our original draft report, management decisions were reached on Recommendations 1, 2, 4, 9 and 11, and final actions were taken on Recommendations 4 and 11. Subsequent to the issuance of the original audit report, management decisions were reached on Recommendations 3 and 5 and the Office of Inspector General agreed with the mission's revised management decision for recommendation 11. The mission should coordinate with USAID's Audit Performance and Compliance Division concerning final action on the remaining recommendations.

I thank you and your staff for the cooperation and assistance extended to us during this audit.

CONTENTS

Abbreviations

The following abbreviations appear in this report:

AIDAR   USAID Acquisition Regulations
COR   Contracting Officer's Representative
FAR   Federal Acquisition Regulations
GIS   Geographic Information System
GSA   General Services Administration
MOBIS   Mission Oriented Business Integrated Services
OIG   Office of Inspector General

SUMMARY OF RESULTS

The Enhanced Partnership with Pakistan Act of 2009 commits the United States to provide $7.5 billion in nonmilitary aid to Pakistan over a 5-year period. This civilian assistance package addresses some of the root causes of extremism in Pakistan: lack of social and economic opportunities, and weak public utilities and infrastructure. Various U.S. Government agencies implement this assistance package in partnership with the Government of Pakistan. USAID funds many projects in both the public and private sector and in civil society that provide tangible benefits to the Pakistani people. USAID also supports the implementation of key Government of Pakistan policies designed to sustain these initiatives.

To help manage the civilian assistance package, in June 2011, USAID/Pakistan awarded a 5-year, $71 million task order to Management Systems International (contractor) to implement the Independent Monitoring and Evaluation Program. Under the task order, the contractor is required to provide monitoring and evaluation services and develops a geographic information system (GIS). As of September 30, 2012, USAID/Pakistan had obligated $22 million and spent $10.2 million for the program. USAID/Pakistan's program office is responsible for overseeing the Independent Monitoring and Evaluation Program.

USAID's Office of Inspector General (OIG) in Pakistan conducted this audit to determine whether USAID/Pakistan was using results from the Independent Monitoring and Evaluation Program to manage its portfolio.

USAID/Pakistan had mixed results in using project activity monitoring and evaluation results to manage its portfolio. Although the mission received and used some recommendations from five of eight monitoring and evaluation reports, the majority of project activities had not made use of the monitoring and evaluation contract. As of September 30, 2012, the mission's portfolio included 56 projects involving multiple activities. For the first 15 months of the monitoring and evaluation contract, USAID/Pakistan implemented some recommendations from two monitoring reports and some from three evaluation reports out of the eight reports completed by the contractor for project activities. The mission implemented the following recommendations:

- *Monitoring recommendations.* The mission implemented recommendations for one health-care program and one economic growth program. For the health-care program, the contractor recommended improvements in the performance management plan; the program made them. For the economic growth program, the contractor recommended ways to improve and finalize survey questions used to establish baseline data; the program adopted them.

- *Evaluation recommendations.* The mission implemented some recommendations for one education program and two economic growth programs. Under the education program, the contractor recommended that the mission implement steps to help determine causes for delayed scholarship payments. For the economic growth programs, the mission implemented five recommendations from the contractor to improve two USAID/Pakistan programs in Balochistan Province; the recommendations resulted in the mission extending the program by 3 years and developing a program exit strategy.

Despite these achievements, the audit disclosed several problems:

- Planning and monitoring were not sufficient (page 4). Neither the contractor nor USAID established a monitoring and evaluation plan to ensure that ongoing development programs were aligned with relevant project objectives of the mission. In addition, the mission did not follow its mission order to implement evaluation recommendations within established timelines.

- The mission bypassed U.S. Federal Acquisition Regulations (FAR) (page 6). USAID/Pakistan was not using the General Services Administration (GSA) pricelist for the task order issued to the contractor correctly. The correct use of the GSA pricelist allows the contractor to bill only for items on the contractor's authorized pricelist, unless certain FAR requirements are met. However, USAID/Pakistan has allowed the contractor to bill for items not on the pricelist without satisfying those requirements.

- The contractor did not record labor costs properly (page 8). The contractor had not broken down costs by activity for any monitoring and evaluation services since the inception of the award. Consequently, the contractor was unable to provide the audit team with cost data for the 57 activities reviewed.

- The contractor submitted inaccurate time sheets (page 9). Contractor employees billed labor hours to the three components of the contract—monitoring, evaluation, and GIS—based on the allocation of time in the budget, not on hours worked.

- The contractor did not timely disclose a conflict of interest (page 9). When USAID/Pakistan awarded a $71 million task order to the contractor in June 2011, it simultaneously rejected the proposed chief of party and selected a different chief of party from a list of alternates that the contractor provided. USAID/Pakistan selected the chief of party, not knowing that his wife was an employee of a subcontractor. The contractor disclosed the potential conflict of interest 3 weeks later. In September, USAID/Pakistan expressed concern about the conflict created by the spousal relationship, and the contractor proposed a new chief of party as a remedy. From June to September 2011, the contractor billed USAID approximately $28,000 for project management services provided by the first chief of party's spouse.

- The mission duplicated mapping capabilities (page 10). It had established two or more separate systems for mapping USAID project activities in Pakistan.

To address these problems, we recommend that USAID/Pakistan:

1. Finalize its mission-wide strategic framework, including a mission-wide performance management plan (page 6).

2. Implement a mission-wide monitoring and evaluation plan to cover all aspects of mission programs (page 6).

3. Implement a structured system to manage documentation for all monitoring and evaluation assignments (page 6).

4. Implement a plan to allocate sufficient resources to manage the Independent Monitoring and Evaluation Program (page 6).

5. Immediately terminate the task order issued under the General Services Administration's Federal Supply Schedule contract awarded to Management Systems International and put any remaining funds to better use (page 7).

6. Determine the allowability of ineligible questioned costs billed by Management Systems International for technology services that are outside the scope of work listed on the authorized Federal Supply Schedule pricelist and recover from Management Systems International any amount determined to be unallowable. As of September 30, 2012, these billings totaled $1,303,533 (page 7).

7. Determine the allowability of ineligible questioned labor costs billed by Management Systems International for cooperating-country nationals that are outside the scope of work authorized by the Federal Supply Schedule pricelist, and recover from Management Systems International any amount determined to be unallowable. As of September 30, 2012, these billings totaled $3,590,098 (page 7).

