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ISA 710347

**AUDIT OF USAID/NEPAL'S
PARTICIPANT TRAINING PROGRAM**

**AUDIT REPORT NO. 5-367-90-14
SEPTEMBER 14, 1990**

USAID/Nepal followed A.I.D. procedures for planning participant training when projects were designed and for ensuring that participant training candidates met academic and work prerequisites. However, it did not maintain an adequate database on sponsored participants, revise participant training plans when implementation was delayed or when other changes occurred, ensure that candidates met English language proficiency and medical certification requirements, or have effective systems to ensure trainees satisfactorily completed and used their training.

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September 14, 1990

MEMORANDUM FOR Kelly Kammerer
Director, USAID/Nepal
FROM: *F. Whitney Glynn*
F. Whitney Glynn, Acting RIG/A/Singapore
SUBJECT: Audit of USAID/Nepal's Participant Training
Program (Audit Report No. 5-367-90-14)

Enclosed are five copies of our audit report on USAID/Nepal's Participant Training Program (Audit Report No. 5-367-90-14).

We have reviewed your comments on the draft report and included them as an appendix to this report. All recommendations are resolved and will be closed when appropriate actions are completed. Please respond to this report within 30 days, indicating any actions planned or already taken to implement the recommendations.

I appreciate the cooperation and courtesies extended to the audit staff during the audit.

EXECUTIVE SUMMARY

It is A.I.D.'s policy to encourage participant training in order to develop the management and technical skills of selected private and public officials in recipient countries. Participant training refers to the A.I.D.-sponsored training of these officials in the United States and in other (third) countries.

Since inception of USAID/Nepal's participant training program in 1951, approximately 4,400 Nepalese have been trained under the program. Although it would be difficult, if not impossible, to measure the qualitative impact these participants have had on Nepal's economic development, a March 1990 evaluation report of USAID/Nepal's participant training program stated: "In short, the impact of the participant training programs has been significant in terms of institution building and this, no doubt, is an important step forward in the economic, social, and political development of the country."

As of December 31, 1989, USAID/Nepal had six projects with active participant training components. Total participant training obligations and expenditures for these components were \$9.5 million and \$7.3 million, respectively.

Between April 2 and May 31, 1990, we audited USAID/Nepal's participant training program in accordance with generally accepted government auditing standards (see page 2 and Appendix I) and found the following:

- USAID/Nepal did not maintain a centralized and up-to-date database to track sponsored participants (see page 3).
- USAID/Nepal followed A.I.D. procedures for planning participant training when projects were designed but in most cases did not revise plans when implementation was delayed or when other changes occurred (see page 4).
- USAID/Nepal followed A.I.D. procedures for participant training selection which set forth requirements for academic and work prerequisites but not for English language proficiency and medical certification requirements (see page 7).
- USAID/Nepal did not always follow A.I.D. procedures to monitor participants' performance to ensure satisfactory progress and completion of training (see page 12).

- USAID/Nepal did not ensure that the Government of Nepal assigned returned participants to work where they effectively used their training (see page 15).

The report contains seven recommendations. It also presents our assessments of internal controls (see page 18) and reports on USAID/Nepal's and the Government of Nepal's compliance with applicable laws, regulations, and contractual obligations (see page 22).

A draft of this report was provided to USAID/Nepal officials for comment. In responding to the draft report, they generally agreed with the report's findings and recommendations and have already initiated actions to implement most of the recommendations.

Office of the Inspector General

Office of the Inspector General
September 14, 1990

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INTRODUCTION

BACKGROUND

It is A.I.D.'s policy to encourage participant training in order to develop the managerial and technical skills of selected private and public officials in recipient countries. Participant training refers to the A.I.D.-sponsored training of these officials in the United States and other (third) countries.

Since inception of USAID/Nepal's participant training program in 1951, approximately 4,400 Nepalese have been trained under the program. Although it would be difficult, if not impossible, to measure the qualitative impact these participants have had on Nepal's economic development, a March 1990 report (An Assessment of the Impact of A.I.D.'s Participant Training Programs in Nepal) sponsored by A.I.D.'s Bureau for Program and Policy Evaluation on USAID/Nepal's participant training program stated: "In short, the impact of the participant training programs has been significant in terms of institution building and this, no doubt, is an important step forward in the economic, social, and political development of the country."

As of December 31, 1989, USAID/Nepal had six projects with active participant training components which had sent 719 participants to training. Total participant training obligations and expenditures for these components as of that date were \$9.5 million and \$7.3 million respectively.

AUDIT OBJECTIVES

The Office of the Regional Inspector General for Audit/Singapore audited USAID/Nepal's participant training program to answer the following audit objectives:

1. Did USAID/Nepal maintain a centralized and up-to-date database to track sponsored participants?
2. Did USAID/Nepal follow A.I.D. procedures for planning participant training, ..

and are plans being revised when delays or other changes occur?

3. Did USAID/Nepal follow A.I.D. procedures for the selection of participant training candidates as to (a) English language proficiency, (b) medical certification, and (c) academic and work prerequisites?
4. Did USAID/Nepal follow A.I.D. procedures to monitor participants' performance to ensure satisfactory progress and completion of training?
5. Did USAID/Nepal ensure that returning participants were assigned to work where they effectively utilized their training as required A.I.D. policy?

In answering these audit objectives, we tested whether USAID/Nepal and the Government of Nepal (1) followed applicable internal control procedures and (2) complied with certain provisions of Federal law, regulations, and contractual obligations. Our tests were sufficient to provide reasonable — but not absolute — assurance of detecting abuse or illegal acts that could affect the audit objectives. However, because of limited time and resources, we did not continue testing when we found that, for the items tested, USAID/Nepal and the Government of Nepal followed A.I.D. procedures and complied with legal requirements. Therefore, we limited our conclusions concerning these positive findings to the items actually tested. But when we found problem areas, we performed additional work

- to conclusively determine that USAID/Nepal and the Government of Nepal was not following a procedure or not complying with a legal requirement,
- to identify the cause and effect of the problems, and
- to make recommendations to correct the condition and cause of the problems.

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

REPORT OF AUDIT FINDINGS

Did USAID/Nepal maintain a centralized and up-to-date database to track sponsored participants?

USAID/Nepal did not maintain a centralized and up-to-date database to track sponsored participants.

USAID/Nepal maintains the following two sets of records to keep track of its participants:

- For the 3,800 participants who were sent for training prior to September 1984, a participant directory provides information such as participant's name, training period, place of training, address and employment position. This set of information was last updated in 1985.
- For the other 700 students which were sent after September 1984, a manual logbook system is used. This system, however, does not serve as a centralized and up-to-date database as prescribed by A.I.D. regulations.

An up-to-date database needs to be maintained

A.I.D. procedures require missions to maintain a centralized and up-to-date database to track its A.I.D.-funded participant trainees. However, such a database is not currently maintained by USAID/Nepal because it has not been successful in its attempts to correct computer problems. As a result, USAID/Nepal is unable to effectively carry out its monitoring procedures on participants.

Recommendation No. 1: We recommend that USAID/Nepal expedite the repairs/replacements necessary to ensure the proper operation of a centralized and up-to-date database and input the required information on participant trainees.

A.I.D. Handbook 10, Chapter 33, requires A.I.D. missions to maintain a centralized and up-to-date database in collaboration with the host government and, when appropriate, the private sector which lists their A.I.D.-funded participant trainees. The database should be able to maintain up-to-date records on the participants' current employment, position title, and individual addresses. The records are to be

maintained for a minimum of at least three years (for participants who have been in training for three months or longer) and is to be used for follow-up activities.

