

PD-ARBH091

**CONTRACT EVALUATION REPORT:  
PLACING, PROGRAMMING,  
MANAGING, AND PROVIDING  
FIELD SUPPORT SERVICES  
FOR THE  
THOMAS JEFFERSON  
FELLOWSHIP PROGRAM**

**Cotton & Company  
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## INTRODUCTION

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This report presents conclusions and recommendations resulting from Cotton & Company's evaluation of the contract between the United States Agency for International Development (A.I.D.) and Partners for International Education and Training (PIET). The contract is managed by A.I.D.'s Office of International Training (OIT). The services PIET provides pursuant to the contract include placing, programming, managing, and providing field support services to fellows and associates selected for the Thomas Jefferson Fellowship (TJF) Program, a program to develop the human resources potential of citizens of developing countries. The evaluation focused on two questions:

- Did PIET comply with the terms of the contract?
  - Can the contract be improved?
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## BACKGROUND

The Foreign Assistance Act (FAA) of 1961, as amended, contains the basic statutory authority for A.I.D.'s Participant Training Program (PTP), administered by OIT. The PTP, with its U.S. training component--the TJF program--is a vital element of U.S. foreign assistance programs. The purpose of foreign assistance, as stated by Congress, is:

...to assist the people of developing countries in their efforts to acquire the knowledge and resources essential to development and to build the economic, political and social institutions which will improve the quality of their lives.

Participant training is the human resources development component of a project that may also include technical assistance and commodities procurement. It may also be the entire activity of a project that trains foreign nationals outside their home country to fulfill the host country's human resources development objectives.

A.I.D.'s participant training administrative and program policies, responsibilities, procedures, and reporting requirements are promulgated in its Handbook 10.

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Everyone associated with the PTP is required to observe the policies, procedures, and guidance established by the FAA, Policy Determination No. 8, and Handbook 10, *Participant Training*. This includes all A.I.D. bureaus, offices, and missions; other Federal agencies; A.I.D. direct and host government contractors and grantees; host government ministries, embassies, and other entities; and universities, organizations, and institutions responsible for selecting, placing, managing, and following up on fellows and associates.

The majority of TJF Program participants are mid-level professionals, already established in a career or occupation. The education and training they receive in the United States is intended to provide them with greater technical skills or a higher academic degree to better meet the challenges of development in their own countries. Through their training in laboratories, offices, agricultural, or industrial settings, they are expected to use and become familiar with American methods, technologies, and equipment.

TJF Program participants can be placed in either long-term academic programs or short-term technical training programs. Long-term academic participants are now commonly referred to as TJF "fellows." Participants placed in short-term technical programs are referred to as "associates."

A component of the TJF Program implemented in 1987 is the Entrepreneur's International (EI) Project--a business exchange project. Developing-world entrepreneurs are selected for short-term (3 to 6 weeks) on-the-job training with U.S. businesses. EI participants are also considered "associates."

Short-term technical training generally consists of institutional or observational programs, where associates have the opportunity to learn about or observe first-hand the operations of their American counterparts. These brief technical programs are also provided for top management, industrialists, educators, scientists, and public administrators.

Undergraduate degree programs have been largely restricted to countries with limited numbers of college graduates capable of pursuing advanced degrees and to special efforts to identify and train disadvantaged segments of developing country populations.

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The PTP is largely decentralized. A.I.D. missions and regional and central bureaus initiate programs and projects that involve training, determine the parameters of that training in concert with host governments, arrange for the selection of fellows and associates, and determine the mode of implementation. Almost two-thirds of all fellows and associates are managed by entities under direct contract to missions, bureaus, and host governments. In some cases, host government entities (e.g., embassies in Washington) manage fellows and associates without a U.S. contractor.

OIT has central leadership and coordination responsibility for the PTP. It develops, for A.I.D. clearance and approval, policies and procedures that govern the program and are incorporated in Handbook 10. On request, OIT assists missions and host countries in developing and managing participant training and maintains various related services for all fellows and associates, such as health and accident insurance and orientation.

PIET, OIT's primary contractor for managing the TJF program, was formed in 1982, and is a consortium of four nonprofit organizations: the African-American Institute (AAI), America-Mideast Educational and Training Services (AMIDEAST), World Learning Inc. (WLI), and The Asia Foundation (TAF). Under contract to A.I.D., PIET administers U.S.-based education and training programs for thousands of individuals. PIET is responsible for identifying or designing training programs to meet training requests proposed by A.I.D. missions and host governments, placing individuals in these programs, disbursing funds to the training institutions and to the fellows and associates, monitoring the program of each fellow and associate, and reporting to the A.I.D. missions and appropriate home government sponsors.

PIET has carried out these activities for A.I.D. under three separate contracts since 1982. The current contract expires September 29, 1993. As of September 30, 1992, the cumulative obligations under the current contract were \$106,057,068 for PIET's administrative costs and pass-through participant costs for academic tuition and technical program costs.

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**OBJECTIVES, SCOPE,  
AND METHODOLOGY**

The objectives of our evaluation were to (1) evaluate and assess PIET's compliance with the contract scope of work, (2) document progress to date and lessons learned,

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and (3) develop recommendations for improving TJF Program management, as deemed appropriate. We evaluated the EI component in the same manner as the academic and short-term tailored aspects of the contract. A limited scope financial review was also part of this evaluation.

To assess the extent to which PIET complied with the terms of its contract with A.I.D., we reviewed the 3 general and 20 specific scope of work requirements. We also studied the scope of work requirements in our evaluation contract with A.I.D. to relate the required coverage of these items to the specific areas of the PIET contract. With both sets of requirements as a basis for our evaluation, we reviewed the appropriate sections of A.I.D.'s Handbook 10 and developed our interview and analysis approach to accomplish all evaluation objectives.

To assess PIET's conformance with its contract requirements and document its progress and lessons learned, we reviewed PIET's operations manual and other selected files and records; and we interviewed PIET, AAI, AMIDEAST, WLI, and TAF personnel. We interviewed A.I.D. officials and staff at headquarters and selected overseas missions to gain better perspectives on TJF Program activities and PIET's performance.

We also interviewed former fellows and associates at overseas locations (1) who had completed their program, (2) who did not undertake their program as scheduled, or (3) who terminated their program prior to completion. We also interviewed a small number of fellows and associates who were in the United States pursuing their studies or training. Our interviews included fellows and associates involved in academic, short-term, observational study tour, and EI programs. These interviews were structured with the use of data collection instruments to obtain the perspectives on the total experience of being a TJF fellow or associate, including the relationship with PIET and how PIET managed individual programs.

To perform our limited financial review, we met with the Chief Financial Officer (CFO) of AAI (AAI is the managing partner of the PIET consortium and performs certain services on behalf of all PIET partners); interviewed members of the CFO's staff and reviewed selected financial information; interviewed the PIET deputy executive director; obtained and reviewed financial information from AAI, AMIDEAST, TAF, and WLI; and met with A.I.D.

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officials and A.I.D.'s Office of Financial Management (FM) staff to obtain financial management information for review and analysis.

We also reviewed an evaluation of the training support services that PIET provided under its first of three continuous contracts for A.I.D. for similar services. This evaluation covered the first contract, which was for the period September 30, 1982, and, with a 3-month extension, ended December 31, 1985. An A.I.D. contractor performed this evaluation and issued its report in October 1986.

Our evaluation was conducted from October 1992 through March 1993 and was performed in accordance with generally accepted Government auditing standards applicable to performance evaluations.<sup>1</sup> Our work was performed at A.I.D. headquarters in Arlington, Virginia; PIET's and AMIDEAST's offices in Washington, DC; AAI's headquarters in New York, New York; and A.I.D. missions in the Dominican Republic, Indonesia, and Tanzania.

Our limited financial review was not intended or designed to be an audit and was not performed for the purpose of rendering an opinion on the fairness of presentation of any financial or accounting information reported by PIET or on PIET's compliance with applicable cost principles. Accordingly, we express no opinion on the fairness of presentation or compliance with applicable cost principles of any PIET financial or accounting information.

The evaluation was also neither intended nor designed to produce "statistically valid" or "clinical" results pertaining to the quality of the training programmed and provided. Many aspects of programming, placing, and monitoring are beyond PIET's direct control. The selection of countries to be visited by us was made by OIT, and the selection of fellows and associates to be interviewed, while intended to produce representative results, was not random and thus not intended to yield statistically valid conclusions.

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#### **SCOPE LIMITATIONS**

As part of our limited financial review, we attempted to assess the reasonableness of PIET employee annual salary increases by comparing actual average annual salary

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<sup>1</sup> U.S. General Accounting Office, *Government Auditing Standards: Standards for Audit of Governmental Organizations, Programs, Activities, and Functions* (1988 Revision), Chapters 6 and 7.

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increases with PIET's proposed average annual salary increases. Three of the four PIET partners cooperated fully in this analysis by providing requested payroll data. The fourth partner, TAF, refused to send us this information and instead told us that we would need to travel to their San Francisco offices to review this information. As a result, we could not determine if TAF's annual salary increases were consistent with its proposal.

Another planned element of our limited financial review was a comparison of PIET's costs, workload, and levels of effort. Although the contract requires PIET to report levels of effort expended in each 6-month period by "main project/contract activities," PIET's level-of-effort reports did not segregate levels of effort for direct employees and for "buy-ins" or "partially financed academic participants."

Similarly, the contract requires separate reporting of costs for buy-ins and partially financed academic fellows, but PIET did not accumulate these costs separately. The Request for Proposals (RFP) that preceded the PIET contract did not contain information regarding projected placements, projected person-months of training, and other workload projections that can be used as baselines against which to measure cost and level-of-effort performance. For all of these reasons, we could not perform meaningful comparisons of budgeted or projected and actual costs, workload, or levels of effort.

As described on pages 53 through 56 of this report, PIET did not retain complete records of fellows' and associates' programs from time of assignment through completion of training as required by the contract. As a result, we could not fully evaluate some contract requirements, including certain aspects of program development and selection, monitoring and counseling, and training program evaluations.

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The remainder of this report is organized as follows:

Chapter 2 is an executive overview summarizing the contractor's positive accomplishments and our evaluation conclusions regarding areas for contract improvements and the contractor's compliance with contract requirements.