8. Determine the allowability of ineligible costs billed by Management Systems International for items outside the scope of work authorized by the Federal Supply Schedule pricelist—such as travel, other direct costs, subcontractors, general services and administration fees, and subcontract handling fees—and recover from Management Systems International any amount determined to be unallowable. As of September 30, 2012, these billings totaled $2,143,628 (page 7).

9. Train its contracting staff in the proper use of the General Services Administration's Federal Supply Schedule (page 8).

10. Determine the allowability of $28,000 in ineligible questioned costs billed to USAID/Pakistan between June and September 2011 for the salary expenses of Management Systems International's chief of party's spouse, and recover from Management Systems International any amount determined to be unallowable (page 10).

11. Implement a plan to incorporate existing geographic information systems into a consolidated database (page 11).

Detailed findings appear in the following section. The scope and methodology appear in Appendix I. Our evaluation of management comments is included in the report on page 12, and the full text of management comments is in Appendix II.

AUDIT FINDINGS

Planning and Monitoring Were Not Sufficient

According to program design documents, the Independent Monitoring and Evaluation Program was to assist USAID/Pakistan in carrying out required monitoring and evaluation of development activities. Design documents require a monitoring and evaluation plan to ensure ongoing development assistance is aligned with relevant objectives of the mission. The plan was to make provisions for monitoring and evaluation of all program components. Additionally, Mission Order No. 200.1 requires that the program office ensure that evaluations are planned and conducted on feasible, objective information to guide managers in making decisions. The mission order also calls on the program office to ensure that any USAID decision to implement evaluation recommendations includes established timelines for implementation.

Contrary to design and mission order guidelines, USAID/Pakistan did not provide sufficient planning and monitoring. Specifically, the mission did not:

- Establish a monitoring and evaluation plan to ensure outcomes were aligned with relevant objectives of the mission, or make adequate plans for monitoring and evaluation assignments. Instead, the mission tasked the contractor to perform monitoring and evaluation assignments as needed (without a plan).

- Establish a structured system to manage and document the collection of data and other information from monitoring and evaluation reports.

Furthermore, the mission's oversight of monitoring and evaluation assignments did not ensure that (1) findings were appropriately discussed, (2) decisions on whether to implement monitoring and evaluation recommendations were documented, and (3) clear responsibilities were assigned and deadlines set to implement recommendations. For instance, the mission did not have documentation to support:

- The review of key evaluation findings, conclusions, and recommendations submitted by the contractor to help USAID/Pakistan manage its programs.

- Technical offices' position on each finding, conclusion, or recommendation and how they intended to address each recommendation submitted by the contractor.

- The assignment of clear responsibilities for actions needed on recommendations and results reported in monitoring and evaluation reports submitted to USAID/Pakistan.

- The need for revisions to the project results framework, performance management plan, or activity based on evaluation recommendations or monitoring data collected and analyzed.

- The sharing of monitoring and evaluation findings, conclusions, and recommendations with partners and other stakeholders.

Without sufficient planning and monitoring, the mission did not have a comprehensive plan to monitor and evaluate all the mission's activities. Further, after the first 15 months of the contract, the mission could not explain how it had used the majority of monitoring and evaluation recommendations to manage its portfolio.

As of September 30, 2012, the contractor had completed only four monitoring and four evaluation assignments, covering 56 projects. The mission could not show how it used recommendations from one monitoring and three evaluation reports. For example, the mission did not provide sufficient information to show how it implemented recommendations for one completed monitoring assignment and two completed evaluations. In another example, the mission did not show why one technical office had chosen not to implement one recommendation from the third evaluation report completed.

Besides the eight completed reports, the mission had other problems managing the contract. A review of the monitoring and evaluation activities that USAID/Pakistan had asked the contractor to conduct showed that the mission:

- Was unable to forecast when the contractor would begin work on nine scheduled monitoring assignments and seven scheduled evaluation assignments.

- Had not obtained from the contractor estimated completion dates for 3 monitoring assignments and 11 evaluation assignments.

- Had a backlog of four monitoring and three evaluation draft reports pending approval from the technical office, some dating back to May 2012.

- Cancelled ten monitoring assignments and two evaluation assignments, demonstrating that the mission was uncertain about which projects to engage the contractor for.

  o *Monitoring.* Two monitoring assignments were cancelled because the projects themselves were cancelled, a third was cancelled because the project in question hired consultants outside the contract to perform the monitoring task, and a fourth assignment was cancelled because the project had not funded monitoring.

  o *Evaluation.* Officials cancelled one evaluation because it only covered the effectiveness of training, and they needed the evaluation to cover additional aspects of the program; however, it had not been rescheduled as of September 2012.

  No reasons were provided to explain the cancellation of the remaining six monitoring and one evaluation assignment.

These examples demonstrate that the mission lacked a plan to manage, use, and document this program. This insufficient planning occurred because the mission did not have a mission-wide strategic framework during the first 15 months of the program. A number of factors contributed to the delay in formalizing the strategic framework, including the realignment of U.S. assistance to Pakistan in 2010 and devastating floods in 2010 and 2011. Had a strategic framework been in place, the mission could have had a plan for monitoring and evaluating mission programs.

According to a mission official, without the framework, establishing a monitoring and evaluation plan to ensure that ongoing development assistance were aligned with relevant objectives of the mission was not a priority for the mission. Without such a plan to focus the program on its intended goals, the program office asked the contractor to perform work that was not directly related to the original intentions of the program (monitoring and evaluation services), such as documenting the history of USAID in Pakistan and assisting with completing the mission-wide strategic framework. Therefore, fewer resources were available to work on essential monitoring and evaluation tasks.

One reason for the insufficient monitoring is the high turnover of contracting officer's representatives (CORs) assigned to this contract. From contract inception through September 2012, four individuals were designated as COR. The high turnover of CORs was caused by the staffing structure at the USAID/Pakistan mission. Because USAID Foreign Service officers are assigned for 1-year tours, the mission frequently shifts staff responsibilities. As of September 30, 2012, the mission had issued 57 activities to the contractor. Records management for this large number of tasks is time-consuming and challenging for the USAID/Pakistan mission and the COR. Furthermore, the responsibilities of the COR include more than simply managing this program; they include many other activities to help manage the mission portfolio.