The centralized database established by USAID/Nepal is called the Participant Training Management System. This system, however, has not been functioning since October 1988, primarily due to inadequate disk capacity and printing program problems with its computer. Although USAID/Nepal recognized these problems and have written several requests to A.I.D./Washington to fix the system, the system remains down despite two field visits by computer specialists.

In an attempt to substitute for this computer system, USAID/Nepal maintains a manual logbook which identifies outgoing and returning participants and prepares a monthly list detailing the participants who are still in training. Although the manual system is a commendable effort, it is an inadequate substitute for the computer database. The following examples illustrate the problems:

- For participants sent by USAID/Nepal after September 1984, information such as position prior to training and current position and addresses are not identified on this manual system.
- For participants nominated and sent by A.I.D.-funded contractors after September 1984, records are not included in USAID/Nepal's manual logbook. For example, we visited one such contractor and discovered that the 21 participants it sent for training (during the period July 1985 through April 1988 at a total estimated cost of about \$300,000) did not appear in USAID/Nepal's logbook or in the monthly in-training list.

Without an adequate centralized and up-to-date database, USAID/Nepal's monitoring capabilities are restricted. For example, if the information is not up to date, the training office is not able to properly conduct its follow-up activities. Consequently, USAID/Nepal needs to expedite the repairs/replacements necessary to ensure the proper performance of the Participant Training Management System and input the required information on participant trainees.

Did USAID/Nepal follow A.I.D. procedures for planning participant training, and are plans being revised when delays or other changes occur?

USAID/Nepal followed A.I.D. procedures for planning participant training when projects were designed but in most cases did not revise plans when implementation was delayed or when other changes occurred.

Although we attempted to cover the six projects which had active participant training components as of December 31, 1989, we were unable to review one of the six for the planning function. This project (Project No. 367-0145 — India Training Project) stems from an agreement between the Government of India and USAID/India to train Nepalese participants in India. Since USAID/Nepal did not have copies of the planning documents and project agreement, we were unable to evaluate the planning process.

As for the other five projects, we found that USAID/Nepal followed A.I.D. procedures in planning participant training during the initial design stages of the projects. However, although design documents for these five projects revealed annualized training targets and costs throughout the project period, USAID/Nepal followed A.I.D. procedures in revising and updating these training plans for only one project (Project No. 367-0148). As of December 1989, this project's revised target (both annualized and end of project) for sending 37 students abroad has been met. Of these students, 24 have returned and the remaining 13 are expected to return by July 1991. The remaining four projects, however, contain aspects in their plans which need revisions.

The status of training for the five projects (as of December 31, 1989) are as follows:

Status of Training

<u>Project Number</u>	<u>Expenditures (\$000)</u>		<u>Number of Participants To Be Sent</u>	
	<u>Estimated</u>	<u>Actual</u>	<u>Planned</u>	<u>Actual</u>
367-0148	319	313	37	37
367-0149	800	660	98	91
367-0152	2,945	1,881	286	230
367-0153	298	274	88	68
367-0155	375	157	45	45

Training plans need to be revised

A.I.D. regulations require that training plans be updated if there are delays or other reasons which make the original plans invalid. Such revisions of training plans have not been made for four of the five projects reviewed because USAID/Nepal did not have procedures to require such plans to be revised if they are no longer applicable. If these plans are not periodically revised, USAID/Nepal will not be able to measure its own achievements against realistic targets and will not be able to effectively prioritize its project funds.

Recommendation No. 2: We recommend that USAID/Nepal:

- 2.1 revise its plans for participant training for the four projects identified in this report for which the plans were not revised to include realistic targets, timeframes, and funding requirements based on current expected**

achievements; and

2.2 establish procedures for requiring training plans to be periodically reviewed and revised if these plans are no longer applicable.

A.I.D. Handbook 3, Chapter 9, recognizes that projects take place within a dynamic environment and revisions to training plans will be the norm rather than the exception. If project management is to effectively pursue the achievement of project objectives under changing conditions, it will have to make adjustments in its implementation methods, plans, and schedules. The Handbook also stresses the need for budgets to be reviewed and updated as soon as additional information becomes available to provide a current picture of expenditures to be made.

Our review indicated that necessary revisions to training plans were not made for four of the five projects reviewed because USAID/Nepal did not have procedures to require such plans to be revised if they are no longer applicable. Examples of problems with the current plans for these four projects are noted below:

- On the Agriculture Research and Production Project (Project No. 367-0149), implementation of training has been delayed. Although contrary to the A.I.D. policy that participants return to the host country at least six months before the project completion date (in this case by May 1990), 5 of the 13 participants sent for long-term training will not complete their training until May 1991 to November 1991. The reasons for the delays were because of the lengthy processing time needed by the Government of Nepal to approve candidates and extensions of courses ranging from four months to one year for most participants. USAID/Nepal had not changed its training plan for this project to reflect this noncompliance.
- On the Development Training Project (Project No 367-0152), USAID/Nepal should have sent 286 persons with expenditures of \$2.9 million by December 1989 but only 230 have been sent with expenditures of \$1.9 million. The primary reason for the short fall in training and funding occurred because USAID/Nepal was unable to obtain long-term training slots in India, where most of long-term training was to be held. For example, the project was supposed to send 60 students for academic courses in 1988 and 1989 to India with expected expenditures of \$493,000 but none were sent. Project training plans have not been revised to reflect realistic plans.
- On the Irrigation Management Project (Project No 367-0153), the project was designed to send a total of 129 people (114 short-term and 15 long-term) at a cost of \$569,000 by the project completion date of June 1992, including 88 people (82 short-term and 6 long-term) with expenditure of \$298,000 as of December 1989. However, only 68 people (67 short-term and 1 long-term) had been sent as of December 31, 1989, with an expenditure of \$274,000. Although the USAID/Nepal project officer said that there is no longer a need to train 129 people, the training plans have not been revised.

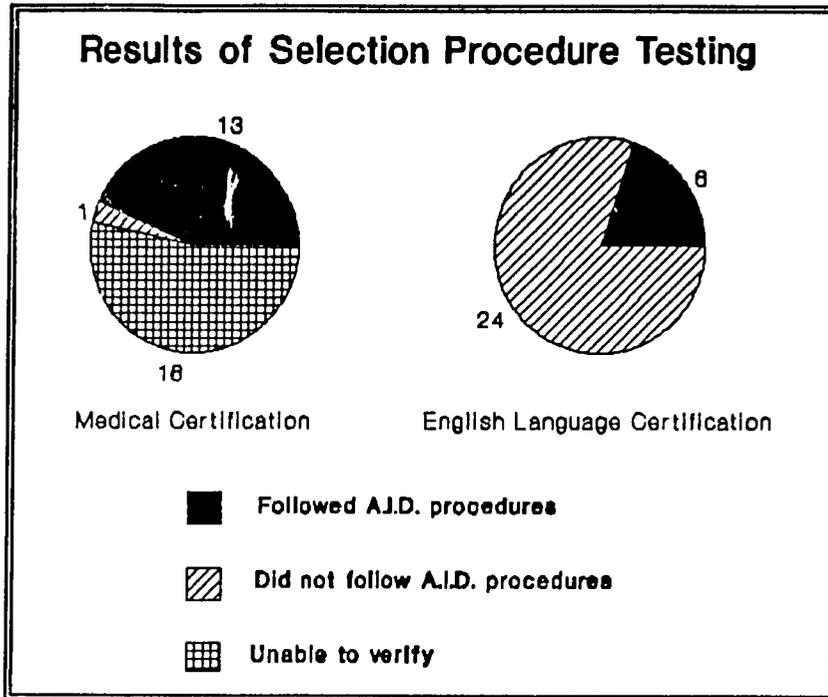
- While the short-term training component for the Rapti Development Project (Project No 367-0155) is on schedule, the long-term training plans under this project need revisions. Although 11 students were expected to be sent for long-term training by December 31, 1989 at an estimated cost of about \$115,000, only one person was sent at an estimated cost of \$26,000. This delay was mainly due to the slow nomination of participants by the Government of Nepal. As of April 1990, candidates for only 4 of the remaining 10 slots were being processed. According to the responsible USAID/Nepal project officer, he doubts if all the people planned to be trained will actually be sent. Despite these delays, project implementation schedules and plans have not been revised to reflect current expected achievements.