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Chapter 3 presents our detailed evaluation conclusions and recommendations for improving the contract.

Chapter 4 presents our conclusions and recommendations pertaining to the degree to which the contractor met specific and general contract requirements.

Chapter 5 contains our report on internal controls and compliance as required by generally accepted Government auditing standards.

Chapter 6 summarizes the views of OIT and PIET officials based on their review of a draft of this report and attendance at briefings on the evaluation results.

Chapter 7 is a brief summary of issues that warrant further study, but that were not addressed specifically by our other evaluation recommendations.

Appendix A lists recommendations presented throughout the report. We have summarized these recommendations to assist OIT in studying and implementing them.

Appendix B contains responses to 14 general questions that OIT asked us to address during the evaluation. These questions are also answered in Chapters 3 and 4. We have summarized these responses for OIT's ease of analysis.

Appendix C contains PIET's written comments on the draft evaluation report.

Appendix D lists the major contributors to this evaluation report.

**SUMMARY OF SIGNIFICANT CONCLUSIONS**

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Our evaluation yielded 16 conclusions and recommendations related to ways in which OIT can improve the TJF Program. Most of these recommendations focus on the contractual mechanism used to oversee and control the contract for placing, programming, managing, and providing field support services for TJF Program participants. These conclusions and recommendations are not intended to reflect negatively on PIET's performance.

The evaluation also yielded 8 conclusions and recommendations related to PIET's compliance with the specific terms of the contract with OIT.

We also identified 5 issues related to potential TJF Program improvements that we recommend OIT study further.

On balance, we concluded that PIET has made noteworthy accomplishments, but room for improvement exists.

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**NOTEWORTHY  
ACCOMPLISHMENTS**

We generally concluded that PIET performs a difficult and complex array of services in a very competent manner.<sup>2</sup>

Many factors make the TJF Program difficult to manage effectively and efficiently. TJF Program fellows and associates possess a wide variety of languages, cultures, and individual and interpersonal needs.

The A.I.D. missions are PIET's "customers" and are provided services through OIT and in conformity with A.I.D.'s Handbook 10. Each mission has been given considerable autonomy under the PTP's current management structure. PIET must not only maintain ongoing relationships with mission personnel on a long-distance basis, but must also adapt readily to each mission's autonomous decisionmaking processes and varying skills, experiences, and abilities of key mission personnel.

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<sup>2</sup> All conclusions in this Chapter and in the balance of the report are qualified because of the scope limitations discussed in the preceding Chapter. Had these scope limitations not existed, other matters might have come to our attention that would have caused us to reach different conclusions.

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PIET personnel must also coordinate with hundreds of different training providers within the United States. This coordination includes both the initial program design and placement processes and the ongoing in-process academic and technical monitoring needed to track individual progress, solve problems, and keep missions and OIT well-informed about the status of TJF Program fellows and associates.

The number and types of problems that TJF Program fellows and associates encounter range from routine academic or scheduling complications to traumatic personal crises. For many fellows and associates, the PIET educational and training advisor (ETA) is the primary U.S. source for assistance. Responding effectively to these needs (and, in some cases, demands) requires interpersonal and diplomatic skills that are impossible to define in a contract statement of work.

We noted several examples of PIET's positive performance. The following case is illustrative of the caring and concern exhibited by many PIET personnel.

*Mrs. E. R. of the Dominican Republic came to the United States in January 1990 to study at the University Of New Mexico and, hopefully, earn a Masters degree in Education Administration and Supervision. Seventeen days before she was scheduled to complete her 2-year program, she learned that her husband and infant son had been killed in an accident. Her PIET advisor gave her emotional support to help her cope with this traumatic event and helped her conclude that this personal tragedy should not keep her from completing her program. After returning home for her husband's and son's funerals, she completed her program as scheduled.*

Compassion and the extra effort required to support TJF program fellows and associates are not express contract requirements, but are probably the true measures of successful performance.

While we encountered some complaints about PIET's performance in carrying out these complex and varied functions, and suggestions were offered for improving PIET's performance, the preponderance of feedback from OIT personnel, mission personnel, and TJF Program fellows and associates was positive.

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Our evaluation's scope did not include compilation of empirical or quantitative data with which to objectively compare PIET's performance with that of other contractors carrying out similar tasks. Qualitative and subjective feedback from most interviewees, however, indicated that PIET is perceived as doing a better job than other contractors.

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## **AREAS FOR CONTRACT IMPROVEMENT**

Our focus on ways to structure and manage the tasks of placing, programming, managing, and providing field support services more effectively disclosed several areas for improvement.

Contractor-OIT Coordination Can Be Improved and Contract Control Can Be Strengthened. The potential for contract management problems is created by the combination of (1) less-than-clear contractor oversight designation; (2) the considerable length of time that PIET has been performing its functions; and (3) the broad contract scope of services and requests made of PIET by various A.I.D. organizations and personnel.

We recommend that OIT more clearly define the services it wants its contractor to perform, prohibit the contractor from performing work outside this scope without contracting officer approval, and include contract provisions for performing additional tasks. Further, we recommend that the new contract incorporate a designated contracting officer's technical representative to provide all technical direction in writing before any work not clearly within the contract's core services is started.

Participant Monitoring and Feedback to Missions Can Be Improved. We noted an instance of PIET's untimely notification of a program's problem leading to the need for an extension. We also noted some instances in which the required Academic Enrollment and Term Report (AETR), which is the primary link the missions have with a fellow's academic progress, was filed late and was incomplete.

We recommend expanded contract language to place greater emphasis on the importance of timely, complete, and detailed monitoring feedback and timely notification of the possibility of program extensions. OIT can assist by revising the AETR to make completion of all fields mandatory and allow more room for academic advisor and contractor comments.

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**The Country-Development Program Purpose Needs Greater Emphasis.** Few of the fellows and associates interviewed for our evaluation conveyed a clear understanding that the TJF Program's primary purposes relate to country development rather than individual development and of how their individual programs support this primary objective. This apparent lack of clarity can undermine the program's longer-range objectives.

We recommend that OIT revise the new contract and Handbook 10 to stress the importance of making fellows and associates aware of the TJF Program's country development purposes and how each individual program supports these purposes. This would enable the contractor to place appropriate emphasis on the relationship between an individual's program and the development of his or her country.

**OIT's Contractor Should Maintain More Detailed Cost Accounting Information.** PIET's accounting system does not accumulate separately all labor time, labor costs, and other costs directly identifiable with long-term, short-term, and EI placement activities. This precludes a detailed cost accounting allocation of total costs to each of the three major basic activities. As a result, OIT cannot track actual costs for particular services, and OIT cannot assess the related costs and benefits of each activity.

We recommend that OIT incorporate a requirement into the new contract that the contractor have in place and functioning a cost accounting system that accumulates, segregates, and reports the costs of long-term, short-term, and EI program management and the costs of other services requested through a delivery order mechanism.

**Procurement Integrity Concerns Should Be Addressed.** We noted instances in which individual participants or the mission preselected the schools or programs to which an individual would be sent. In these cases, PIET's programming knowledge and skills were not fully utilized.

We recommend that placement specialists assess alternative training providers or academic institutions even when missions have preselected providers. This will (1) ensure that the best and most cost-effective choices are made, and (2) serve as a control to protect against improper or even illegal provider selection decisions made by mission personnel or in-country project personnel.

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We make three other recommendations to strengthen the placement process:

- The contractor should completely document the basis for selecting and recommending every program.
- The new contract should specify clearly and unequivocally that the contractor will not program any services to be performed by itself or by organizations with which it is affiliated.
- Placement specialists should have and routinely use each country's Country Development Strategy Statement, Country Training Plan, and other project-specific planning papers in developing participant programs.

OIT Should Consider Transferring Full Accounting for Each Program to the Contractor. We found that PIET accounts for program costs that it disburses and A.I.D.'s Office of Financial Management accounts for those program costs and additional costs not disbursed by PIET. As a result of this plus other problems with A.I.D.'s master disbursing account, it is difficult to compare committed and expended amounts.

We recommend that OIT require its contractor to maintain an accurate, complete, and current record of each fellow's or associate's actual total cost of training.

Participant Arrivals and Orientation Should Receive Greater Emphasis. A.I.D.'s Handbook 10 states that it is A.I.D.'s policy that participants be met on arrival in the U.S. whenever feasible and that they attend appropriate orientation programs. Some interviewees said that they had not been met upon arrival in the U.S. and had not participated in any type of orientation before commencing their programs. We concluded that both of these services are valuable and can have a significant impact on the ultimate success or failure of a person's training or schooling.

To assure that missions understand these to be mandatory requirements, we recommend that OIT clarify the requirement for fellows and associates to be met on arrival in the U.S. and the requirement to attend appropriate orientation.

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**The Contract's Evaluation Provisions Need to Be Enhanced.** PIET's provisions for evaluating training programs appear to be unnecessarily complex and lengthy. For example, the Group Technical Questionnaire used by PIET to evaluate short-term technical training programs is 22 pages long and contains 136 questions. The evaluation instrument for long-term training is similar in length and complexity. A simplified questionnaire might provide a more manageable means of assessing the quality of training and academic programs in a more timely manner.

We recommend that OIT analyze the costs and benefits of the current evaluation procedures and define more clearly its evaluation objectives. If appropriate, OIT should design a more streamlined evaluation process. We further recommend that OIT specify exact evaluation results distribution to include each fellow's or associate's mission. Also, we recommend that OIT design a 1-page questionnaire to obtain fellow and associate comments regarding contractor performance.

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**CONTRACT  
COMPLIANCE**

Except as described in the following paragraph, we concluded that PIET complied, in all material respects, with the terms of the contract.

**PIET Has Not Complied With the Contract's Accounting and Reporting Requirements.** The contract has several provisions specifically stating that separate cost and level of effort accounting and reporting are required for buy-ins and managing "partially financed academic participants." PIET apparently made no accounting system provisions that would allow the accumulation of costs incurred for individual buy-ins, buy-ins in total, or the partially financed academic fellows. PIET's failure to comply with these significant contract requirements reflects a serious lack of cost control. As a result of this material noncompliance, it is not possible to determine if PIET has conformed to individual buy-in budgets or if its costs are in line with its non-buy-in budgets. Similarly, we could not evaluate the efficiency of the contractor's contract operations vis-a-vis the contract's budget. The lack of strict budgetary controls over the contractor creates an environment conducive to spending abuse.