Therefore, we make the following recommendations.

>**Recommendation 1.** *We recommend that USAID/Pakistan finalize its mission-wide strategic framework, including a mission-wide performance management plan.*
>
>**Recommendation 2.** *We recommend that USAID/Pakistan implement a mission-wide monitoring and evaluation plan to cover all aspects of mission programs.*
>
>**Recommendation 3.** *We recommend that USAID/Pakistan implement a structured system to manage documentation for all monitoring and evaluation assignments.*
>
>**Recommendation 4.** *We recommend that USAID/Pakistan implement a plan to allocate sufficient resources to manage the Independent Monitoring and Evaluation Program.*

Mission Bypassed U.S. Federal Acquisition Regulations

On October 17, 1997, GSA awarded a Federal Supply Schedule contract to the contractor. This kind of contract provides U.S. Government agencies with a simplified process for obtaining commercial supplies and services at prices associated with volume buying. GSA Federal Supply Schedule contracts require all contractors to publish an Authorized Federal Supply Schedule Pricelist. The pricelist contains all supplies and services offered by a schedule contractor.

Federal Supply Schedule contracts are governed by federal regulations for the procurement of commercial goods and services. "For administrative convenience, [a contracting officer] may add items not on the Federal Supply Schedule" to task orders issued under Federal Supply Schedule contracts if the following conditions, specified in FAR 8.402(f), are met:

>*(1) All applicable acquisition regulations pertaining to the purchase of the items not on the Federal Supply Schedule have been followed (e.g., publicizing (Part 5), competition requirements (Part 6), acquisition of commercial items (Part 12),*

contracting methods (Parts 13, 14, and 15), and small business programs (Part 19));

(2) The ordering activity contracting officer has determined the price for the items not on the Federal Supply Schedule is fair and reasonable;

(3) The items are clearly labeled on the order as items not on the Federal Supply Schedule; and

(4) All clauses applicable to items not on the Federal Supply Schedule are included in the order.

To implement the Independent Monitoring and Evaluation Program, USAID/Pakistan awarded a task order under Management Systems International's GSA Federal Supply Schedule contract. The purpose of the task order was to procure consultant services and expert advice for studies, analyses, and evaluations. However, according to a GSA contracting officer who is an expert on Federal Supply Schedules, USAID/Pakistan inappropriately allowed the contractor to bill for items not on the contractor's pricelist; doing so violated FAR requirements since the conditions specified in FAR 8.402(f) were not met. The items not on the contractor pricelist that were billed to the mission (totaling $7,037,259) included information technology work and mapping services; labor costs for cooperating-country national employees; and other direct costs such as travel, supplies, general and administrative expenses, and handling fees.

The inappropriate billings occurred because the mission's contracting staff did not understand the correct use of the Supply Schedule contracts, having not received any training on how to use the GSA schedule program. The GSA official we consulted said USAID/Pakistan should immediately terminate the task order to correct the issue discussed above.

Therefore, we make the following recommendations.

Recommendation 5. *We recommend that USAID/Pakistan immediately terminate the task order issued under the General Services Administration's Federal Supply Schedule contract awarded to Management Systems International and put any remaining funds to better use.*

Recommendation 6. *We recommend that USAID/Pakistan determine the allowability of ineligible questioned costs billed by Management Systems International for technology services that are outside the scope of work listed on the authorized Federal Supply Schedule pricelist and recover from Management Systems International any amount determined to be unallowable. As of September 30, 2012, these billings totaled $1,303,533.*

Recommendation 7. *We recommend that USAID/Pakistan determine the allowability of ineligible questioned labor costs billed by Management Systems International for cooperative-country nationals that are outside the scope of work authorized by the Federal Supply Schedule pricelist and recover from Management Systems International any amount determined to be unallowable. As of September 30, 2012, these billings totaled $3,590,098.*

Recommendation 8. *We recommend that USAID/Pakistan determine the allowability of ineligible costs billed by Management Systems International for items outside the scope*

of work authorized by the Federal Supply Schedule pricelist—such as travel, other direct costs, subcontractors, general services and administration fees, and subcontract handling fees—and recover from Management Systems International any amount determined to be unallowable. As of September 30, 2012, these billings totaled $2,143,628.

Recommendation 9. *We recommend that USAID/Pakistan train its contracting staff in the proper use of the General Services Administration's Federal Supply Schedule.*

Contractor Did Not Record Labor Costs Properly

According to FAR 16.601(c)(1) and 16.602, a labor-hour contract like the task order awarded to implement the Independent Monitoring and Evaluation Program "provides no profit incentive to the contractor for cost control or labor efficiency. Therefore, appropriate U.S. Government surveillance of contractor performance is required to give reasonable assurance that efficient methods and effective cost controls are being used." To assist in its surveillance of contractor performance, this task order requires the contractor to provide the COR with quarterly expenditure reports broken down by activity when requested.

Contrary to these requirements, the contractor had not recorded costs by activity for any monitoring and evaluation services since the inception of the award. Contractor officials misunderstood this requirement.

The risk of overbilling is inherent in this type of contract and confirms the need for government surveillance to monitor costs per activity. For example:

- At least 28 contractor employees and 7 subcontractor employees allocated the same percentage of their individual labor hours on their time sheets for several months. This practice violates FAR requirements[1] for billing based on hours worked on each task.

- A FAR allowance[2] permits the contractor to bill at a higher labor rate than the rates the contractor pays its subcontractors for work performed under this task order. A sample of invoices billed to the mission from June 2011 through September 2012 showed a difference in labor rates that allowed the contractor to capture additional profit of at least $275,000. Consequently, this practice may have created an incentive to maximize the use of subcontractor labor hours by the contractor.

- A subcontractor employee located in Thailand billed weekly for administrative services. The mission was not aware of the off-site location of the subcontractor's personnel, for whom it paid over $116,000.

Because there is insufficient cost information for activities, the mission cannot monitor costs billed for them. Overbilling could have taken place without detection.

We are not making a recommendation to correct the weaknesses noted because Recommendation 5 recommends terminating the task order.

---

[1] FAR Part 52.232-7 and FAR Subpart 31.201.
[2] FAR Part 52.232-7 and FAR Part 52.212-4.