Without realistic plans, USAID/Nepal cannot accurately measure its achievements or prioritize its activities on projects given the current funding levels. There is, therefore, a need to revise the training and financial plans of the above projects based on realistic schedules and establish procedures for revising training plans to reflect realistic schedules.

Did USAID/Nepal follow A.I.D. procedures for the selection of participant training candidates as to (a) English language proficiency; (b) medical certification; and (c) academic and work prerequisites?

USAID/Nepal followed A.I.D. procedures for participant training selection which set forth requirements for academic and work prerequisites but not for English language proficiency and medical certification requirements.

We reviewed 30 judgmentally selected participants in detail to test the participant selection procedures. For these participants, we found that 21 of them had the proper academic and work prerequisites. We were unable to verify that these prerequisites were met for the other 9 participants who were sent for training under the India Training Project (Project 367-0145) before 1987. According to USAID/Nepal officials, documents identifying these academic and work prerequisites have since been destroyed. As for the other two areas (English language and medical certifications), the results are as follows (expressed in number of participants):



Minimum English proficiency requirements for all participants receiving training need to be enforced

A.I.D. and USAID/Nepal regulations require that participants demonstrate adequate proficiency in English if they are to be trained in courses conducted in English. Participants, however, have been sent for training without obtaining the required English scores because the requirements have not been enforced. Without adequate language skills, the expected benefits from training may not be derived, and as a result, A.I.D. funds may not be effectively and efficiently spent.

Recommendation No. 3: We recommend that USAID/Nepal:

- 3.1 require English proficiency tests for all appropriate participants receiving academic and technical training;**
- 3.2 ensure only those participant training candidates who achieve the required English language proficiency are allowed to attend training unless adequate justification is documented; and**
- 3.3 notify the Government of Nepal that only candidates meeting the English proficiency requirements will be eligible for training unless proper justification is documented.**

A.I.D. Handbook 10, Chapter 12, states:

Missions are to ensure that all participants, except those accompanied by an official interpreter and those whose programs are not conducted in English, have obtained the minimum required English proficiency scores (on either one of the two approved tests) ... prior to departure.

The minimum A.I.D. acceptable scores are as follows:

- **American Language Institute/Georgetown University English Proficiency Test (ALI/GU EPT) - minimum test scores of 240 and 200 for academic and technical training, respectively.**
- **Test of English as a Foreign Language (TOEFL) - minimum test scores of 500 and 450 for academic and technical training, respectively.**

Although Supplement 12A of A.I.D. Handbook 10 states that participants whose English proficiency is below the above minimums should not be sent for overseas training until they continue intensive English language training, it also states that flexibility is required to meet program needs. For example, although English language ability are always to be considered, four other considerations include: "... demands made by the participant's proposed technical training, the facility available for remedial language study, the pressure of time, and other important program considerations".

USAID/Nepal's Mission Order 410.1 lays out training requirements differently from A.I.D. Handbook 10 but this difference is not significant. Although it requires that all candidates be tested for English language proficiency, the required grades differ slightly. Candidates for academic and technical training in third countries must acquire an ALI/GU EPT score of at least 210. For training in the United States, candidates for academic training and short-term technical training must score 500 on the TOEFL or 240 on the ALI/GU EPT. Neither the A.I.D. Handbook nor the Mission Order provides for test waivers except when interpreters accompany participants.

USAID/Nepal has consistently allowed participants to attend training without demonstrating the required minimum levels of English proficiency. In some cases the participants were allowed to attend training after failing the language test and in other cases the test was waived entirely.

In our sample of 30 participants, everyone had attended courses conducted in English and were not accompanied by an interpreter. However, only 6 candidates had received a passing score on one of the two acceptable tests while the other 24 participants did not. These 24 cases are illustrated below:

- **Nine candidates had their tests waived but there was no documentation indicating the specific reasons. USAID/Nepal officials said that these candidates had**

adequate English proficiency or that there was inadequate time for the participant to sit for the test.

- Another nine candidates had their test waived because they were attending courses in India under Project No. 367-0145. USAID/Nepal officials stated that this had always been the policy for students training under this project, despite the fact that the courses are conducted in English. They believed that most Nepalese have a good command of Hindi, the official language in India, and therefore, could communicate with instructors in Hindi. We could find no provision which allows for this waiver.
- Six candidates did not have the minimum required scores but were still allowed to leave for training. According to USAID/Nepal officials, they have not enforced the English language proficiency requirement because if they did, many participants would not have qualified.

One could raise the question: Is there any definite relationship between English proficiency and the benefits derived from training? According to A.I.D. Handbook 10, Supplement 12A, such a relationship does exist and that the above English language proficiency requirements were derived from linguistic research and program experience. Our review also demonstrated some effect of the lack of English skills. For example, one participant in our sample scored 112 points on the ALI/GU EPT test where 210 (based on Mission Order 410.1) is required to pass. This participant then went on to attend a highly technical 12-week computer course in Thailand. Although we could not evaluate the participant's performance because no grades were given, our interview with this participant required an interpreter because the participant could not converse in English. The participant said she could not understand the theory portion of the training but thought she did all right in the practical part. We feel it is unlikely a participant who cannot converse in English would be able to comprehend a technical computer course taught in English.

In our opinion, USAID/Nepal should comply with A.I.D. and its own requirement to test all participants prior to sending them for overseas training (unless they are accompanied by official interpreters or if the course is not conducted in English). Upon receipt of the test scores, their results should be analyzed along with other considerations (e.g., pressure of time) to determine if any exceptions should be made. Such exceptions should be fully justified and documented for each participant. USAID/Nepal should also inform the Government of Nepal that only candidates meeting the English proficiency requirements will be eligible for training unless adequate justification is documented.

Medical certifications need to be maintained

A.I.D. regulations require that the participants must undergo the prescribed medical test and must be certified as medically fit for training. As copies of medical certificates were not always in USAID/Nepal files, we were unable to determine if the required tests were taken or if the participants were medically fit for training.

The lack of documentation occurred because USAID/Nepal did not require that these certificates be maintained. Without the medical certificates on file, USAID/Nepal was not able to substantiate that it had discharged its responsibilities for ensuring that such examinations were taken and passed by participants.

Recommendation 4: We recommend that USAID/Nepal develop procedures to ensure that the appropriate medical certification or the required medical waiver are maintained in its files.

A.I.D. Handbook 10, Chapter 13, states that missions are responsible for ensuring that all A.I.D.-sponsored participants undergo prescribed medical examination and that the medical certification is on file prior to the participant leaving their country for overseas training. The participant should be certified as medically fit for training by the examining physician. If the mission still intends to send a participant despite having failed this medical examination, medical waivers must be executed by the Mission Director or his designees.