We recommend that OIT ask the contracting officer to have a financial and compliance audit of the latest fiscal year of the PIET contract performed and expand the audit to prior years based on the initial audit results.

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In addition to the above area of material noncompliance, we noted several other instances of noncompliance that warrant OIT's attention and prompt corrective action. These less significant noncompliance instances follow.

Unauthorized Communications Regularly Occur. PIET violates the contract's communications requirements regularly and with OIT's knowledge. Both PIET and OIT agree that adhering to these communications requirements would inhibit the contractor's capabilities to carry out its required tasks.

We recommend that OIT define specific policies and procedures differentiating official and routine communications and permit the contractor to make routine mission communications without routing them through OIT, which is now a contract requirement.

We Could Not Conclude that PIET is Complying with the Contract's HBCU<sup>3</sup> Placement Requirements. The contract establishes an advance understanding that not less than 10 percent of the placements will be in programs offered by an HBCU. PIET has not interpreted its contract to require HBCU placement to be measured in person-months. Hence, PIET counts a one-day HBCU campus tour by three participants as three HBCU placements.

We recommend that OIT require its contractor to assure that at least one HBCU-provided program or alternative program is offered for every participant unless no HBCU program exists to meet program requirements. Placement specialists should clearly document instances when an appropriate HBCU placement does not exist and has not been offered.

We also found several errors in PIET's participant data base and reports on HBCU placements.

We recommend that OIT require PIET to establish data quality control procedures to correct erroneous existing data and prevent future data and reporting errors.

Recordkeeping Can Be Improved. PIET has not always maintained complete records on each program from assignment through training completion. For this reason, it is not possible to fully evaluate PIET's performance in important areas, such as HBCU placement and placements in

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<sup>3</sup> Historically Black Colleges and Universities.

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the most appropriate and cost-effective academic and technical programs.

We recommend that OIT's new contract require the contractor to assemble and maintain an official file on each fellow and associate. This file should contain a full and complete record of all programming matters; communications (verbal and written); personal contacts; and monitoring, counseling, and evaluation efforts and results.

**Management Information System Problems Exist.** We noted that PIET's and OIT's data bases are not entirely compatible, and OIT does not have direct access to PIET's system, as required in the contract. PIET's apparent failure to maintain an accurate data base and transfer accurate data to OIT impairs the usefulness of the Participant Training Information System (PTIS) for program management and decisionmaking.

We recommend that OIT require its contractor to designate a management information system specialist to promptly resolve data transfer and accuracy problems and design and implement a data quality control process to periodically check data samples against source documents for accuracy. We also recommend that the contractor be required to periodically provide OIT with a copy of its entire data base so that OIT can assess its accuracy.

**We Could Not Conclude That PIET Complied With the Contract's Personnel Compensation Requirements.** To assess the reasonableness of PIET's salary increases during the contract, we measured individual salary increases of three PIET partners (AAI, AMIDEAST, and WLI) for September 1989, 1990, 1991, and 1992; (the fourth partner, TAF, did not provide the requested information). We noted higher-than-proposed salary increases, but our analysis is not conclusive proof that PIET's salary increases evidence defective pricing or were abusive in magnitude.

We recommend that OIT include a measurable and enforceable cost control provision in its new contract and exercise greater ongoing contractor oversight to ensure that the cost-reimbursable contract is not abused. We also recommend that OIT ask the procuring contracting officer to conduct a preaward audit of OIT's new contractor to assure that proposed costs, including proposed salary increases and other escalation factors, are supported by historical data.

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We also noted that PIET claimed costs in excess of the contract's FS-1 salary ceiling and did not make timely adjustments to correct these unallowable cost mischarges. Further, when the correcting adjustments were made, they did not treat these unallowable costs properly under applicable cost principles.

We recommend that OIT require PIET to verify that the FS-1 salary ceiling has been complied with for all months of the contract.

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## **INTERNAL CONTROLS**

In planning and performing our evaluation of the contract between A.I.D. and PIET, we assessed the contractor's internal control structure to the extent deemed necessary to plan and conduct the evaluation and form conclusions related to the evaluation objectives and not to provide assurance on the internal control structure.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions. These reportable conditions are as follows:

- (1) The contractor needs to strengthen its control procedures designed to ensure that no activities except those expressly called for under the contract are performed without prior OIT approval.
- (2) The contractor needs to improve its cost accounting procedures to enable it to make a more precise determination of the core services costs of particular activities.
- (3) The contractor needs to strengthen its control procedures related to selecting and documenting the selection of training providers to ensure that programs recommended to missions are the most appropriate and cost effective programs available and that no conflicts of interest affect these recommendations.
- (4) The contractor needs to improve its record keeping and record retention procedures for documenting the programming, placement, and management of fellows and associates.

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- (5) The contractor needs to strengthen its controls over the accuracy of participant data compiled and transferred to OIT's PTIS.
  - (6) The contractor needs to strengthen its procedures for obtaining an accurate status of TJF Program fellows' progress (particularly with respect to the potential need for program extensions) and reporting this information in a timely and thorough manner to missions.

In our opinion, the conditions described in items 1 through 5 above are material weaknesses.

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## ISSUES NEEDING FURTHER STUDY

The focus of our evaluation was on the contract between OIT and PIET. In performing the evaluation, we noted certain matters related to TJF Program improvement that did not pertain specifically to the contract. We recommend that OIT consider performing further analysis in these areas.

Consultation With A.I.D.'s Office of Procurement. Chapters 3 and 4 contain numerous recommendations related to adding specific provisions to future OIT contracts for TJF Program support.

We recommend that OIT consult with A.I.D.'s Office of Procurement to determine how these recommendations can be incorporated into future contracts and other ways to strengthen OIT's ability to manage and control the contractor.

Handbook 10 Revisions. OIT is in the process of re-writing and updating Handbook 10.

To the extent OIT concurs with this report's conclusions, we recommend that OIT take steps to assure that the revised Handbook 10 incorporates this report's recommendations wherever appropriate.

Evaluation of Competing Contracts. The perception exists that use of the PIET contract may be more costly to missions than use of other contracts.

We recommend that OIT conduct reviews of a sample of mission-direct contracts to determine (1) how the types

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and levels of service provided under these other contracts compare with the type and level of services provided by PIET, and (2) how the costs of these other contracts compare with the cost of the PIET contract. In addition, a carefully designed survey questionnaire sent to mission training officers will provide a means of assessing the comparative benefits, costs, and quality of the universe of contractors providing services directly to missions.

The TJF Program's Stature Should Be Enhanced and The Program Should Be Promoted. Several interviewees expressed the belief that the TJF Program is one of the United States' most successful and cost-effective foreign aid programs. Little appears to be known, however, about the program by the general population either in the U.S. or abroad.

We recommend that OIT consider developing a public relations campaign designed to publicize and promote the TJF Program and explore ways to expand its non-governmental support.

Press Releases Will Support Several TJF Program Objectives. Our recommendations regarding program promotion and enhancement and assuring that participants understand clearly the program's country development objectives will also be supported by preparation of press releases describing each participant and his or her program. This will also support OIT's in-country follow-up objectives.

We recommend that OIT consider requiring its contractor to draft and distribute press releases at the commencement and completion of each participant's program as a routine part of its management of each fellow's and associate's program.

## AREAS FOR CONTRACT IMPROVEMENT

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OIT is in the process of structuring its competitive procurement for the continuation of the work presently being performed by PIET. As part of our evaluation process, we consulted with OIT managers on our preliminary suggestions for ways to improve the contract and contracting relationship. OIT anticipates awarding multiple contracts with base and option periods to maintain program management flexibility and promote competition among contractors, thereby improving the quality of services provided.

Our conclusions regarding and recommendations for contract improvement are in this chapter.

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### **CONTRACTOR-OIT COORDINATION CAN BE IMPROVED AND CONTRACT CONTROL CAN BE STRENGTHENED**

The relationship between OIT and PIET is a professional and cordial one. PIET has been performing its functions for more than 10 years and has gained the respect of OIT personnel. PIET is often viewed as "part of the OIT family," rather than as a contractor that must be closely monitored and controlled.

The current contract specifies that "performance of the work hereunder shall be subject to the technical directions of the cognizant A.I.D. Project Officer." The contract also states, however, that "the Contractor will work under the general policy direction of the Office of International Training." Finally, another contract provision states that "the Contractor will work...under the guidance and supervision of the OIT project manager and other designated OIT senior staff." Although these three provisions are not necessarily incompatible, we think that the combination of (1) the less-than-clear contractor oversight designation; (2) the length of time that PIET has been performing its functions; and (3) the broad scope of services contained in the contract and the requests made of PIET by A.I.D. organizations other than OIT creates the potential for contract management problems.

In attempting to be responsive to OIT, PIET communicates with and responds to requests for information from various A.I.D. personnel and performs work not precisely defined in its contract. For example, PIET periodically

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provides the F.I.D. Latin America and the Caribbean (LAC) Bureau and LAC missions with reports on the Historically Black Colleges and Universities (HBCU) content of programs. These reports--"several hundreds of pages long"--are not specified as deliverables in the contract. The point is not that these reports should not have been prepared and delivered, but rather that this extra work should have been requested through OIT's project officer or project manager either through a contract modification or as a special task.

Under the *Federal Acquisition Regulation*, only a warranted contracting officer has the authority to approve changes to a Government contract. [FAR 1.602] Sound business and contracting practices dictate that, to avoid disputes or the need for frequent contract changes, technical direction over a contractor should be focused in a single designated individual, and contract statements of work should define clearly the work to be performed.

In a related way, the current contract's statement of work provides the contractor with wide latitude to incur costs in certain areas.

Three examples illustrate the cost-control concerns this latitude affords. First, the contract states that "the contractor will participate in OIT-supported activities such as...meetings and conferences of training and educational organizations...." PIET's deputy executive director recently attended such a conference in Florida. Although she informed OIT's acting project officer of this trip, she did not seek or obtain specific approval to incur costs for this purpose. Second, PIET recently decided to expand its office space. PIET did not consult with OIT as to the type, location, or cost of space it obtained, nor did PIET seek specific approval to incur these additional costs. Third, PIET recently informed us that it has hired a new management information systems (MIS) specialist and is planning to hire a full time financial manager for the contract. Although these two positions were not included in PIET's contract budget and are not specifically called for by the contract, PIET did not seek or obtain OIT approval to add these new personnel.