Contractor Submitted Inaccurate Time Sheets

According to FAR Section 31.201, for payments made under labor-hour contracts, the contractor must maintain records, including adequate supporting documentation, "to demonstrate that costs claimed have been incurred, are allocable to the contract, and comply with applicable cost principles." FAR 52.232-7 provides further guidance, noting that invoices for labor "shall be computed by multiplying the appropriate hourly rates prescribed in the schedule by the number of direct labor hours performed." In practice, this means labor hours can only be charged to a labor-hour contract based on the direct time spent working on the project. Regarding documentation, the GSA Federal Supply Schedule contract between GSA and the contractor states that "the contractor shall substantiate vouchers (including any subcontractor hours reimbursed at the hourly rate in the schedule) by evidence of actual payment and by individual daily job timekeeping records."

Contrary to FAR 31.201, many contractor and subcontractor employees in both Pakistan and Thailand did not record actual hours worked on monthly time sheets. Instead, according to a mission contracting officer, the contractor's employees billed labor hours to the three components of the contract—monitoring, evaluation, and GIS—based on the allocation of time in the budget. For example, completed time sheets show that many employees uniformly recorded 45 percent of time to monitoring, 45 percent of time to evaluation, and 10 percent of time to GIS work each day. In another instance, after supervisors approved time sheets, contractor management retroactively allocated part of an employee's time worked in the month to tasks that were not listed on the time sheets. Because of this practice, the contractor did not accurately bill the mission under this contract.

One reason the contractor billed labor hours in this manner was that its management believed the approved budget authorized these labor costs. Another cause was insufficient policies in timekeeping procedures. The contractor's personnel manual and timekeeping reminder instructions lack clear directions to record actual labor hours worked each day to different activities.

We are not making a recommendation to correct this instance of noncompliance with the FAR because Recommendation 5 recommends terminating the task order.

Contractor Did Not Timely Disclose a Conflict of Interest

USAID/Pakistan Acquisition Notice 02-10, dated July 8, 2010, establishes that the contractor has primary responsibility for identifying conflicts of interest. On April 13, 2011, USAID/Pakistan amended its original request for proposal for the monitoring and evaluation program to incorporate this conflict of interest policy as part of the request for proposal.

However, the contractor did not timely disclose a conflict of interest—namely, a spousal relationship between the chief of party and the director of the contractor's subcontractor.

On May 23, 2011, USAID received a list of three proposed chief of party candidates from the contractor after USAID had rejected the candidate that the contractor initially proposed. At the time of the May 23, 2011, submission, one of the candidates was the director of a proposed

subcontractor whose spouse also worked for the same subcontractor.

On June 20, 2011, the mission selected this chief of party candidate unaware of the spousal relationship. The chief of party's spouse was then appointed as director of the subcontractor. The mission learned about this relationship only after it had approved the chief of party and signed the task order. In July 2011—3 weeks after the task order was signed—the contractor provided the mission with its "Certificate of Compliance with USAID/Pakistan's Conflict of Interest Policy Notice." In this certificate, the contractor asserted that no conflict of interest existed; however, in an attachment to the certificate, the contractor described the spousal relationship between the chief of party and the subcontractor's director.

In September 2011, the contracting officer wrote a letter expressing concern about this relationship and asking the contractor to confirm that the arrangement was consistent with internal rules and policies or propose a different staffing structure. In response to this letter, the contractor proposed a new chief of party, whom the contracting officer subsequently approved. Before the conflict was resolved, the contractor had billed USAID approximately $28,000 for project management services provided by the first chief of party's spouse.

The initial chief of party had a personal financial interest with the subcontractor employee, who was his spouse. Because the conflict of interest was resolved prior to the audit, we make no recommendations for corrective action; however, we do make the following recommendation regarding services billed to USAID.

> *Recommendation 10. We recommend that USAID/Pakistan determine the allowability of $28,000 in ineligible questioned costs billed to USAID/Pakistan between June and September 2011 for the salary expenses of Management Systems International's chief of party's spouse and recover from Management Systems International any amount determined to be unallowable.*

Mission Duplicated Mapping Capabilities

A key component of this task order requires the contractor to collaborate with USAID staff to develop and administer a management information system with GIS capabilities. To accomplish this task, the mission budgeted $12,048,252 or 17 percent of the total $71 million program budget.

In October 2011, mission officials provided written notification to the contractor that the management information system component was no longer required. One reason for terminating this component was that the USAID Office of Afghanistan and Pakistan Affairs officials had decided that they no longer needed the contractor to provide these services. Furthermore, the mission had already established a GIS with mapping capabilities under an energy program in 2010. Consequently, the mission told the contractor in October 2011 to reduce the budget in this area and reallocate the funds to another program component.

Contractor officials requested a task order modification in October 2011 after they received a letter of technical direction from the COR. The letter informed them that their services for management information services were no longer needed and that they should reallocate resources from GIS support to the evaluations budget. However, the COR told contracting officials that a modification was not needed because they believed the letter sent to contractor was sufficient. In September 2012, the contractor again asked USAID/Pakistan to modify the

contract to reflect not only the two initial changes in the scope of work but also other changes, which included:

- A budget modification to adjust the total number of work days allowed under the contract
- Approval of the contractor's security subcontract
- Approval for personal use of government vehicles by the contractor
- Billing for casual leave by the contractor

Per discussions with the program office, the contracting office personnel did not make the modifications as requested due to ongoing discussions within USAID/Pakistan about the contract modifications requested.

As of September 2012, USAID/Pakistan had spent at least $1.3 million to develop a GIS, train users, and produce maps to support public outreach programs and internal briefings. In addition, the contractor billed USAID for two other tasks under this component that the mission did not request. However, as of February 21, 2013, the contractor had not reduced the budgetary funds, and the mission had not modified the task order to reallocate them.

Without a modification to reduce and reallocated budgetary funds, the mission cannot put funds to better use in other program areas. Furthermore, without a modification to the scope of work to support the current tasks conducted, the contractor performed work outside the scope of the task order. Additionally, the mission duplicated efforts by establishing two or more separate systems for mapping services that could perform the same function.

To avoid duplication of mapping services in the future, we recommend the following.