Although USAID/Nepal's Mission Order 410.1 generally includes the above requirements, it does not require the medical certificates to be on file.

The purpose of the medical examination requirement for participants is to:

- determine that their health is adequate for the proposed training;
- ensure that they will likely be able to contribute subsequently to the development of their country; and
- minimize the cost of medical expenses.

In our review of 30 participants, we found documentation to indicate that the required medical certifications were received for 13. Problems with the other 17 cases are illustrated below:

- One participant was sent after having failed his medical examination. No medical waiver was issued in this case. According to USAID/Nepal officials, this was a case of an oversight.
- Nine participants did not have any certification on file because according to USAID/Nepal officials, these certificates have been sent to USAID/India, the mission which monitors the training of these participants. The participants' files however had copies of payment vouchers documenting payments made to the physicians for a medical tests. These vouchers only provide limited evidence that the tests have been taken and do not show if the trainee had passed the test. As the medical certificates were not available, we did not perform any further tests.
- USAID/Nepal officials were uncertain as to exactly where the certificates were for the other seven participants, and we could not find any indication that any

medical test was performed. The officials said that the certificates are either with the participants, with the contractors which administers their training, or with the training institutes. We were unable to perform any further tests without these certificates.

Without the medical certificates on file, USAID/Nepal could not substantiate if it had discharged its responsibilities in ensuring that all A.I.D. participants have undergone the prescribed medical examinations. Therefore, USAID/Nepal should ensure that these certificates are maintained in its files.

Did USAID/Nepal follow A.I.D. procedures to monitor participants' performance to ensure satisfactory progress and completion of training?

USAID/Nepal did not always follow A.I.D. procedures to monitor participants' performance to ensure satisfactory progress and completion of training.

Under the six projects reviewed, USAID/Nepal had sent 719 participants — 587 have returned while 132 are still in training. In our sample of 30 participants, we found the following:

- Twelve students had short-term training (less than five months) and, therefore, receiving periodic progress reports were not specifically required by A.I.D. procedures. For the remaining 18 students, 3 were appropriately monitored to ensure satisfactory progress while the other 15 were not.
- Twenty-eight of the thirty participants we reviewed were reported to have returned from training. Out of these 28 participants, we could verify that 14 had successfully completed their courses while no documentation was available for the other 14.

Participants' performance needs to be monitored

A.I.D. Handbook 10 requires that periodic progress reports be submitted to the mission to evaluate participants' progress. USAID/Nepal has not been receiving these reports for most participants because it had not established procedures for this purpose. Consequently it has not been monitoring the progress of most of its A.I.D.-funded participants and was not in a position to effectively resolve (including termination of training) problems of poor performance and, thus, ensure A.I.D. funds are effectively spent.

Recommendation No. 5: We recommend that USAID/Nepal establish procedures to ensure sufficient information is received to monitor the progress of

participants in training.

A.I.D. Handbook 10 requires missions to receive periodic reports on each long-term participant's performance and to evaluate this performance in cooperation with the host country. The Handbook prescribes that these reports should come from several sources. For example, each participant should submit an academic report (Form A.I.D. 1380-69, Academic Enrollment and Term Report) at the end of each term. Also, the A.I.D. mission in the country of training is responsible for monitoring all A.I.D.-funded participants in that country.

USAID/Nepal has not been receiving complete sets of periodic reports to determine the progress of its candidates. This problem arose because USAID/Nepal had no procedures to require these reports from the participants, the training institutions, or the A.I.D mission in the country of training. In the USAID/Nepal's training files for the 18 long-term participants included in our tests, only 3 files had sufficient information to adequately monitor the participant's progress. Problems with the other 15 cases are as follows:

- For seven participants, USAID/Nepal did not receive any periodic progress reports or comments from their professors.
- For eight participants, USAID/Nepal received incomplete information. Either the progress reports were incomplete or instructor's report/comments were not available.

In our sample, 13 of 18 long-term academic participants required extensions to complete the training. The extensions ranged from 3 months to 3 years. We estimate the cost of the extensions to be approximately \$40,000. Without obtaining progress reports on participants' performance, USAID/Nepal lacked adequate assurance that A.I.D. funds were being effectively spent. For example, USAID/Nepal was not in a position to periodically review participants' progress to ensure courses would be completed on time or to take actions (including terminating the training) to resolve problems which may hinder the progress of the participant.

Examples of poor performance which were not revealed until the participant requested an extension of time to complete the training include:

- One participant was sent to India in August 1982 and was expected to complete a 4-year Bachelor of Science course by July 1986. USAID/Nepal had not received any progress reports on the participant's performance until October 1985 when the college noted that the participant would not complete his full course requirement and recommended an extension until November 1987. Another similar extension was made to allow the student to continue his course up to June 1988. At the end of this second extension, the college informed USAID/Nepal that the participant had completed 15 trimesters (5 years) but needed at least 2 more trimesters to complete the degree. His grade point average was at that time 1.98 (2.0 is passing). The participant returned to Nepal in June 1989.

USAID/Nepal officials did not know and we could not determine whether or not this participant received his degree.

- Another participant was sent to India in August 1983 and was expected to complete a 4-year Bachelor of Agriculture Engineering by July 1987. USAID/Nepal had not received any progress reports on the participants performance until August 1985. His college had reported that the participant had failed to meet his minimum scholastic requirement (grade point average of 1.70) and thus needed a 1-year extension. No transcripts were received or requested before or after this information was received. Although this participant returned to Nepal in October 1988, USAID/Nepal officials did not know and we could not determine whether or not this participant received his degree.

Proof of course completion from returning participants needs to be obtained

Although A.I.D. regulations require proof of course completion, no documentation was available in many cases to substantiate that the participants had successfully completed the courses. This occurred because USAID/Nepal did not require the institution or the participants to submit certificates of completion. As a result, we were not able to determine if USAID/Nepal participants received the full benefits of the training A.I.D. paid for.

Recommendation No. 6: We recommend that USAID/Nepal require all returning participants or the training institution to demonstrate that the participants have completed their training by producing a course completion certificate or degree certificate.

A.I.D. Handbook 10, Chapter 35, states that it is A.I.D.'s policy to issue Certificates of Achievement to all returned participants. It follows that proof of successful completion must first be obtained. Participant Program and Training Data (A.I.D. 1380-59) also provides for the reporting of training data and training completion.

Because USAID/Nepal does not require returning participants or the training institutions to provide documentation to substantiate the course was completed and a degree was obtained, our initial review of 28 participants (out of 30 who have been sent) who had completed their courses revealed that there was only 1 case where adequate documentation was on file to indicate that the participant had successfully completed his course. No documentation was available for the other 27 participants.

At the end of our first visit to Nepal on April 17, 1990 and again on May 8, 1990, we requested USAID/Nepal to contact these participants to try and obtain their certificates of completion. By the end of our second field trip, on May 31, 1990, USAID/Nepal could only provide us with proof of course completion for 13 out of the 27 participants. Thus, we could not determine whether or not the remaining 14 participants successfully completed their training.

If proof of course completion are not available, USAID/Nepal cannot verify that the participants had received the planned benefits from the training. Therefore, USAID/Nepal should require all participants or the training institutions to demonstrate that they have completed their training by producing a course completion or degree certificate.

Did USAID/Nepal ensure that returning participants were assigned to work where they effectively utilized their training as required by A.I.D. policy?