Our point is not that the deputy executive director should not have attended the conference, or that new space should not have been obtained, or that an MIS specialist and financial manager are not needed. Rather,

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these examples point out that such non-routine or "discretionary" instances of incurring costs can circumvent OIT's ability to control contract costs and should require specific, written OIT management approval. Controls over contractor personnel incurring travel and conference costs should be at least as stringent as the agency's controls over Government personnel incurring such costs. OIT should have input into space expansion decisions that will result in substantial additional contract costs. OIT should also be consulted before new administrative staff are added to the contract so that the cost impact and cost implications vis-a-vis the fact that these new functions may conflict with the existing indirect cost structure can be assessed.

The contract requires project officer approval to purchase nonexpendable equipment with a unit price greater than \$500. The contract's budget for nonexpendable equipment is only \$118,354. In contrast, the contract requires no approvals for "other direct costs." The contract's budget for other direct costs is \$2,978,010.

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**RECOMMENDATION  
NUMBER 1**

*Better control over contractor performance and costs can be attained by (1) narrowly defining the core services OIT wants its contractor to perform, (2) strictly prohibiting the contractor from performing work outside this basic scope without contracting officer approval, and (3) including contractual provisions for discrete and well-defined additional tasks.*

A well- and narrowly defined core scope of services will focus contractor attention on essential program management issues and prevent a contractor from performing work outside OIT's management control. A delivery-ordering provision will enable OIT and other A.I.D. units to undertake specific studies and program development projects that OIT deems essential to overall TJF Program improvements.

Contractual provisions for additional tasks will enable OIT to respond more quickly to program policy changes and take advantage of opportunities for program management improvements. For example, many of the recommendations for TJF program improvements collected during the November 1992 conference in Annapolis will remain unimplemented solely because of OIT's limited staff resources. Many of these recommendations could be implemented as tasks assigned to an OIT contractor.

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Another adverse consequence of the broadly-defined scope of services and relaxed control over the contractor is the perception that use of the PIET contract is costly to missions. The full cost of the PIET contract is passed on to missions via "administrative fees." These fees are computed by periodically dividing PIET's total costs incurred by the number of person-months utilized. The resulting monthly fee is then added to future Project Implementation Order/Participants (PIO/P) budgets based on the anticipated number of person months the PIO/P will cover. To the extent that the numerator used in this fee calculation contains costs for other than the baseline or core services, the cost of using PIET is greater than what the cost of another contractor would be.

If OIT is to compete successfully in using its centralized contractor versus mission-direct contracts, it needs to limit what it charges missions for these services to only the cost of the core services of programming, placing, monitoring, and evaluating. Several mission personnel we interviewed stated that they think PIET does a better job than some of their other contractors. If this perception is representative, and if OIT can demonstrate that the cost of the centralized contractor is, in reality, comparable to the cost of direct contractors, then use of the centralized contractor will increase.

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**RECOMMENDATION  
NUMBER 2**

*We recommend that OIT's new contract incorporate a designated "contracting officer's technical representative" (COTR). All technical direction to the contractor should come from this single individual and should be conveyed in writing and prior to any work beyond the contract's core services is commenced. The contract should specify that the contractor is to take basic contract technical direction only from the designated COTR and only when such direction is in writing.*

The contract can specify that technical direction under specific task orders can be delegated by the COTR to a "technical monitor" or "delivery order COTR." Technical monitors/delivery order COTRs for mission-requested tasks can be personnel within the missions, thereby allowing missions to manage closely and maintain control over the work being done for them.

An important added benefit of restructuring the contract to specify narrowly-defined core services, but with provisions for OIT access to a broad range of additional services, will be improved utility of the contract. OIT

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has essentially "privatized" important elements of a key program's management. With the resulting reductions in OIT personnel resources (reduced positions authorized), prudent management dictates that OIT personnel confine their activities to only those that are "inherently governmental" while having its contractors perform as many non-inherently governmental functions as possible.

By adopting this management philosophy and structuring the new contract to support this concept, OIT would be able to more effectively *manage* the TJF Program through the contractor. For example, following are potential projects (many were suggested by attendees at the November 1992 Annapolis training officers and contractors conference) that OIT could direct its contractor to propose budgets for and, upon OIT approval and under OIT direct oversight, carry out.

- Design and conduct formal training programs for mission project officers or training officers.
- Prepare a directory for mission personnel of services that OIT performs or can perform.
- Develop an orientation package, brochure, or pamphlet to assist new training officers.
- Produce a video orientation program for new training officers.
- Maintain a clearinghouse of ideas, questions, and answers that various training officers can contribute to and access.
- Publish a newsletter containing TJF Program information, ideas, and success stories.
- Perform all required tax-return preparation and filing work on behalf of TJF Program fellows and associates.
- Plan and conduct regional workshops or conferences for training officers or project officers.
- Design and carry out special studies in particular initiative areas that OIT management thinks are important, such as HBCU participation or Women in Development (WID).

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- Conduct other special studies such as an analysis of participant computer usage and needs leading to recommendations for updating OIT's computer purchase policies.
  - Develop and implement projects to support mission follow-up efforts, such as the regular distribution of "aged returned participant reports" or develop guidelines for planning and conducting TJF fellow and associate reunions.
  - Develop and document case studies on successful programs or successful fellows or associates to be used to publicize and promote the TJF Program.
  - Undertake special evaluations using the PTIS to compile data on successful fellows and associates, track trends by country or mission, and then study the attributes of the most (or least) successful missions to enable other missions to emulate the successful missions and avoid the mistakes of the unsuccessful missions.
  - Design and implement public relations and promotional campaigns to enhance the image and reputation of the TJF Program in the U.S. and in foreign countries.

Stated differently, OIT personnel should confine their efforts to only high-level program direction and management and have OIT's contractors carry out both the core program functions and special projects under OIT oversight.

A carefully written and closely managed contract will enable this to be accomplished.

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**MONITORING AND  
FEEDBACK TO  
MISSIONS CAN BE  
IMPROVED**

Monitoring of TJF fellows and associates by missions is difficult for many reasons, including the long distances and communications complexities involved. Hence, missions rely heavily on the efforts of PIET's ETAs to ensure that academic and training programs proceed smoothly and as scheduled.

According to Handbook 10, "...the purpose of the monitoring activity is to assure that...the program of training

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arranged meets the requirements of the A.I.D. mission, ...adequate levels of achievement are being met, ...[and] there are no serious personal or health problems which will impair the successful completion of the program."

The AETR is the principal means of providing feedback to missions regarding each fellow's academic progress.

PIET's contract requires PIET to "develop mechanisms, including site visits to the campus or training institution, for keeping in touch with and monitoring the progress of individual participants...." PIET is also required to "...insure that A.I.D. Missions and host countries, through OIT, are advised and informed of the progress and performance (including grade reports) of each academic and technical participant. The AETR must be completed for each academic and some technical participants at the conclusion of each semester or term and forwarded to the Mission." Finally, PIET is also required to "...request approval from A.I.D. Missions and host countries for any needed extensions at the earliest possible date." [emphasis added]

This last requirement is of crucial importance. Untimely requests for extensions place missions in awkward decisionmaking positions and can result in significant amounts of money being expended before missions have the opportunity to initiate corrective actions.

The case of Mr. N. B. of Indonesia illustrates both the complexities involved in the monitoring and feedback process and the misunderstandings that can result from untimely or incomplete feedback to the missions.

*Mr. N. B. began his Ph.D. program in Chemistry at a U.S. university in August 1991. His "Proposed Academic and Professional Development Program" (prepared by the university) states that "...a thirty-seven (37) month program is projected with the degree Ph.D. in Chemistry awarded upon successful completion of the program." The proposed program also states that "at the present time, there is no expectation that the program will need to be extended beyond thirty-seven (37) months. It is possible, but unlikely, that the desired degree can be achieved in less than thirty-seven (37) months. In that case the program will be shortened and the budget reduced to reflect the shorter time frame." The proposed program says that a "...complete evaluation*

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of training and skills will be undertaken...prior to enrollment for the Fall 1991 semester." It refers to a requirement to take the "GRE examination" in the Fall of 1991, and a "dissertation" and "successful response to comprehensive examinations" prior to receiving the degree. The proposed program also describes an "evaluation of progress and academic development" to take place prior to completion of the first year and "...at the end of the second year and prior to the thirteen months of the program [sic]." The proposed program makes no mention of any requirements to take and pass "cumulative exams" to remain in the Ph.D. program.

PIET cabled a Training Implementation Plan (TIP) to the mission in July 1991 advising it of the planned 37-month program and stating that "...costs for the thirty seven month program through September 15, 1994 will be dolrs 59,510 to cover tuition, fees, books, and living allowance." The "confirming cable" from A.I.D. in October 1991 also states clearly that the program is expected to take 37 months.

Based on all of the above information transmitted to the mission, we think that the mission's training officer had every right to expect the program to take 37 months.

(PIET personnel indicated that it is generally known that Ph.D. programs normally take longer to complete; they program fellows optimistically because of Handbook 10's 3-year limit for Ph.D. programs, and they assumed that the mission understood this.)

In October 1992, PIET sent the mission three AETRs. The first was for the August-December 1991 academic term, but was signed by the fellow on June 25, 1992. The AETR reports a cumulative GPA of 3.000. The academic advisor's comments, dated June 26, 1992, were: "[Mr. N. B.] has made a successful start on his Ph.D. research. He is currently synthesizing precursors for a catalytic study." The PIET ETA's comments were: "[Mr. N. B.] is settling into [the university]. He seems to feel overwhelmed at times with the volume of work. He has had a successful start in his program." The block labelled "Est. Date of Degree Completion" has no entry.

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The next ABTR covered the January-April 1992 term, was also signed by the fellow on June 25, 1992, and also reports a cumulative GPA of 3.000. The academic advisor's comments, again dated June 26, 1992, were, once again: "[Mr. N. B.] has made a successful start on his Ph.D. research. He is currently synthesizing precursors for a catalytic study." The PIET ETA's comments were: "[Mr. N. B.] continues to do well in his work. [Dr. H.], his Academic Advisor, has been very pleased with his lab work." The block labelled "Est. Date of Degree Completion," again, has no entry.