> **Recommendation 11.** *We recommend that USAID/Pakistan implement a plan to incorporate existing geographic information systems into a consolidated database.*

EVALUATION OF MANAGEMENT COMMENTS

USAID/Pakistan agreed with 9 of the 11 recommendations in the draft report. The mission has made management decisions on Recommendations 1, 2, 4, 9, and 11 and taken final action on Recommendations 4 and 11. The mission has not made management decisions on Recommendations 3, 5, 6, 7, 8, and 10. However, OIG disagrees with the management decision on Recommendation 11 as discussed below.

Doing Insufficient Planning and Monitoring. USAID/Pakistan did not agree with our finding that the mission provided insufficient planning and monitoring to the Independent Monitoring and Evaluation Program. Mission officials disagreed with the audit finding because the audit team focused only on the $71 million task order awarded to Management Systems International, the contractor. However, the mission agreed with all four recommendations related to this finding.

> **Recommendation 1.** USAID/Pakistan agreed to finalize its mission-wide strategic framework and did so in February 2013. Furthermore, USAID/Pakistan agreed to finalize a mission-wide performance management plan by July 31, 2013. Mission officials have reached a management decision.

> **Recommendation 2.** USAID/Pakistan agreed to implement a mission-wide monitoring and evaluation plan to cover all aspects of the mission's portfolio, and expects to finalize this plan by June 30, 2013. Mission officials have reached a management decision.

> **Recommendation 3.** USAID/Pakistan agreed to establish a structured system to manage the documentation for all monitoring and evaluation assignments and has begun work on the new system. A management decision can be reached when USAID/Pakistan provides an action plan with a target date of completion. However, the mission did not provide a target date to establish a structured system. Therefore, a management decision has not been reached.

> **Recommendation 4.** USAID/Pakistan agreed to allocate sufficient resources to manage the program. Mission officials said they now are fully staffed with a four-person team. The mission has taken final action.

Bypassing Federal Acquisition Regulations. USAID/Pakistan did not agree with our finding that it had bypassed Federal Acquisition Regulations. The mission stated that it followed generally accepted USAID practices for the use of the Mission Oriented Business Integrated Services (MOBIS) and negotiated reasonable terms with the contractor. However, our report described how mission officials had deviated from the FAR by inappropriately using the contractor's authorized GSA Federal Supply Schedule pricelist. The mission allowed the contractor to bill cost-reimbursable items incurred under the task order, using the pricelist established for the procurement of commercial items. This is a prohibited activity according to FAR Subpart 16.301.3(b).

Recommendation 5. USAID/Pakistan did not agree with our recommendation to immediately terminate the task order issued under the GSA Federal Supply Schedule contract awarded to the contractor and put funds to better use. Mission officials stated that they would make a determination after their analysis is completed. Mission officials have not reached a management decision.

While no management decision has been made, OIG disagrees with USAID/Pakistan's delays in terminating this task order. USAID/Pakistan has had 5 months to determine a course of action with GSA and the contractor to allow for a full analysis of the issues. For example:

- We discussed the immediate need to terminate the task order with the USAID/Pakistan's supervisory contracting officer on December 19, 2012.

- The GSA Regional Commissioner responsible for GSA Federal Supply Schedule contract award to the contractor spoke directly with USAID's Procurement Executive on January 18, 2013. According to a USAID official, GSA told USAID that the task order must to be terminated.

- On February 12, 2013, we provided USAID/Pakistan a draft copy of the findings, which recommended the immediate termination of the task order. We also provided mission officials the contact information for the GSA contracting officer and technical expert who had determined that the task order needed to be terminated.

- USAID/Pakistan's contracting officer for the task order concurred with our recommendation and issued a notice of termination on April 5, 2013. However, the termination was rescinded 19 days later by the contracting officer's supervisor.

- On May 17, 2013, a meeting was held between GSA, USAID, and contractor officials. At that meeting, GSA officials agreed with the OIG and told USAID officials that the task order should be terminated for convenience as soon as possible.

A management decision for this recommendation will be reached when the mission establishes a target date for the termination of the task order.

Recommendation 6. USAID/Pakistan agreed with our recommendation to determine the allowability of ineligible questioned costs billed by contractor for technology services. The mission has not reached a management decision. The mission will contract with a local audit firm to audit these costs to determine their allowability. USAID/Pakistan expects to reach a management decision by June 30, 2013.

Recommendation 7. USAID/Pakistan agreed with our recommendation to determine the allowability of ineligible questioned labor costs billed by the contractor for cooperating-country nationals. The mission has not reached a management decision. The mission will contract with a local audit firm to audit these costs to determine their allowability. USAID/Pakistan expects to reach a management decision by June 30, 2013.

Recommendation 8*.* USAID/Pakistan agreed with our recommendation to determine the allowability of ineligible costs billed by the contractor for other items. The mission has not reached a management decision. The mission will contract with a local audit firm to audit these costs to determine their allowability. USAID/Pakistan expects to reach a management decision by June 30, 2013.

Recommendation 9*.* USAID/Pakistan agreed to train its contracting staff in the proper use of the GSA's Federal Supply Schedule. The mission expects to complete its training by December 31, 2013. Mission officials have reached a management decision.

Costs Not Recorded Properly and Inaccurate Time Sheets Submitted. USAID/Pakistan agreed with our findings that the contractor did not record costs properly and submitted inaccurate time sheets. The mission acknowledged that the contractor did not record actual hours worked on monthly time sheets.

Conflict of Interest. USAID/Pakistan agreed that a conflict of interest occurred when it approved the chief of party in June 2011.

Recommendation 10. USAID/Pakistan agreed to determine the allowability of $28,000 in ineligible labor charges billed to USAID/Pakistan between June and September 2011. The charges were for the salary expenses billed by the contractor for his wife's work as a subcontractor. The mission has not reached a management decision. The mission will contract with a local audit firm to audit these costs to determine their allowability. USAID/Pakistan expects to reach a management decision by July 31, 2013.

Duplicate Mapping Capabilities. USAID/Pakistan did not agree with our recommendation to incorporate existing geographic information systems into a consolidated database because each GIS is tailored to meet the specific needs of the individual project design. Furthermore, mission officials believe that establishing a consolidated database would not significantly reduce the cost of software incurred by individual contractors.