USAID/Nepal did not ensure that the Government of Nepal assigned returned participants to work where they effectively used their training.

Under the six projects reviewed, a total of 587 participants have returned to Nepal from overseas training as of March 31, 1990. Although USAID/Nepal keeps a record on when these participants returned, it does not know if participants are utilizing their training in a related development field and consequently if training funds are being effectively spent.

A follow-up system to monitor returned participants needs to be implemented

It is A.I.D. policy that all feasible steps be taken to ensure that trainees return to work in positions where their training is utilized effectively. USAID/Nepal does not have a system to follow up on returned participants and ensure that trainees work in positions where their training is utilized. Therefore, as shown in our audit, participants may not be working in an area that utilizes their training and consequently A.I.D. funds may not have been effectively spent.

Recommendation No. 7: We recommend that USAID/Nepal:

- 7.1 ensure the seven participants interviewed in our review are put in appropriate positions to effectively utilize their training;**
- 7.2 interview a random sample of students to determine if, as shown in our sample, there is a pattern of unsatisfactory utilization of trained participants;**
- 7.3 if there is a pattern of unsatisfactory utilization of trained participants, determine whether the needs assessment and trainee selection process are adequate; and**

7.4 establish follow-up procedures on returned participant activities to assure participants are given positions where their training can be utilized for the required period.

A.I.D. Handbook 10, Chapter 35, states that it is A.I.D. policy that every A.I.D. mission, in collaboration with the host country, provide general follow-up activities on returned A.I.D. participants and maintain and update records for a minimum of three years on former participants who were trained for periods of three months or longer. It is also A.I.D. policy (Handbook 10, Supplement 1A) that all feasible steps be taken to ensure that A.I.D.-sponsored trainees return to work in positions where their training is utilized effectively.

To assure compliance with the A.I.D. policies, USAID/Nepal issued Mission Order 410.1 which requires its training office to keep in contact with participants for three years after they return from training. Also, prior to training, USAID/Nepal generally requires (in project implementation orders) that the Government of Nepal agrees that except under the most unusual circumstances, the participant will be given a position for a minimum of two years in order that the skills acquired in the training may be fully utilized. Furthermore, each project agreement provides that A.I.D. may require a refund from the Government of Nepal if A.I.D.-funded resources are not effectively used.

USAID/Nepal does not have a follow-up program to keep track of participants when they return from training. Consequently they do not know if returned participants are working in an area where they utilized the training they received. From our judgmental sample of 30 participants, we interviewed 7 returned participants to determine if they were utilizing their training which cost about \$84,000. Most interviewees said they were doing basically the same type of work they were doing before they went to training and none were utilizing their training. For example:

- A mechanical engineer went to India for training to receive a masters degree in industrial engineering. He told us that upon his return to Nepal in January 1989, no industrial engineering positions were available at the Ministry of Industry and he has continued to work in mechanical engineering work since the completion of his training. (This training cost about \$7,000).
- An assistant geologist went to Thailand for training in Engineering Geology. She said that the course was involved with the analysis and study of rock materials. According to this participant, she has not used the skills since her return to Nepal in December 1988. She added that she is still doing the same work which she was doing before she left for training — drawing geographical maps. (This training cost \$18,000).
- One participant went to India for training to receive a 4-year Bachelor of Science degree in Agricultural Engineering. Since his return in February 1990, he said he has been unemployed with no prospects for employment in the foreseeable future. (This training cost about \$10,000).

- One participant (a secretary) went to Thailand for a computer application course. She said that since returning to Nepal in April 1988, she has continued to work in a secretarial position and has not used most of the computer skills taught in the course. (This training cost about \$6,400).

A.I.D. Policy Determination No. 8, Participant Training states:

Where patterns of unsatisfactory return rates or subsequent employment are identified, particular attention should be given to whether the needs assessment and trainee selection processes are appropriate and to whether project design and institutional assessments have adequately considered the professional incentives and support systems needed to attract, retain, and utilize key staff effectively.

Without a follow-up program, USAID/Nepal was not aware that returning participants were not placed in positions where they use the training. To ensure that funds are effectively spent, USAID/Nepal must track returning participants to make sure they are utilizing their training. Also, in order to obtain an indication of how widespread this problem is, USAID/Nepal should interview a random sample of students over and above the ones which we have already met.

REPORT ON INTERNAL CONTROLS

We have audited USAID/Nepal's participant training program for those projects with active participant training components as of December 31, 1989, and have issued our report thereon dated September 14, 1990.

We conducted our audit in accordance with generally accepted government auditing standards, which require we plan and perform the audit to fairly, objectively, and reliably answer the objectives of the audit. Those standards also require that we:

- assess the applicable internal controls when necessary to satisfy the audit objectives; and
- report on the controls assessed, the scope of our work, and any significant weaknesses found during the audit.

In planning and performing our audit, we considered A.I.D.'s internal control structure to determine our auditing procedures in order to answer each of the five audit objectives and not to provide assurance on the internal control structure.

The management of A.I.D., including USAID/Nepal, is responsible for establishing and maintaining adequate internal controls. Recognizing the need to re-emphasize the importance of internal controls in the Federal Government, Congress enacted the Federal Manager's Financial Integrity Act (the Integrity Act) in September 1982. This Act, which amends the Accounting and Auditing Act of 1950, makes the heads of executive agencies and other managers as delegated legally responsible for establishing and maintaining adequate internal controls. Also, the General Accounting Office (GAO) has issued "Standards for Internal Controls in the Federal Government" to be used by agencies in establishing and maintaining such controls.

In response to the Integrity Act, the Office of Management and Budget (OMB) has issued guidelines for the "Evaluation and Improvement of Reporting on Internal Control Systems in the Federal Government." According to these guidelines, management is required to assess the expected benefits versus the related costs of internal control policies and procedures. The objectives of internal control policies and procedures for federal foreign assistance programs are to provide management with reasonable—but not absolute—assurance that resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data is obtained, maintained, and fairly disclosed in reports.

Because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected. Moreover, predicting whether a system will work in the future is risky because (1) changes in conditions may require additional procedures or (2) the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purposes of this report, we have classified significant internal control policies and procedures applicable to each of the audit objectives by categories. For each category, we obtained an understanding of the design of relevant policies and procedures and determined whether they have been placed in operation--and we assessed control risk. In doing this work, we found certain problems that we consider reportable under standards established by the Comptroller General of the United States. (Note: USAID/Nepal did not report any of these problems in its October 1989 internal control assessment, an assessment required by the Integrity Act). Reportable conditions are those relating to significant deficiencies in the design or operation of the internal control structure which we become aware of and which, in our judgment, could adversely affect USAID/Nepal's ability to assure that resource use is consistent with laws, regulations, and policies; resources are safeguarded against waste, loss, and misuse; and reliable data is obtained, maintained, and fairly disclosed in reports.

Audit Objective One

The first audit objective concerns the maintenance of a centralized and up-to-date database to track sponsored participants. In planning and performing our audit of USAID/Nepal's database we considered the applicable internal control policies and procedures cited in A.I.D. Handbook 10.

We noted one reportable condition relating to the centralized database system:

- USAID/Nepal did not maintain an up-to-date database to track participants.

Audit Objective Two

The second audit objective relates to the planning of participant training. In planning and performing our audit, we considered the applicable internal control policies and procedures cited in A.I.D. Handbook 3.