The third ABTR covered the May-August 1992 term, was signed by the fellow on September 28, 1992, and reports a cumulative GPA of 3.0075. The academic advisor made no comments, but signed the report on September 29, 1992. The PIET ETA's comments were: "[Mr. N. B.] continues to do very well in his studies. He is very concerned about his performance on his qualifying exams right now. Although, the [university] faculty is confident that he will pass." The block labelled "Est. Date of Degree Completion," indicates "Sept 12, 1994" (still in line with the original 37-month plan).

On January 4, 1993, the mission received a cable from PIET advising that although "subject fellow has been doing well in his coursework...[and] has maintained a strong 3.0 GPA throughout his work...[and] his academic advisor, [Dr. H.], is very pleased with his research work" he had just failed his "cumulative exams." The cable explains that this means he will be unable to continue in the Ph.D. program unless he is "allowed to take the alternative route into the Ph.D. program." This alternate route would require him to complete a master's degree at the university (he already had earned a master's degree from an Australian university) and then "petition the graduate school to re-enter the Ph.D. program." The cable also says: "FYI, [Dr. H.] has informed PIET/TAF that [Mr. N. B.], regardless of whether he passed the cumulative exams, will need an additional year to complete his Ph.D. Generally, a Ph.D. in the chemistry department at [the university] takes four to five years."

We did not conclude that this case is necessarily representative of PIET's monitoring performance. Rather, it raises several questions and illustrates several points

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about the placement and monitoring processes. If the above-described record is accurate, then the mission approved this fellow's program based on the false premise that it could be completed in 37 months. The university prepared and distributed the "Proposed Academic and Professional Development Program" establishing the 37-month plan, despite the fact that (according to PIET) it knew that such a program "generally...takes four to five years."

Handbook 10 establishes that "...contractors (i.e. PIET) are responsible for obtaining [the AETR] from academic institutions and providing it to A.I.D. missions." The AETRs, however, must be initiated by the fellow and the university. More troubling than the untimely receipt of the AETRs by the mission is the brevity of meaningful information the AETRs contained. One cause of this brevity is obviously the form itself, which provides space for only a sentence or two at most for the academic advisor and PIET to insert comments. Two of the three AETRs contained no estimated date of degree completion and the third contained a date indicating that the fellow's program was still on the original 37-month schedule. The academic advisor reported this estimated degree completion date despite his knowledge that such a program "generally...takes four to five years."

Notwithstanding PIET's belief that it is generally understood that a Ph.D. program usually takes longer than 37 months to complete, our interviews of mission personnel indicated that they were surprised to learn of this fellow's need for an extension, particularly after receiving no negative feedback about his progress during the initial 17 months of the program. Mission personnel were also concerned about the perfunctory manner in which the need for an extension had been communicated to them. More frequent and more detailed feedback on this fellow's progress and a more detailed explanation of the circumstances surrounding his need for an extension would have aided the mission in understanding and dealing with the overall situation.

The adverse effects of untimely, incomplete monitoring feedback--especially in cases where program extensions result--can be substantial. A.I.D.'s Regional Inspector General issued a report recently on Indonesia's participant training program which stated:

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From January 1989 through April 1992, 58 percent of the participants completing academic training exceeded the time limitations specified in the original training plans. Furthermore, since 1989, the frequency of these extensions has steadily risen, as have the associated training costs--an additional \$5 million to pay for participants' extended stays in the United States.

From a mission management perspective, untimely notifications of problem programs leading to the need for extensions places training officers in an awkward decision-making position: either obligate more money or end the program, recall the fellow, and consider funds spent to date to be "sunk costs." Earlier notification of problems gives missions some degree of control and flexibility in selecting possible courses of action.

As stated above, we did not conclude that the example described in detail was representative of PIET's monitoring and feedback performance. We concluded, however, that PIET's performance in this regard can be improved. We reviewed a sample of 22 long-term participant files containing 83 AETRs. Following is a summary of the days elapsing from the end of the academic term until the AETRs were transmitted to the missions.

<u>Days following the End of Academic Term</u>	<u>Number</u>	<u>Percentage</u>
1-30	10	12%
31-60	28	34
61-90	23	28
91-120	5	6
121-150	2	2
More than 150	7	8
Unable to Determine	8	10

The 7 AETRs in the "more than 150" category were sent 154, 163, 174, 178, 188, 265, and 322 days following the ends of the academic terms.

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**RECOMMENDATION  
NUMBER 3**

*We recommend that OIT's new contract include language placing greater emphasis on the importance of timely, complete, and detailed monitoring feedback to the missions and the paramount importance of timely notification of the possible need for program extensions. We also recommend that OIT reassess the usefulness of the AETR*

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*form and revise the form to (1) make it clear that completion of all fields is mandatory and (2) allow more room for academic advisor and contractor comments.*

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**THE COUNTRY-  
DEVELOPMENT  
PROGRAM PURPOSE  
NEEDS GREATER  
EMPHASIS**

Few of the fellows and associates interviewed conveyed a clear understanding (1) that the TJF Program's primary purposes relate to country development rather than individual development or (2) of how their individual programs support this primary objective. The apparent failure of all involved in the program--mission, OIT, and PIET personnel--to continually emphasize the primary program purpose appears to be an oversight, but may detract from the achievement of this primary program objective and may contribute to the number of non-returnees.

According to Handbook 10, participant training has three purposes:

- Developing staff for A.I.D.-assisted projects.
- Strengthening key development institutions.
- Establishing local training capacities.

Of 19 returned fellows and associates with whom we discussed their understanding of the TJF Program, only 4 expressed an answer related to country development. The balance either said they did not know or said that the program's purpose was to enable them to get a degree or attend a training program. None of the interviewees indicated that the program's purpose had ever been explained to them.

The apparent failure to emphasize the relationship between an individual's program and the development of his or her country can undermine the achievement of the program's longer-range objectives. Further, the number of extension requests and non-returnees may be higher as a result of the apparent failure to continually emphasize the importance of completing programs expeditiously and returning home to begin transferring knowledge.

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**RECOMMENDATION  
NUMBER 4**

*We recommend that OIT stress, both in its new contract and in its revised Handbook 10, the importance of making each fellow and associate aware of (1) the TJF Program's country development purposes and (2) how each individual program supports these purposes.*

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The U.S. Government spends tens of thousands of dollars on most long-term fellows. Master's degree programs can cost more than \$60,000, and doctoral program costs can exceed \$100,000. If OIT will stress in its new contract and in Handbook 10 the importance of making fellows and associates aware of how their programs relate to their country's development, it may help lower the rate of non-returns. Under current procedures, long-term fellows are required to sign the same "Conditions of Training" form signed by an associate programmed for a 3-week observational study tour. In effect, both are asked to make the same 2-year commitment to work in their home countries upon training completion.

A non-PIET case illustrates our concerns.

*Mr. R. T. of the Dominican Republic came to the United States in April 1987 to obtain a Ph.D. His original 36-month program was extended to 44 months, and then to 52 months. A total of \$104,458 of A.I.D. funds was obligated for this Fellow's program. When this funding was exhausted, Mr. R. T. moved to Canada.*

We did not conclude that such cases are common, but greater reinforcement of the TJF Program's country development objectives may help to reduce the number of these instances.

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**RECOMMENDATION  
NUMBER 5**

*We recommend that OIT redesign its "Conditions of Training" form to place greater emphasis on the program development commitment to which fellows and associates agree. Missions should be allowed and encouraged to vary the duration of the in-country service commitment required based on the type and cost of a program as well as other country-specific characteristics.*

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**OIT'S CONTRACTOR  
SHOULD MAINTAIN  
MORE DETAILED  
COST ACCOUNTING  
INFORMATION**

OIT recovers the cost of its centralized contract through "administrative" or "programming agent fees" charged to missions via A.I.D.'s master disbursing account (MDA). These fees are computed by periodically dividing PIET's total cost incurred by the number of training-months utilized. To approximate the cost differences associated with the different levels of programming and monitoring efforts required, the monthly fee is set higher for EI associates than for long-term academic

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fellows and short-term technical associates. The resulting monthly fees are then added to the budget worksheets based on the anticipated number of person months the PIO/P will cover. At present, the fee is \$310 per month for academic and short-term technical programs and \$410 per month for EI programs.

As described on pages 19 to 22, to the extent that PIET's costs include more than the core costs of programming, placing, monitoring, and evaluating, these monthly fees result in higher costs to the missions than those of other contractors.

PIET personnel informed us that they are convinced that the true cost of EI associate management is significantly higher than the \$410-per-month fee being charged. They cited as an example an analysis they made that indicated that the actual average cost of recent EI programs was approximately \$5,000. It is also likely that the actual cost of a short-term technical training program is more than the \$310-per-month fee being charged. If these cost disparities are true, then the cost of short-term and EI programs is being subsidized by the fees missions pay for long-term programs.

If these two anomalies--fees for PIET services include more than the cost of core services and missions are being undercharged for shorter programs and overcharged for longer programs--are occurring, then two economic results can be predicted: (1) missions may be inclined to use direct contracts rather than the PIET contract, and (2) missions may use PIET for short-term, labor-intensive programs, but not for long-term programs.

These anomalies can be discerned and corrected by carefully and precisely defining the core services that OIT's contractor must perform (see Recommendation Number 1 on page 21) and requiring the contractor to maintain accurate cost accounting records that separately accumulate the cost of core services and additional services.

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**RECOMMENDATION  
NUMBER 6**

*We recommend that OIT incorporate into its new contract a requirement that the contractor have in place and functioning a cost accounting system that accumulates, segregates, and reports the costs of long-term, short-term, and EI program management.*

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The contract should define the following as "cost objectives" requiring separate recordkeeping and accounting:

- Programming, placing, and monitoring long-term academic fellows.
- Programming, placing, and monitoring short-term technical associates.
- Programming, placing, and monitoring EI associates.
- Each individual delivery order that may be requested in addition to the core services.

The contractor's accounting system should be required to accumulate all labor time, labor costs, and other costs directly identifiable with these activities.