Recommendation 11. USAID/Pakistan did not agree with our recommendation to incorporate existing geographic information systems into a consolidated database and work to avoid duplication of efforts. Mission officials made a management decision and have taken final action.

We do not agree with USAID/Pakistan's management decision. Using one GIS system with a consolidated database for printing maps as well as for identifying and producing monitoring and evaluation data for any USAID/Pakistan program is feasible and not unique to the program being implemented by the contractor. Such a program could also allow the mission to track activities across different mission programs to provide an overall picture of mission activities countrywide.

Mission officials did not provide any data or analysis to support their assertion that establishing a consolidated database could not significantly reduce software costs incurred by individual contractors. Another USAID/Pakistan contractor provided GIS services for a USAID/Pakistan energy program and billed an estimated $404,000 between October 2010 and March 2013. The current Management Systems International budget for geographic information system services is approximately $12 million.

To address this recommendation, the mission needs to implement a plan to incorporate existing geographic information systems into a consolidated database

The complete text of management comments is included in Appendix II.

SCOPE AND METHODOLOGY

Scope

OIG/Pakistan conducted this performance audit in accordance with generally accepted government auditing standards. Government auditing standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions in accordance with our audit objectives. We believe the evidence obtained provides that reasonable basis.

We based our conclusions on items tested and on other sources of information reviewed during the audit. These sources included interviews with current and former staff from USAID/Pakistan, employees at Management Systems International and its subcontractors; field visits to inspect records; discussions with program staff implementing USAID programs in Karachi and Lahore; and program documents such as the GSA/MOBIS contract, contractor invoices, mission documents, and program correspondence.

The objective of this audit was to determine whether USAID/Pakistan was using results from its monitoring and evaluation program to manage its portfolio. We conducted audit fieldwork from September 24 to February 21, 2013, at USAID/Pakistan's office, at Management Systems International's office in Islamabad, and at selected USAID project sites in Karachi and Lahore. The audit covered the period June 24, 2011, to September 30, 2012.

As of September 2012, USAID/Pakistan had obligated $22 million and spent $10.2 million for the program, of which approximately $800,000 was tested during the audit.

In planning and performing the audit, we assessed USAID/Pakistan's significant management controls related to contractor oversight, proper execution of key decisions, and review of performance measures and indicators. Specifically, we examined and evaluated documentation prepared by the mission, contractor, and subcontractors, such as the following:

- The GSA MOBIS contract, the Independent Monitoring and Evaluation Program task order, and subcontracts

- Annual work plans

- Annual progress reports

- Target and actual performance results

- The contractor's support for deliverables and reported results

- Documentation to support invoices, including time sheets and human resource files

- USAID/Pakistan's Federal Managers' Financial Integrity Act certifications from fiscal years 2011 and 2012

Methodology

To become familiar with goals, objectives, key deliverables, and achievements of the program, we reviewed the task order, progress reports, and supplementary documents that discuss key deliverables and reported results. To determine whether USAID/Pakistan was using results from its monitoring and evaluation program to manage its portfolio, the audit team reviewed key deliverables, as well as performance targets and reported results. We corroborated this evidence with interviews and site visits. Access to project sites was the primary factor in site selection; security and travel restrictions placed on U.S. Government employees in Pakistan limited choice. Therefore, the results of the site visits cannot be projected to the entire population.

Testing on the achievement of performance indicator targets covered all performance data available and supported by source documentation. The audit identified 57 activities initiated between June 2011 and September 2012. The contractor completed reports on eight activities. To verify reported results and confirm data quality, we reviewed supporting documentation for these eight completed reports.

We reviewed applicable laws, regulations, and USAID policies and procedures pertaining to USAID/Pakistan's development strategy. This review included an examination of the certification of management controls—which the mission is required to perform to comply with the Federal Managers' Financial Integrity Act of 1982—to check whether the assessment cited any relevant weaknesses. We also reviewed USAID's Automated Directives System Chapters 200, "Introduction to Programming Policy"; 202, "Achieving"; 203, "Assessing and Learning"; and supplemental guidance.

We also reviewed the GSA contract, the task order, contractor's approved labor schedule, 15 vouchers billed to USAID/Pakistan, and the FAR. We contacted two contracting officers from GSA to seek guidance on specific tasks and practices noted under the task order.

Given the nature of the audit objective, no materiality threshold was established.

We made amendments to the final report to provide additional information, and extended the report-writing period from August 19 to October 21, 2013.

MEMORANDUM

Date: May 10, 2013

To: Matthew Rathgeber
             Director/OIG Pakistan

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

Subject: Management Comments on the Audit of USAID/Pakistan's Independent
             Monitoring and Evaluation Program (Report No. G-391-13-00x-P)

Reference: Draft Report No. G-391-13-00x-P dated March 20, 2013

The USAID/Pakistan mission would like to thank the OIG/Pakistan audit team for undertaking the audit of the USAID/Pakistan's Independent Monitoring and Evaluation Program. As the audit report points out, USAID's mandate from Congress is to ensure our assistance funding is utilized effectively, delivers development results, and is relatively free from fraud and abuse. Therefore, the mission's monitoring and evaluation program is a large, multi-faceted effort encompassing many contracts and grants. For example:

- The mission has developed several monitoring and evaluation mechanisms that are especially useful in geographically remote areas where USAID staff have limited access due to security restrictions. For example, USAID contracts with several independent local contractors to monitor implementation in extremely insecure areas, such as the Federally Administered Tribal Areas (FATA).
- During project planning, the mission has a wide array of independent contractors who can provide cost information, which is especially useful in verifying Government of Pakistan cost estimates. This allows the Mission to negotiate with project implementers (both government and/or non-government) to formulate and negotiate cost effective budgets.
- During project implementation, USAID often contracts the services of an independent engineering firm that verifies compliance with technical specifications, and that milestones and benchmarks have been met. If those specifications or milestones are not met, the independent monitoring contractor often makes recommendations to correct the deficiency.
- As part of each implementing contract and grant, a results framework and a monitoring and evaluation plan are required. Contractors and grantees are required on a quarterly basis to report on their progress towards meeting their goals and objectives. In addition, each

contractor and grantee is audited on a regular basis. The Auditor General of Pakistan plays a role in the projects implemented by the Government of Pakistan.