We noted one reportable condition relating to the planning process:

REPORT ON COMPLIANCE

We have audited USAID/Nepal's participant training program for those projects with an active participant training component as of December 31, 1989, and have issued our report thereon dated September 14, 1990.

We conducted our audit in accordance with generally accepted government auditing standards, which require that we plan and perform the audit to fairly, objectively, and reliably answer the audit objectives. Those standards also require that we:

- assess compliance with applicable requirements of laws and regulations when necessary to satisfy the audit objectives (which includes designing the audit to provide reasonable assurance of detecting abuse or illegal acts that could significantly affect the audit objectives) and
- report all significant instances of noncompliance and abuse and all indications or instances of illegal acts that could result in criminal prosecution that were found during or in connection with the audit.

Noncompliance is a failure to follow requirements, or a violation of prohibitions, contained in statutes, regulations, contracts, grant and binding policies and procedures governing entity conduct. Noncompliance constitutes an illegal act when the source of the requirement not followed or prohibition violated is a statute or implementing regulation. Noncompliance with internal control policies and procedures in the A.I.D. Handbooks generally does not fit into this definition and is included in our report on internal controls. Abuse is furnishing excessive services to beneficiaries or performing what may be considered improper practices, which do not involve compliance with laws and regulations.

Compliance with laws, regulations, and contractual obligations applicable to the participant training program audited is the overall responsibility of USAID/Nepal's management. As part of fairly, objectively, and reliably answering the audit objectives, we performed tests of USAID/Nepal and the Government of Nepal compliance with certain provisions of Federal laws, regulations, and contractual obligations. However, our objective was not to provide an opinion on overall compliance with such provisions.

The results of our tests of compliance disclosed the following significant instance of noncompliance:

- **Audit Objective No. 5 - The Government of Nepal did not ensure that A.I.D.-sponsored participants returned to work in positions where their training is effectively used as required by the project agreements.**

Except as described above, the results of our tests of compliance indicate that, with respect to the items tested, USAID/Nepal and the Government of Nepal complied in all significant respects, with the provisions referred to in the fourth paragraph of this report. With respect to items not tested, nothing came to our attention that caused us to believe the USAID/Nepal and the Government of Nepal had not complied, in all significant respects, with those provisions.

MANAGEMENT COMMENTS AND OUR EVALUATION

USAID/Nepal officials generally agreed with the report's findings and recommendations and have already initiated actions to implement most of the recommendations. (See Appendix II for the actual comments from USAID/Nepal). Examples of these actions include the following:

- the computer system used to maintain a centralized and up-to-date database has now been repaired and data is being inputted;
- project training plans identified in the audit as out-of-date will be fully updated by December 31, 1990;
- a Mission Order will be issued and other actions taken to ensure that there is compliance with requirements for English language proficiency and medical certification and that transcripts and evidence of course completion are obtained for each participant;
- an annual review of returned participant trainees will be instituted (the first of which will be completed by March 1991); and
- if the review of returned participants shows that returnees are not assigned to positions where they can effectively utilize their training, USAID/Nepal will take steps (e.g. letters, meetings, and the withholding of future training) with employers to ensure that trainees are assigned appropriate positions.

Based on USAID/Nepal's comments, all recommendations are considered resolved and will be closed when USAID/Nepal provides documentation to support that the recommended actions have been completed.

Although two recommended actions (2.2 and 7.1) were not specifically addressed in USAID/Nepal's comments, we assume that these recommendations will be covered when USAID/Nepal performs the comprehensive and positive actions identified in its comments.

SCOPE AND METHODOLOGY

Scope

We audited USAID/Nepal's participant training program in accordance with generally accepted government auditing standards. We conducted the audit from April 2 through May 31, 1990 and covered the systems and procedures relating to project inputs financed by A.I.D. for the six projects with active participant training components as of December 31, 1989. As noted below, we conducted our field work in the offices of USAID/Nepal, USAID/Thailand, and the Asian Institute of Technology in Bangkok.

Methodology

The methodology for each audit objective follows.

Audit Objective One

To accomplish the first audit objective, we determined if a centralized and up-to-date database of participant information existed. We examined the two sets of records used as an information base for participants. We held extensive interviews with USAID/Nepal officials and one contractor to determine what information was available to them and the source of that information.

Audit Objective Two

To accomplish the second audit objective, we reviewed the project papers for the five projects for which project papers were available to determine the initial targets (timeframes, trainees, and budgets) for the participant training program. The sixth project (367-0145) did not have a project paper. We then interviewed USAID/Nepal officials and reviewed financial reports to determine if the training programs were on schedule. If the training program had deviated from the initial plans, we reviewed

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project files and interviewed USAID/Nepal officials to determine what revisions had been made to the original plans.

Audit Objectives Three through Five

To accomplish the third through fifth objectives, we determined whether (1) the selection process for candidates adhered to the prerequisites for medical certification, English proficiency, and work and academic requirements, (2) participant performance was adequately monitored and completion of courses was verified, and (3) a follow-up program for returned participants was operating.

To accomplish these objectives, we selected a sample of 30 participants from a population of 719 participants in the six projects in our review. We examined the training file of each of the 30 participants selected to obtain documentation indicating whether the three objectives had been met. Since little documentation was available in the files for objectives four and five, we requested USAID/Nepal to contact the 30 participants to obtain (1) transcripts showing course performance, (2) proof of course completion, and (3) work location indicating the participant is working in the development area. Finally we interviewed seven of the participants in the sample to analyze their English proficiency and determine if they were assigned to work where they effectively used their training. We also interviewed officials at USAID/Thailand and the Asian Institute of Technology (a training institution) in Bangkok, Thailand as to the quality and performance of participants.

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FOR FWHITNEY GLENN, RIG/A/SINGAPORE FROM DIRECTOR
 KAMMERER

E.O. 12356: N/A
 SUBJECT: DRAFT AUDIT OF NEPAL PARTICIPANT TRAINING
 PROGRAM

REF: SUBJECT DRAFT AUDIT RECEIVED 7/31/90

1. USAID/NEPAL HAS NOW REVIEWED THE DRAFT AUDIT REPORT. WE BELIEVE IT ACCURATELY IDENTIFIES ADMINISTRATIVE SHORTCOMINGS OF THE PROGRAM, BUT WANT TO SUGGEST RE-WORKING SOME PORTIONS OF THE DOCUMENT TO REFLECT: THE HARD WORK AND DEDICATION OF TRAINING UNIT FSN STAFF, LONG-TERM POSITIVE IMPACTS OF USAID-SPONSORED TRAINING ON NEPALESE DEVELOPMENT, AND EFFORTS ALREADY MADE BY THE MISSION TO ADDRESS THESE PROBLEMS. PARAGRAPH 2 SUGGESTS ALTERNATE WORDING FOR THE EXECUTIVE SUMMARY. PARAGRAPHS 3-9 PROVIDE MISSION REACTIONS TO SPECIFIC RECOMMENDATIONS, INCLUDING: STEPS ALREADY TAKEN OR BEING TAKEN, SUGGESTIONS FOR ALTERNATE WORDING, AND A FEW GENERAL COMMENTS.