The resulting cost accounting system will allow a precise cost accounting allocation of the contractor's total costs to the three major basic contract activities (long-term, short-term, and EI training) and to each individual delivery order.

The contract's costs associated with long-term, short-term, or EI training can then be allocated to benefiting programs on either a "participant-month" basis (which is presently done but is not presently based on accurate monthly costs) or on a "percentage-of-direct-program-cost" basis.

The implementation of more rigorous cost accounting and reporting will yield two important management-strengthening capabilities. First, the contractor's costs versus performance can be monitored more closely. OIT will be able to track the contractor's precise costs for particular types of services and compare these against the costs of other contractors. Adverse cost trends can be studied in more detail to permit implementation of early corrective cost-control measures.

Second, OIT will be able to evaluate more accurately the costs and benefits of long-term, short-term, and EI programs. For example, if accounting data reveal that the actual long-term programming and monitoring costs are 5 percent of the program's costs, while the actual EI programming and monitoring costs are 30 percent of the program's costs, then OIT managers may decide that the EI program is not cost effective when considered against the

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benefits received. Such analyses will enable OIT managers to better control increasingly scarce resources and make better program management decisions.

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**PROCUREMENT  
INTEGRITY CONCERNS  
SHOULD BE ADDRESSED**

The selection of academic and technical training providers is a significant procurement function resulting in the obligation of millions of dollars annually. Although these procurement decisions are technically made by authorized Government personnel, the reality of how the PTP operates is that mission officials rely heavily on PIET input in the selection process. Further, the selection decision at the mission level is often delegated to training officers or local grantee organizations and, in some cases, to the individual fellow or associate.

Our procurement integrity concerns are focused at two levels: the role of the PIET placement specialists and the role of mission and grantee personnel.

The Office of Management and Budget (OMB) recently published guidance on "Inherently Governmental Functions." This Office of Federal Procurement Policy (OFPP) "policy letter" defines an inherently Governmental function as one "that is so intimately related to the public interest as to mandate performance by Government employees." It states that Governmental functions fall into two categories: "(1) The act of governing, i.e., the discretionary exercise of Government authority, and (2) monetary transactions and entitlements." Included on the policy letter's "illustrative list of functions considered to be inherently governmental functions" is "determining what supplies or services are to be acquired by the Government."

We did not conclude that PIET is performing an inherently governmental function, because the policy letter also states that "inherently governmental functions do not normally include gathering information for or providing advice, opinions, recommendations, or ideas to Government officials." Rather, we concluded that PIET's role in provider selection could be deemed inherently governmental if not properly controlled and carefully monitored.

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We concluded that PIET's role in this process falls within the category of functions that the policy letter specifies as requiring "additional management attention to the terms of the contract and the manner of performance...."

During our interviews and file reviews at the three missions we visited, we noted instances in which both individual fellows and associates and local grantees had "pre-selected" the schools to which the individuals would be sent. In these instances, PIET apparently took the view that this was the mission's prerogative and did not assess the quality and cost effectiveness of the preselected programs. For example:

*Pontificia Universidad Catolica Madre y Maestra (UCHM) is an A.I.D. project grantee in Santo Domingo, Dominican Republic. UCHM selected five candidates to be sent to the University of Nevada-Las Vegas (UNLV) for master's degrees in hotel administration. We interviewed two fellows who had completed the program. One fellow criticized the program. She did not think it met her objectives, because it focused on general hotel management, whereas her interest was in food and beverage services. She said she thought she should have gone to a culinary school rather than UNLV.*

We understand that mission personnel are involved directly in project design and exercise final approval authority over individual programs. We think, however, that PIET's programming knowledge and skills are being underutilized in cases where training providers are preselected.

A.I.D. should also recognize that added controls in the provider selection process are needed for reasons beyond assuring that the best, most cost-effective programs are selected. Although we saw no evidence of irregularities during our evaluation, we noted no controls to prevent mission personnel, mission grantees, or PIET placement specialists from accepting illegal gratuities or bribes in connection with the selection of providers.

Sound management practices as well as U.S. Government procurement policies dictate that OIT exercise greater control and oversight in connection with the provider selection process.

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**RECOMMENDATION  
NUMBER 7**

*We recommend that placement specialists be required to assess alternative training providers even when missions have preselected the training providers. This will ensure that the best and most cost-effective providers are selected, and it will serve as a control to protect against improper (or even illegal) provider selection decisions by mission personnel or in-country project personnel. The bases for contractor recommendations and mission selections should be documented in the official files and retained for periodic OIT review.*

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**RECOMMENDATION  
NUMBER 8**

*We recommend that OIT require its contractor to document the basis for selecting and recommending every program. The official file [see also Recommendation Number 22 on page 58] should indicate whether or not the proposed program's cost is based upon the academic or training institution's published prices. In every instance in which the program cost is not based on an institution's published prices, the file should contain a full and complete record of how the institution was selected, including (1) the extent of competition sought, (2) copies of all proposals received, (3) a record of all negotiations, and (4) the selection rationale used.*

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**RECOMMENDATION  
NUMBER 9**

*We recommend that OIT's new contract specify clearly and unequivocally that the contractor will not program any services to be performed by itself or by organizations with which it is affiliated. We further recommend that OIT ask the A.I.D. procuring contracting officer to (1) include appropriate conflict-of-interest avoidance clauses in the solicitation and contract and (2) specify that offerors responding to the solicitation must submit detailed conflict-of-interest avoidance plans.*

*(In the event that OIT does not accept the above recommendation prohibiting contractors from programming training to their affiliates or associates, we recommend that the contract state that any programming to an affiliated organization can only be done with prior written contracting officer approval.)*

*We also think that the centralized programming function offers a valuable program management and control opportunity not being utilized fully by OIT. Sound program management principles dictate that scarce resources be allocated carefully and only to those objectives that best meet overall program objectives. A.I.D. missions are required to prepare Country Development Strategy*

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Statements (CDSS) and Country Training Plans (CTP). The former document sets forth the mission's institutional priorities for training, and the latter provides information about training needs and resources in priority development areas and presents a 5-year projection of the mission's training activities. Missions also prepare project-specific planning papers containing more detailed descriptions of training objectives.

At this time, PIET placement specialists are not required to maintain current copies of these important documents. We think that understanding and using these planning documents will enable placement specialists to improve the support they provide to missions. At a minimum, they will be better able to anticipate training needs of particular countries and focus attention on the identification of potential providers earlier than is now the case.

On a program-specific basis, familiarity with the CDSS, CTP, and project plans will enable a placement specialist to better understand the underlying PIO/P objective and optimize the selection of a provider. Such familiarity will also enable the placement specialist to recognize mission-proposed programs that may be inconsistent with the CDSS, CTP, or a specific project.

In an interview, one of PIET's EI ETAs described one of her most successful cases, the program of Mrs. A. F. of The Gambia.

*Mrs. A. F. is the manager/health consultant for [A.'s] Health and Fitness company established in 1986. She was an associate in the Entrepreneurs International program "Training in Health and Fitness Center Management" from March 18 to April 21, 1992. Her specific objectives were to learn all aspects of physical fitness programming including basic nutritional information, physiological and psychological effects of fitness training, sales techniques, equipment maintenance, and marketing and management techniques.*

We asked the advisor how this particular program supported The Gambia's development, and she said she did not know. We obtained a copy of the CDSS for The Gambia, FY 1991-1995 and could find no clear relationship between The Gambia's needs and this particular program. In fact,

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the CDSS, under "Strategies Not Chosen," states "...other donors are providing significant support for health, population, and education programs. Given this fact and OAR/Banjul staff and funding constraints, no significant increase is proposed in AID assistance levels to those sectors during the CDSS period."

We understand that the mission has decisionmaking autonomy and authority to approve a program even if it is not entirely consistent with its development strategy. Handbook 10 states, however, that A.I.D. policy "does not encourage...general participant training which is not linked to specific development objectives identified in CDSS...(and) training of teaching faculty in technical fields or disciplines not judged by CDSS or sector strategy to be of developmental priority." We think that OIT's contractor can perform a valuable control function in relation to this requirement and also make more informed placement decisions if placement specialists have more knowledge about specific country development strategies and training plans.

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**RECOMMENDATION  
NUMBER 10**

*We recommend that placement specialists be required to have (and use in planning placements) each country's CDSS, CTP, and any other training plans.*

This will enable them to (1) design programs better suited to each country's needs and (2) notify OIT and the mission when a proposed training program appears inconsistent with a country's stated needs and priorities.

Although responsibility for determining the appropriateness of training rests with missions, we think that OIT can assist missions in complying with A.I.D. policy by alerting missions of programs that may be inconsistent with country development strategies.

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**OIT SHOULD  
CONSIDER  
TRANSFERRING FULL  
ACCOUNTING FOR  
EACH PROGRAM TO THE  
CONTRACTOR**

PIET currently accounts for program costs that it disburses. An audit of the accounting process used by PIET was outside our evaluation's scope. We did compare PIET's program accounting reports with FM reports and mission reports and noted differences that we did not attempt to reconcile. These differences were due (at least in part) to the fact that PIET only accounts for costs that it disburses, whereas FM and mission cost accounting includes additional costs.

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The A.I.D. Office of Inspector General recently audited A.I.D.'s MDA and reported several recommendations for improving its operation. One of the Office of Inspector General's (OIG) recommendations was that FM:

...in conjunction with the Office of International Training, design and implement a system to ensure that no funds are spent in excess of the amounts committed and that commitment amounts are reduced whenever it becomes evident that fewer funds than anticipated will be needed.

Our evaluation indicated that PIET has an understanding with FM that allows PIET to expend up to \$1,000 in excess of a PIO/P's approved level of spending without obtaining mission approval. We also noted inconsistencies in procedures and understandings among missions as to commitment reductions when programs are completed. We did not find procedures in place for providing reports to missions that allow them to reduce commitment amounts routinely as programs are finished. Apparently the unexpended funds in most individual PIO/P accounts simply remain in the MDA for use to cover the up-to-\$1,000 commitment overruns.

The practice of spending in excess of the commitment amounts may violate the Antideficiency Act. The apparent failure of missions to reduce commitment amounts as programs are completed results in mission loss of these funds--funds that could be used for other purposes.