- In addition, the mission funds a complaint hotline with Transparency International that allows citizens and project beneficiaries to report any concern. This hotline is considered by the international donor community in Pakistan as a best practice.

The audit completed by the OIG/Pakistan audit team focuses almost exclusively on the task order awarded to Management Systems International (MSI), which forms just one part of the mission's efforts to monitor and evaluate the implementation and results of our assistance programs being implemented in Pakistan by contractors, grantees, and the Government of Pakistan (GOP). The MSI Task Order provides the mission with monitoring information and feedback on many projects.   This supplements the project monitoring efforts that USAID/Pakistan conducts with its USDH and FSN staff, as well as the other independent M&E contractors. The draft audit report's overall findings will assist the mission in its continuous efforts to ensure programs are well managed, mitigate risks and are both relevant to the needs of the people of Pakistan, as well as furthering the U.S. Government's foreign assistance objectives.

This memorandum contains USAID/Pakistan's response to the draft audit report.   While USAID/Pakistan does not fully concur with the all of the audit findings, the mission believes that many of the recommendations will further strengthen the activities under this award, and the mission will follow up on the recommendations. In fact, many of these recommendations were under way when this audit was conducted.

Audit Finding: "Planning and Monitoring Were Not Sufficient"

USAID/Pakistan management does not concur with this finding. As described above, the MOBIS Task Order awarded to MSI represents only a one element of the overall efforts by USAID/Pakistan to monitor and evaluate our programs. Therefore, this audit captures only a portion of the overall USAID/Pakistan efforts to monitor and evaluate its assistance activities. Each and every contract, grant, and cooperative agreement awarded to implement the program contains targets and goals, which are used to track performance, guide the program, and record results. These results feed into the Mission Strategic Framework, which is the mission-wide framework linking results of our activities to our overall goals. The purpose of the MSI task order was to provide monitoring and evaluation of activities, particularly in areas where USAID personnel (US and FSN staff) have limited access due to security concerns. The MSI Task Order is not intended to serve as the only monitoring which USAID/Pakistan performs on our implementers and projects.

Development of the Mission Strategic Framework began in the summer of 2010 but was not finalized that year, because of the disruptions caused by the historic flood that occurred in July-August of that year. During 2011, many projects were re-directed to address the changing development environment. We reinitiated efforts to finalize the framework in 2012, and finalized it in January 2013. The specific monitoring and evaluation plan addressed by the task

order could not be finalized until the Mission Strategic Framework was approved. The mission is now finalizing that plan and anticipates completing it by June 30,2013. In the meantime, overall monitoring of project activities continued by our staff, located in Islamabad, Peshawar, Lahore, and Karachi.

Below are the specific comments with regard to the recommendations under this finding:

**Recommendation 1**: **We recommend that USAID/Pakistan finalize its mission-wide strategic framework, including a mission-wide performance management plan.**

USAID/Pakistan concurs with this recommendation. The Mission Strategic Framework was finalized in January 2013. The development objective for stabilization is currently being revised to reflect a broader geographic scope of those initiatives – expanding beyond the Federally Administered Tribal Areas and Khyber Paktunkhwa Province to include Balochistan, Karachi, and the Northern Sindh/Southern Punjab region. A copy of the Mission's strategic Framework is attached at Annex A to the memorandum. The mission-wide performance management plan will be finalized by July 31, 2013.

Based on the above, the Mission requests OIG's acknowledgement that a management decision has been reached and requests closure of the recommendation upon finalization of the performance management plan.

**Recommendation 2**: **We recommend that USAID/Pakistan implement a mission-wide monitoring and evaluation plan to cover all aspects of mission programs.**

USAID/Pakistan concurs with this recommendation. With the completion of the Mission Strategic Framework, USAID/Pakistan can now prepare a mission-wide monitoring and evaluation plan. A performance management needs assessment is being conducted by Program Office staff, and together with the Strategic Framework forms the basis of the plan. The mission has completed the initial draft of mission-wide monitoring and evaluation plans, to be finalized by June 30, 2013. These plans are essential components of the Mission's Performance Management Plan Phased monitoring and evaluation implementation has already begun. The mission expects to review and update the Monitoring and Evaluation Plans on an annual basis – as part of the annual portfolio review.

Based on the actions identified above, the Mission requests OIG's acknowledgement that a management decision has been reached and that the recommendation be closed upon finalization and implementation of the mission-wide Monitoring and Evaluation Plans.

**Recommendation 3:** **We recommend that USAID/Pakistan establish a structured system to manage documentation for all monitoring and evaluation assignments.**

USAID/Pakistan concurs with this recommendation. The Program Office has begun to reorganize its files on monitoring and evaluation activities and the management of this contract. If the monitoring role or particular evaluation has been assigned to other contractors or institutions, this too will be part of the structured system. In addition, the Program Office will establish a system to identify timelines for actions based on the MSI task reports, or other contractors/institutions as appropriate. This will specify what recommendations will be implemented (including timeframe), any follow-up actions, and how the task report information will be shared. This will ensure that the contract observations will be more fully utilized by Mission staff as they manage their contracts/grants.

Based on the actions identified above, the Mission requests OIG's acknowledgement that a management decision has been reached and that the recommendation will be closed upon certification by the Mission that the structured system has been implemented.

Recommendation 4: ***We recommend that USAID/Pakistan implement a plan to allocate sufficient resources to manage the Independent Monitoring and Evaluation Program***.

USAID/Pakistan concurs with this recommendation and the necessary actions have already been taken. The mission acknowledges that the M&E function within the Program Office has been understaffed, due to physical office limitations during the early phases of the task order. Subsequent to our move to the new office building, additional staff was recruited. The unit is now fully staffed as a four-person team.

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

Finding: Mission Bypassed U.S. Federal Acquisition Regulations

USAID/Pakistan does not concur with this finding. The mission followed generally-accepted USAID practices for the use of MOBIS and negotiated reasonable terms with the MOBIS contractor.