2. THE AUDIT APPROPRIATELY IDENTIFIES WEAKNESSES IN TRAINING PROGRAMS AND PROCEDURES. HOWEVER, WE FEEL THE OVERALL PROGRAM COULD BE DESCRIBED IN A MORE BALANCED WAY WITH THE FOLLOWING WORDING CHANGES IN THE EXECUTIVE SUMMARY:

-- IT IS AID POLICY TO PROVIDE PARTICIPANT TRAINING IN ORDER TO DEVELOP THE MANAGEMENT AND TECHNICAL SKILLS OF SELECTED PRIVATE INDIVIDUALS AND PUBLIC OFFICIALS IN RECIPIENT COUNTRIES. OVER THE LAST FOUR DECADES, THE NEPAL PROGRAM HAS PROVIDED TRAINING TO THOUSANDS OF NEPALESE CITIZENS, IN THE PROCESS PROVIDING SIGNIFICANT SUPPORT FOR INSTITUTION BUILDING AND CREATION OF THE SKILLED MANPOWER BASE ESSENTIAL FOR ECONOMIC, SOCIAL, AND POLITICAL DEVELOPMENT. MANY SENIOR AND MID-LEVEL COUNTERPARTS WITH WHOM MISSION STAFF WORK CLOSELY ARE FORMER USAID PARTICIPANTS. THEIR KNOWLEDGE, SKILLS, AND SYMPATHY TOWARD THE U.S. AND US3 POLICIES SUGGEST THAT PARTICIPANT TRAINING IS ONE THE MOST EFFECTIVE ASPECTS OF USAID PROGRAMMING IN NEPAL.

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-- USAID/NEPAL HAS SIX PROJECTS WITH ACTIVE PARTICIPANT TRAINING COMPONENTS, INCLUDING SHORT, MEDIUM AND LONG-TERM TRAINING. FOR THESE PROJECTS, PARTICIPANT TRAINING OBLIGATIONS STAND AT DOLS 9.5 MILLION AND EXPENDITURES AT DOLS 7.3 MILLION. EACH YEAR, FSN EMPLOYEES OF THE TRAINING UNIT PROCESS 150 TO 200 PARTICIPANT TRAINEES. THEY PERFORM WITH CONSIDERABLE EXPERTISE AND EFFICIENCY AND MINIMAL USDH SUPERVISION. BETWEEN APRIL 2 AND MAY 31, 1993, WE AUDITED THESE COMPONENTS IN TERMS OF SYSTEMS AND PROCEDURES RELATING TO PROJECT INPUTS UP TO DECEMBER 31, 1992. THIS WAS DONE USING GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (SEE APPENDIX 1). THE FOLLOWING WEAKNESSES IN THOSE SYSTEMS AND PROCEDURES WERE NOTED AND ARE SUMMARIZED AS FOLLOWS:

A. ALTHOUGH USAID/NEPAL MAINTAINS A MANUAL TRACKING LOGBOOK, A CENTRALIZED, COMPUTERIZED DATABASE ON ALL PARTICIPANTS SHOULD BE PUT INTO OPERATION AS SOON AS POSSIBLE.

B. USAID/NEPAL HAS FOLLOWED PRESCRIBED PROCEDURES FOR PLANNING PARTICIPANT TRAINING DURING PROJECT DESIGN, BUT TRAINING PLANS SHOULD BE REGULARLY REVISED TO REFLECT THE IMPACT OF PROJECT IMPLEMENTATION DELAYS AND OTHER PROBLEMS AFFECTING TRAINING SCHEDULES.

C. USAID/NEPAL FOLLOWED PRESCRIBED PROCEDURES FOR SELECTING PARTICIPANTS, IN TERMS OF ACADEMIC AND WORK PRE-REQUISITES, BUT SOMETIMES FAILED TO MEET FULLY ENGLISH PROFICIENCY AND MEDICAL CLEARANCE REQUISITES.

D. USAID/NEPAL DID NOT ALWAYS MONITOR (DIRECTLY OR THROUGH DESIGNATED AGENTS) LONG-TERM PARTICIPANT PERFORMANCE, TO ENSURE SATISFACTORY PROGRESS AND COMPLETION OF TRAINING.

E. THE GOVERNMENT OF NEPAL DID NOT ALWAYS ASSIGN RETURNED PARTICIPANTS TO WORK WHERE THEY CAN EFFECTIVELY USE THEIR TRAINING, AND USAID/NEPAL SHOULD TAKE STEPS TO REQUIRE THE GOV TO COMPLY WITH THIS REQUIREMENT.

THIS REPORT CONTAINS A SERIES OF RECOMMENDATIONS AND COMMENTS FOR USAID/NEPAL ACTION. A DRAFT WAS PROVIDED

TO USAID/NEPAL FOR THEIR COMMENTS. OVERALL, A NEED TO IMPROVE CERTAIN SYSTEMS AND PROCEDURES IS RECOGNIZED IN THE MISSION AND IS BEING ACTED UPON. SOME CHANGES HAVE ALREADY BEEN INSTITUTED AND WE BELIEVE OTHERS WILL BE INTRODUCED EXPEDITIOUSLY.

3. RECOMMENDATION NO. 1:

-- ACTION ALREADY TAKEN: THE PTMS SYSTEM HAS BEEN SUCCESSFULLY RE-INSTALLED. DATA ARE BEING INPUTTED AND SAMPLE TABLES HAVE BEEN PRODUCED, TO DEMONSTRATE THE CAPABILITY OF THE SYSTEM. (SAMPLE TABLES WILL BE POUCHED TO YOU).

-- SUGGESTED WORDING CHANGE: WE SUGGEST THAT RECOMMENDATION NO. 1 BE PREFACED BY THE PHRASE "ALTHOUGH THE USAID/NEPAL MANUAL TRAINING LOG IS AN ADEQUATE INTERIM MEASURE...."

-- USAID SUGGESTS, BASED ON THE INFORMATION PROVIDED ABOVE, THAT RECOMMENDATION NO. 1 BE CLOSED.

4. RECOMMENDATION NO. 2:

-- ACTIONS TO BE TAKEN: (1) USAID WILL ENSURE THAT PROJECT TRAINING PLANS IDENTIFIED IN THE AUDIT AS "OUT OF DATE" ARE FULLY UPDATED BY DECEMBER 31, 1990; (2) FURTHERMORE, AS PART OF THE MISSION PORTFOLIO RF (1) USAID WILL RE-EMPHASIZE TO USDE AND PSN EMPLOYEES THAT PARTICIPANT ENGLISH PROFICIENCY IS NOT MERELY DESIRABLE, BUT REQUIRED UNDER AID REGULATIONS. THIS MESSAGE WILL BE COMMUNICATED THROUGH A MISSION NOTICE AND INCLUDED IN AN UPDATED MISSION ORDER ON TRAINING; (2) FOR THOSE FEW, EXCEPTIONAL CASES IN WHICH A WAIVER IS REQUIRED FOR OFFICIALS AT OR ABOVE THE DEPUTY SECRETARY LEVEL, USAID WILL DEVELOP A FORMAL WAIVER SYSTEM, INCLUDING A STANDARD FORM WHICH PROVIDES FULL DETAILS ON THE PARTICIPANT AND PROPOSED TRAINING, AND CONVINCING JUSTIFICATION FOR THE WAIVER. THE WAIVER WILL BE PRESENTED BY THE USAID OFFICE CHIEF AND SIGNED BY THE MISSION DIRECTOR; (3) USAID HAS DRAFTED AND WILL ISSUE A PIL UNDER THE DTP PROJECT, REMINDING MINISTRY OF FINANCE OFFICIALS OF OUR ENGLISH PROFICIENCY REQUIREMENTS, AND REITERATING OUR DETERMINATION TO MEET THEM. (A COPY OF THE PIL WILL BE POUCHED TO YOU).