FM does not perceive the need for more precise accounting and, A.I.D.'s general counsel does not interpret these practices to be funds control violations. The original design of the MDA anticipated these practices. FM thinks that a cost savings results, because "final" budgets and PIO/Ps do not need to be prepared and processed.

We think that sound management of scarce fiscal resources dictates that a more precise accounting for those funds be performed. In keeping with our recommendation that OIT's contractor be required to perform as many routine functions as possible on OIT's behalf, we think that the accounting function the contractor already performs should be expanded slightly to include all costs of each PIET-managed program. The contractor can also be directed to send a monthly or quarterly report to each mission showing the unexpended balances of each mission's completed programs, so that missions can recover the use of

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these funds through a single transaction document reducing completed program commitment amounts to the amounts actually spent.

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**RECOMMENDATION  
NUMBER 11**

*We recommend that OIT require its contractor to maintain an accurate and current record of each fellow's or associate's actual total cost of training to ensure that budgeted and obligated amounts are not exceeded. The contractor should be required to report each PIO/P's budgeted and actual cost to date and itemized expenditures for any particular PIO/P as requested.*

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**ARRIVALS AND  
ORIENTATION  
SHOULD RECEIVE  
GREATER EMPHASIS**

TJF Program fellows and associates have varied backgrounds and experiences, including different levels of predeparture orientation. Some participants need relatively little U.S. orientation, while others benefit greatly from more extensive U.S. orientation.

According to Handbook 10, "...it is A.I.D. policy that participants are met whenever feasible at the United States airports of entry in Honolulu, Miami, New York as well as at Washington, D.C./Baltimore."

Regarding orientation, Handbook 10 states that "it is A.I.D. policy that all participants training in the United States are required to attend appropriate orientation programs in the United States which focus on both the practical aspects of living in this country and on the customs, values and institutions of Americans. The orientation programs must be tailored to the different needs of short-term trainees and long-term or academic students and researchers."

During interviews of returned TJF Program fellows and associates, we asked 31 if they had been met upon arrival in the U.S. Of the 31 interviewed, 16 told us that they had not been met on arrival. Of these 16, 7 indicated to us that the lack of assistance on arrival caused them problems. Similarly, fellows and associates reported differing degrees of U.S. orientation.

Based on our interviews, we concluded that the value of both the arrival greeting service and the U.S. orientation should be given greater recognition. Both of these functions can have a significant impact on the ultimate success or failure of an individual's training experience.

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Discussions with PIET personnel indicated that they try to have fellows and associates met on arrival, but are not always able to do so in cases in which missions instruct them not to have this service performed or when itineraries are received too late to allow the service to be scheduled. Most fellows and associates received some level of orientation except in cases in which their schedules would not accommodate the orientation program schedules.

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**RECOMMENDATION  
NUMBER 12**

*We recommend that OIT clarify the requirement for fellows and associates to be met on arrival in the U.S. to (1) assure that missions understand it to be mandatory and (2) allow flexibility in determining the optimum point for the arrival greeting to take place.*

OIT's contractor should be required to determine on a case-by-case basis the optimum point at which the initial meeting will take place. In some cases, the appropriate point will be the initial point of entry in the U.S. In most cases, it will be the final destination airport, where assistance in retrieving luggage, arranging for ground transportation, and assuring that temporary living accommodation needs are met or can be provided. In the event that a fellow or associate is not met on arrival in the United States, the contractor should be required to document clearly in the official PIO/P file the reasons that this meeting did not take place.

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**RECOMMENDATION  
NUMBER 13**

*We recommend that OIT clarify the requirement for U.S. orientation to (1) assure that missions understand it to be mandatory and (2) define the minimum orientation needs for fellows and associates possessing varying backgrounds, capabilities, and experiences.*

When these minimum requirements are established, the programming and placement specialist should be required to provide or program these minimum orientation services as well as any additional orientation procedures that particular PIO/Ps specify.

A major goal of the U.S. orientation program should be to emphasize the country development objectives of the TJF program and how individual programs will support these objectives.

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**THE CONTRACT'S  
EVALUATION  
PROVISIONS NEED  
TO BE ENHANCED**

We concluded that the contract's provisions for training program evaluations should be simplified and clarified.

The contract specifies that the contractor must establish evaluation criteria and mechanisms to permit review of individual U.S. academic and technical training programs. It does not state specifically how these evaluations should be used or distributed and does not specify how the completed evaluations should be consolidated and reported or followed up.

A "Group Technical Questionnaire" used for evaluating short-term technical training programs is 22 pages long and contains 136 questions. The "Academic Exit Questionnaire" used to evaluate long term academic programs is 29 pages long and contains 203 questions. Both questionnaires cover every aspect of the programs including the fellow's or associate's personal thoughts about such things as feeling homesick or lonely. All appear to be relevant questions. We think, however, that the questionnaires may try to cover too much rather than focusing primarily on the quality of the training provided. We think simplified questionnaires may provide a more manageable means of assessing the quality of training received by the fellow or associate.

PIET produces evaluation reports summarizing the results of short-term programs with eight or more associates. One recent report on a short-term program with 8 associates was 36 pages long. It summarizes the nature of the program, characteristics of the individuals, and consolidated results of the individual questionnaires. It does not contain recommendations for program improvement or actions needed for follow-up.

It is not clear to us how either PIET or OIT uses this type of evaluation. Clearly, if an evaluation revealed extremely negative information about a particular provider, PIET could use it in future placement decisions. We think, however, that such clearly negative program information can be gleaned through a much simpler evaluation mechanism and process.

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**RECOMMENDATION  
NUMBER 14**

*We recommend that OIT analyze the costs and benefits of the current evaluation process and define more clearly its evaluation objectives. If the primary evaluation objective is to assess the quality of the training provided, then a more streamlined process can be used. We*

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*also recommend that OIT define more clearly how the evaluations are to be used to support the program. At a minimum, the evaluations should produce specific recommendations for follow-up actions or indicate that none are needed.*

The contract does not specify how evaluation reports are to be distributed. PIET's "Operating Procedures" say that the short-term technical evaluation summary report should be distributed "...to OIT, the Bureau, the Regional Office, the Mission, and the training institution." Individual academic and technical evaluations are distributed internally within PIET but not to OIT or the missions. PIET's subcontractor, Creative Associates, enters data from individual evaluation forms into a data base, which provides it with the capability to produce "annual reports" by country or region. PIET would then send these annual reports to OIT, bureaus, and missions. We were informed that the subcontractor has not had sufficient volume to prepare annual reports by region or country.

Our visits to three missions confirmed that missions do not receive individual evaluations, and training officers at all three missions stated that they would like to receive them. Also, mission personnel did not recall receiving summary technical evaluation reports and annual reports.

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**RECOMMENDATION  
NUMBER 15**

*We recommend that OIT define the distribution of all evaluation reports and include distribution to each mission as well as other appropriate A.I.D. organizations such as the Research & Development Bureau, Center for Development Information and Evaluation, and other central and regional bureaus.*

The current evaluation instruments contain some questions about satisfaction with PIET's assistance, but the forms are not designed to obtain detailed feedback about PIET's performance. The academic questionnaire contains 11 (out of 203) questions that focus on the fellow's relationship with PIET. Likewise, the short term program questionnaire contains 11 (out of 136) questions that focus on the associate's relationship with PIET. OIT and the missions do not see individual evaluations as a result of PIET's distribution process. Consequently, if a fellow or associate conveys negative criticism about her or his experience with PIET, there is the opportunity that only PIET and Creative Associates see it.

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We think there is great value in obtaining from every fellow and associate specific feedback about the contractor's performance. Such feedback sent directly to OIT will enable OIT to identify and consult immediately with PIET about personnel or programs reported as not meeting OIT's contract performance standards. Similarly, it will enable outstanding contractor or employee performances to receive positive recognition.

This ongoing feedback will enable OIT to evaluate its contractor's performance on an ongoing basis rather than every few years as is done now. In turn, the existence of a direct feedback process will encourage the contractor and its employees to provide higher-quality services and allow them to (1) take immediate corrective action to resolve problems or (2) provide immediate positive feedback to employees identified as having performed particularly well.

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**RECOMMENDATION  
NUMBER 16**

*We recommend that OIT design a 1-page questionnaire to obtain individual fellow and associate evaluations of contractor performance in programming, placing, monitoring, and counseling. These should be given to every fellow or associate along with a pre-stamped envelope addressed to OIT.*

A simple and short questionnaire should ensure that a maximum number of responses are received. Further, indicating that this feedback will go directly to OIT should ensure that responses convey candid information. This simplified process should require minimal time for OIT to administer while allowing easy identification of instances of good or poor performance.

## CONTRACT COMPLIANCE

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Section C, Article IV, Scope of Work, of the contract between A.I.D. and PIET contains 20 specific provisions for placing, programming, managing, and providing field support services related to the A.I.D. training program. Other contract sections contain additional compliance requirements. As part of our evaluation, we performed limited tests to determine the degree to which PIET complied with these requirements. This chapter presents the results of this testing.

Except for our conclusions related to compliance with the contract's accounting and reporting requirements, we concluded that PIET complied, in all material respects, with the terms of the contract. We also noted several other less significant instances of noncompliance that warrant OIT's attention and prompt corrective action.

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### PIET HAS NOT COMPLIED WITH THE CONTRACT'S ACCOUNT- ING AND REPORTING REQUIREMENTS

The contract's itemized budget (Section B, III) specifies 13 separate line items, including Field Services, (buy-ins), Programming Buy-Ins, and 400 Partially Financed Academic Participants.

Contract Section C, Article IV, B.10, Alternative Funding Mechanisms, describes procedures required for buy-ins and states that "...separate financial accounting and reporting must be completed for these types of special placements."

Contract Section C, Article V,B, Level of Effort Reports, requires the contractor to prepare semi-annual reports:

...indicating the number of person-months of effort which were separately expended by the Contractor, each subcontractor, and consultants, delineated by project/contract activity during the reporting period. The number of person-months shall be delineated by the main project/contract activities.

Contract Section C, Article V.B, Level of Effort Reports, also states:

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Also on a semi-annual basis the contractor will report the status of buy-ins. This report will contain as a minimum, a listing of all buy-ins, their original level of effort and dollar value and the actual level of effort and funds expended against the work of that buy-in.