USAID/Pakistan has begun discussing this finding with MSI and intends to contact the GSA MOBIS Contracting Officer in May 2013 to discuss this and other audit findings and recommendations. USAID/Pakistan will determine the course of action with regard to the continuation of the MSI task order based on careful consideration of those discussions and analysis of other facts and circumstances

Below are the specific comments with regard to the recommendations under this finding:

Recommendation 5: ***We recommend that USAID/Pakistan immediately terminate the task order issued under the General Services Administration's Federal Supply Schedule contract awarded to Management Systems International and put any remaining funds to better use.***

At this time, USAID/Pakistan does not concur with the recommendation. This task order remains one of the tools we use to help manage USAID/Pakistan's portfolio. As noted above, we will determine our course of action after we look into the issues raised concerning the MOBIS contract and complete analysis of all facts and circumstances concerning third party monitoring services, before making a determination whether to continue with the task order. The Mission will make a management decision by June 30, 2013.

Recommendation 6: We recommend that USAID/Pakistan determine the allowability of ineligible questioned costs billed by Management Systems International for technology services that are outside the scope of work listed on the authorized Federal Supply Schedule pricelist and recover from Management Systems International any amount determined to be unallowable. As of September 30, 2012, these billings totaled $1,303,533.

At this time, USAID/Pakistan concurs with this recommendation to determine allowability of costs, but does not at this time concur with the causal point, that the services were outside the scope of work. USAID will conduct further analysis and discussions with GSA and MSI on the underlying contractual concern raised by the report. Costs are categorically questioned based on a contractual concern other than a particular examination of billed amounts. USAID will use an incurred cost audit or other means to determine the allowability of questioned costs, after the underlying contractual concern is addressed. The Mission will make a management decision by June 30, 2013.

<u>Recommendation 7:</u> We recommend that USAID/Pakistan determine the allowability of ineligible questioned labor costs billed by Management Systems International for cooperative-country nationals that are outside the scope of work authorized by the Federal Supply Schedule pricelist and recover from Management Systems International any amount determined to be unallowable. As of September 30, 2012, these billings totaled $3,590,098.

At this time, USAID/Pakistan concurs with this recommendation to determine allowability of costs, but does not concur with the causal point, that these services are outside the scope of work. USAID will conduct further analysis and discussions with GSA and MSI on the underlying contractual concern raised by the report, before fully responding to this recommendation. Costs are categorically questioned based on a contractual concern other than a particular examination of billed amounts. USAID will use an incurred cost audit or other means to determine the allowability of questioned costs, after the underlying contractual concern is addressed. The Mission will make a management decision by June 30, 2013.

<u>Recommendation 8:</u> We recommend that USAID/Pakistan determine the allowability of ineligible costs billed by Management Systems International for items outside the scope of work authorized by the Federal Supply Schedule pricelist—such as travel, other direct costs, subcontractors, general services and administration fees, and subcontract handling fees—and recover from Management Systems International any amount determined to be unallowable. As of September 30, 2012, these billings totaled $2,143,628.

At this time, USAID/Pakistan concurs with this recommendation to determine allowability of costs, but does not concur with the causal point, that these services are outside the scope of work. USAID will conduct further analysis and discussions with GSA and MSI on the underlying contractual concern raised by the report, before fully responding to this recommendation. Costs are categorically questioned based on a contractual concern other than a particular examination of billed amounts. USAID will use an incurred cost audit or other means to determine the allowability of questioned costs, after the underlying contractual concern is addressed.

The Mission will make a management decision by June 30, 2013.

Recommendation 9: **We recommend that USAID/Pakistan train its contracting staff in the proper use of the General Services Administration's Federal Supply Schedule.**

USAID/Pakistan concurs with this recommendation and will request USAID's Office of Acquisition and Assistance in Washington, DC to assist in identifying appropriate training. We anticipate the contracting staff to receive the necessary training by December 31, 2013.

Based on the above, the Mission requests OIG's acknowledgement that a management decision has been reached and that the recommendation will be closed when contracting staff receive training in the proper use of the General Services Administration's Federal Supply Schedule.

Finding: "Contractor Did Not Record Labor Costs Properly" and Finding: "Contractor Submitted Inaccurate Time Sheets"

The mission acknowledges that the MSI did not record actual hours worked on monthly time sheets, but instead billed based on the allocation of time in the budget. Based on discussions with MSI, the mission has determined that this was due to a misunderstanding of the contractor and inadequate personnel policies and instructions. The mission will request MSI to prepare a personnel manual with proper and accurate timekeeping instructions.

Finding: "Contractor Did Not Disclose a Conflict of Interest"

USAID/Pakistan acknowledges that a conflict of interest occurred when the mission approved a new chief of party in June 2011. As noted in the audit, the conflict of interest was corrected prior to the audit.

Below are the specific comments with regard to the recommendations under this fining:

Recommendation 10: **We recommend that USAID/Pakistan determine the allowability of $28,000 in ineligible labor charges billed to USAID/Pakistan between June and September 2011 for the salary expenses of Management Systems International's chief of party's spouse and recover from Management Systems International any amount determined to be unallowable.**

USAID/Pakistan concurs with this recommendation. The mission will conduct an incurred cost audit with an audit firm. This audit will confirm if services were received by the Mission, and the value of those services, to determine the allowability of such costs.

The Mission will make a management decision by July 31, 2013.

Finding: "Mission Duplicated Mapping Capabilities"

USAID/Pakistan does not concur with this finding. The mapping capabilities of individual projects are directly tailored to their internal and individual needs, while the MSI mapping capability is structured to provide maps that are required for broader M&E and reporting use. Mapping capability is a support function for projects, not a mainstream endeavor. This finding is equivalent to an observation that since our implementers are individually leasing cars which are not utilized 100% of the time, the mission should force implementers to share car leases to reduce overall costs.

With regard to the recommendation under this finding:

Recommendation 11**: **We recommend that USAID/Pakistan implement a plan to incorporate existing geographic information systems into a consolidated database and work to avoid duplication of efforts.

USAID/Pakistan does not concur with this recommendation. Existing geographic information systems (GIS) are prepared by many projects to facilitate their implementation of their individual programs. As a result, the structure of the software is tailored to meet their individual project designs and requirements. In this case, the GIS is prepared to enable the contractor and USAID/Pakistan to manage the overall monitoring and evaluation of all programs/projects operating across the entire country. The majority of the costs of a database is incurred during the development of the specific database software to store and manage the significant amounts of specific project-related data being analyzed. Establishing a consolidated database would not significantly reduce the costs of the specific software costs incurred by individual contractors.

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