-- USAID BELIEVES ACTIONS OUTLINED ABOVE SHOULD BE SUFFICIENT TO RESOLVE RECOMMENDATION NO. 3. BY THE END OF THE CALENDAR YEAR WE WILL SUBMIT THE MISSION NOTICE, A SAMPLE WAIVER FORM, AND OUR NEW MISSION ORDER ON TRAINING. WE ASSUME THESE SUBMISSIONS WILL LEAD TO CLOSURE OF THE RECOMMENDATION.

6. RECOMMENDATION NO. 4:

-- ACTIONS ALREADY TAKEN: (1) EMPLOYEES OF THE

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APPENDIX II
PAGE 4 OF 7

TRAINING UNIT HAVE BEEN INSTRUCTED TO INCLUDE A COPY OF
EACH PARTICIPANT'S CERTIFICATE OF MEDICAL FITNESS IN

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HIS/HER FILE; (2) TRAINING UNIT EMPLOYEES HAVE ALSO BEEN REMINDED THAT WAIVERS CANNOT BE GIVEN TO PARTICIPANTS FOUND TO BE MEDICALLY UNFIT.

-- ACTIONS TO BE TAKEN: COMPLETED ACTIONS DESCRIBED ABOVE WILL BE INCORPORATED INTO THE UPDATED MISSION ORDER ON TRAINING AND ENFORCED BY TRAINING UNIT PERSONNEL.

-- USAID BELIEVES ACTIONS OUTLINED ABOVE SHOULD BE SUFFICIENT TO RESOLVE RECOMMENDATION NO. 4. BY THE END OF THE CALENDAR YEAR WE WILL SUBMIT OUR NEW MISSION ORDER ON TRAINING, AND ASSUME THAT SUBMISSION WILL LEAD TO CLOSURE OF THE RECOMMENDATION.

7. RECOMMENDATION NO. 5:

-- ACTION ALREADY TAKEN: WE CABLED OIT IN JUNE, REQUESTING THAT PIET AND OTHER TRAINING CONTRACTORS WHICH SUPPORT LONG TERM U.S. PARTICIPANTS PROVIDE US WITH ACADEMIC TRANSCRIPTS AFTER EACH SEMESTER OR TERM, AND WITH DIPLOMAS OR CERTIFICATES AT THE COMPLETION OF COURSEWORK. (A COPY OF THE CABLE WILL BE POUCHED TO YOU).

-- ACTIONS TO BE TAKEN: (1) ASIAN REGION USAID TRAINING OFFICES AND (IN THEIR ABSENCE) EMBASSIES WILL BE REQUESTED BY CABLE TO ASSIST IN TRACKING PARTICIPANT PROGRESS AND COLLECTING TRANSCRIPTS, DIPLOMAS, AND CERTIFICATES IN THEIR RESPECTIVE COUNTRIES. (A COPY OF CABLED REQUESTS WILL BE POUCHED TO YOJ); (2) UNDER ALL NEW IMPLEMENTATION CONTRACTS INVOLVING PARTICIPANT TRAINING, WE WILL REQUIRE CONTRACTORS TO ACQUIRE TRANSCRIPTS, DIPLOMAS, AND CERTIFICATES AND PROVIDE THEM TO USAID IN TIMELY FASHION; (3) PLANNED AND COMPLETED ACTIONS DESCRIBED ABOVE WILL BE INCORPORATED IN THE UPDATED MISSION ORDER ON TRAINING AND ENFORCED BY TRAINING UNIT PERSONNEL.

-- USAID BELIEVES ACTIONS OUTLINED ABOVE SHOULD BE SUFFICIENT TO RESOLVE RECOMMENDATION NO. 5. BY THE END OF THE YEAR WE WILL SUBMIT COPIES OF CABLES SENT TO TRAINING OFFICES AND EMBASSIES IN THE REGION, CLAUSES REGARDING TRAINING TO BE INCLUDED IN FUTURE IMPLEMENTATION CONTRACTS, AND THE NEW MISSION ORDER ON TRAINING. WE ASSUME THESE SUBMISSIONS WILL LEAD TO CLOSURE OF THE RECOMMENDATION.

8. RECOMMENDATION NO. 6:

-- ACTIONS TO BE TAKEN: (1) RETURNING PARTICIPANTS ARE ALREADY REQUIRED TO BRING COURSE CERTIFICATES AND DIPLOMAS TO THE TRAINING UNIT FOR PHOTOCOPYING AND INCLUSION IN THEIR FILE. WE WILL REINFORCE THIS REQUIREMENT BY WITHHOLDING OUTSTANDING PAYMENTS UNTIL RETURNING PARTICIPANTS HAVE COMPLIED; (2) THE PLANNED ACTION DESCRIBED ABOVE WILL BE INCORPORATED IN THE

UPDATED MISSION ORDER ON TRAINING AND ENFORCED BY
TRAINING UNIT PERSONNEL.

-- USAID BELIEVES ACTIONS OUTLINED ABOVE SHOULD BE
SUFFICIENT TO RESOLVE RECOMMENDATION NO. 6. BY THE END
OF THE CALENDAR YEAR WE WILL SUBMIT OUR NEW MISSION
ORDER ON TRAINING, AND ASSUME THAT SUBMISSION WILL LEAD
TO CLOSURE OF THE RECOMMENDATION.

9. RECOMMENDATION NO. 7:

-- SUGGESTED RE-WORKING OF RECOMMENDATION: (1) WE
SUGGEST THAT SUB-RECOMMENDATION 7.4 BE RE-NUMBERED 7.1
AND PRESENTED FIRST. (THIS ITEM BEST DESCRIBES THE
GENERAL PROBLEM.) (2) ITEMS 7.1 THROUGH 7.3 SHOULD BE
RE-NUMBERED ACCORDINGLY.

-- ACTIONS TO BE TAKEN: USAID WILL INSTITUTE AN
ANNUAL REVIEW OF RETURNED PARTICIPANT TRAINEES
(INCLUDING ALL RETURNED LONG-TERM PARTICIPANTS AND A
SAMPLE OF SHORT-TERM TRAINEES WHO HAVE COMPLETED
TRAINING IN THE PREVIOUS CALENDAR YEAR). IF THE SURVEY
SHOWS THAT RETURNEES ARE ASSIGNED TO POSITIONS NOT
CONSONANT WITH RECENTLY-COMPLETED TRAINING, USAID WILL
TAKE STEPS (LETTERS, MEETINGS, WITHHOLDING OF FUTURE

TRAINING) WITH EMPLOYERS TO ENSURE TRAINEES ARE ASSIGNED TO MORE APPROPRIATE POSITIONS. THE FIRST ANNUAL SURVEY WILL BE COMPLETED BY MARCH 31, 1991.

-- USAID BELIEVES ACTIONS OUTLINED ABOVE SHOULD BE SUFFICIENT TO RESOLVE RECOMMENDATION NO. 7. BY THE END OF THE CALENDAR YEAR WE WILL SUBMIT A SCOPE OF WORK FOR THE FIRST ANNUAL SURVEY OF RETURNED PARTICIPANTS, AND ASSUME THAT SUBMISSION WILL LEAD TO CLOSURE OF THE RECOMMENDATION.

12. USAID/NEPAL HAS ALREADY INITIATED SUBSTANTIAL IMPROVEMENTS. SOME OF THESE MIGHT USEFULLY BE MENTIONED IN THE AUDIT TO PRESENT A MORE POSITIVE PICTURE. WE STAND READY TO ANSWER QUESTIONS OR PROVIDE CLARIFICATION.

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