PIET apparently made no accounting system provisions that would allow the accumulation of costs incurred for individual buy-ins, buy-ins in total, or the 400 Partially Financed Academic Participants.

PIET's semi-annual Level of Effort Reports show no person-months for Field Services buy-ins, Programming Buy-Ins, and Partially Financed Academic Participants. The reports instead state that "Buy-ins person months [are] included in Direct Employees."

On December 22, 1992, PIET's deputy executive director told us that the "level of effort for buy-ins and subcontracts is not segregated but included in LOE of direct employees. This is done because buy-ins were charged at \$310 per training month rate and no staff expense time is directly attributed to any one buy-in."

Following our identification to PIET of this accounting and reporting deficiency as a material noncompliance matter, PIET clarified its position. On March 18, 1993, PIET personnel stated that "actual costs for field service buy-ins are recorded and reported separately." They stated that "assigned administrative costs" are recorded separately for programming buy-ins. "Assigned administrative costs" were defined as \$310 or \$410 per training month.

From contract inception through the semi-annual period ended September 30, 1992, PIET did not report any field services or programming buy-in levels of effort as required by Contract Section C, Article V.B. Similarly, from contract inception through the semi-annual period ended September 30, 1992, PIET did not report funds expended against the work of individual buy-ins as required by Contract Section C, Article V.B. and Contract Section C, Article IV, B.10.

From August 23, 1990, through November 2, 1992, PIET contract modifications for buy-ins had obligated \$2,128,207 for PIET administrative services (i.e. not including pass-through participant costs).

PIET's Consolidated Report, Financial Report: October 1, 1989-September 30, 1992, reports \$15,394 expended for Field Services Buy-ins, \$24,990 expended for Programming Buy-ins, and \$0 expended for 400 Partially Financed Academic Participants through September 30, 1992.

On April 13, 1993, PIET sent us a report titled "Consolidation of PIET (J.V.) Expenditures 10-01-82 to 12/31/92." This report shows field services buy-ins expenditures for the period October 1, 1992, through December 31, 1992, of \$148,545.02. Programming buy-ins costs for this same period are reported to be \$-0-. PIET's chief financial officer told us that some of these field services buy-in costs had actually been incurred prior to October 1, 1992, and that PIET was in the process of correcting its records.

Also on April 13, 1993, PIET sent us a printout titled "Project Report 3/31/93." This printout shows both administrative and participant costs for several buy-ins. A summary of this printout's contents and the corresponding buy-in start and end dates is as follows:

Amendment or Order No.	Description	Start Date	End Date	Administrative Expenses			
				Programming Buy-Ins		Field Service Buy-Ins	
				Budgeted	Reported	Budgeted	Reported
Amend 5	Haiti	08/23/90	Not stated	\$ 61,785	\$0		
Amend 6	Kenya	09/24/90	09/29/93	5,400	0		
Amend 12	Nicaragua	09/11/91	10/31/92			\$ 10,830	\$ 0
Order 1	Nicaragua	10/31/91	09/30/92	10,125	0		
Order 2	Panama	04/23/92	02/28/93			285,210	230,980
Order 3	Mauritius	08/26/92	09/29/93	8,713	0		
Amend 17	WID/MIA	07/01/92	08/31/93			201,140	77,582
Amend 18	Africa OYB	09/11/92	Not stated			380,000	3,289
Amend 18	Eur/DR	09/11/92	09/29/93			1,000,000	358,599
Amend 19	Albania	09/23/92	Not stated	2,460	0	1,686	0
Amend 19	Near East	09/23/92	Not stated	4,510	0		
Amend 19	Barbados	09/23/92	Not stated	51,250	0		
Amend 20	Rite	09/29/92	09/29/93	28,700		35,338	0
Amend 20	Arts/Fara	09/29/92	09/28/93	6,650	0		
Amend 21	Eur/Dr	11/02/92	09/29/93	<u>34,410</u>	<u>\$0</u>		
<b>Totals</b>				<u>\$214,003</u>	<u>\$0</u>	<u>\$1,914,204</u>	<u>\$670,450</u>

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The conflicting explanations regarding whether or not PIET has been accounting for buy-in costs as the contract requires and the sudden appearance of the above accounting information in the 42nd month of the 48 month contract have troublesome implications. We think that further investigation of these issues is warranted. In any event, it is clear that PIET has not complied with the contract's accounting and reporting requirements.

PIET's failure to comply with these significant contract requirements reflects a serious lack of cost control by (and over) the contractor. It is not possible to determine if PIET has conformed to individual buy-in budgets or if its costs are in line with its non-buy-in budgets. Similarly, we could not evaluate the efficiency of the contractor's operations vis-a-vis the contract's budget.

Contract Section G.II, Funding Sources, states that "...[Bilateral] funds obligated under a discrete order may be used only for allowable costs which are properly allocable to the performance of that order." It also states that "...[Non-bilateral] funds obligated in the basic contract may NOT be used for costs associated with an order...."

The lack of strict budgetary constraints and controls over the contractor creates an environment conducive to spending abuses. For this reason and because of other internal control and contract compliance problems noted, we think that OIT should request that the contracting officer have a financial and compliance audit performed of the most recently completed fiscal year of the contract. If material cost mischarges or cost control problems are noted in that preliminary audit, the audit should be expanded to prior years accordingly.

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**RECOMMENDATION  
NUMBER 17**

*We recommend that OIT ask the contracting officer to have a financial and compliance audit performed of the latest fiscal year of the PIET contract and expand the audit to prior years based on the initial audit results.*

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**UNAUTHORIZED  
COMMUNICATIONS  
REGULARLY OCCUR**

Contract Section C, Article IV, B. 4, Communications, states that:

All communications with A.I.D. Missions and host countries necessary to carry out the provisions of the contract must be through OIT,

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using the communications facilities and procedures of the U.S. Department of State/A.I.D. The routing of such communications through OIT will be mandatory.

PIET violates this requirement regularly and with OIT's knowledge by using telephone and telecopier communications with missions.

PIET and OIT personnel agree that the contract's communications requirements would, if adhered to, inhibit the contractor's capabilities to carry out its required tasks. Many occasions arise in which rapid communications with missions are essential, and routing these time-crucial communications through OIT would have an adverse effect on actions planned or in progress.

We understand that the reasons for the communications restriction clause are to assure that all communications with missions are consistent with OIT policies and to allow OIT to maintain appropriate oversight and awareness of the contractor's actions. We did not identify any instances in which noncompliance with the communications restriction clause created problems. PIET provide copies to OIT of draft cables and other written communications.

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**RECOMMENDATION  
NUMBER 18**

*We recommend that OIT define specific policies and procedures differentiating official and routine communications and permit the contractor to make routine mission communications without routing them through OIT. These policies and procedures should define the purpose, nature, and methods allowed for routine communications that the contractor will be permitted to use in programming, placing, monitoring, and evaluating.*

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**WE COULD NOT  
CONCLUDE THAT  
PIET IS COMPLYING  
WITH THE CONTRACT'S  
HBCU PLACEMENT  
REQUIREMENTS**

Contract Section C, Article IV, B.2, Development of U.S. Training Programs, requires PIET to pay "particular attention...to (HBCUs). Where possible, an HBCU should be included as one of the suggested institutions for academic as well as technical placements." Contract Section H.VII also establishes as an advance understanding that:

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The contractor agrees that not less than ten percent (10%) of the foreign nationals selected for placement on or after January 1, 1987 at U.S. educational institutions shall be in programs offered by the [HBCUs].

Our evaluation disclosed that (1) PIET's participant data base contains inaccurate data related to HBCU placements, and (2) PIET and the missions may not always be complying with the spirit and intent of A.I.D.'s policy on HBCU placements. These observations are based on a review of several different printouts of PIET's "Participant Trainee Listings--HBCU Institutions Only" for FY 1992 (HBCU Report for FY 1992) and a review of the "shadow files"<sup>4</sup> for 23 of the 175 fellows and associates reflected in PIET's HBCU Report for FY 1992, dated November 24, 1992. Based on our initial observations, we expanded our initial coverage in an attempt to further define the cause of the problems we identified.

During our review, we noted errors related to participant attendance at the institutions stated and for the dates stated. For example:

- One of the 23 participants in our initial sample was shown in PIET's HBCU Report for FY 1992 as having attended an HBCU institution, but her file indicated that she had actually attended a non-HBCU institution.
- Twelve short-term training associates are reflected on PIET's HBCU Report for FY 1992, dated November 24, 1992, as having attended an HBCU for their entire programs from August 26, 1992, to December 20, 1992. On another HBCU Report for FY 1992, dated January 11, 1993, these same associates are reflected as having attended a non-HBCU for the first 7 weeks of their programs, and the previously-reported HBCU for the remaining 9 weeks of their programs. Upon further review, we were informed by a PIET staff member that the 12 associates actually spent only 1 week at the HBCU and returned to the non-HBCU for the remaining 8 weeks of their programs.

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<sup>4</sup> PIET's *Operations Manual* defines a "shadow file" as a file in the Central Office for each participant whose file is transferred to a regional office. This file is to be kept up to date and is to contain copies of major documents such as project implementation orders for participants, bio data, training implementation plans, participant data forms, and other program documents.

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- After reviewing our initial sample of the 175 fellows and associates reflected as new starts on PIET's November 24, 1992, HBCU Report for FY 1992, we obtained another HBCU Report for FY 1992 on January 11, 1993. This newer listing reflected an increase of 10 new starts for FY 1992. Because of this disparity, we reviewed the two reports in total. We observed that of the 10 additional new FY 1992 HBCU starts reflected in the January 11, 1993, listing, PIET's files revealed that only one actually started in an HBCU in FY 1992. The remaining 9 new starts did not enter an HBCU until January 1993.
  
  - We also noted that two associates in a short-term training program were reflected as entering an HBCU on the same day their program terminated: August 9, 1992. A review of the "shadow files" for these two associates only revealed that they were to leave their non-HBCU institution and arrive at the HBCU on the date reflected in the PIET listing, August 9, 1992. We could not discern their termination dates. Another HBCU Report for FY 1992 prepared on March 8, 1993, shows these two associates entering the HBCU on August 9, 1992, and terminating on August 11, 1992. (This report was prepared by OIT and is based on input from PIET.) A PIET representative re-searched these cases at our request and informed us that the two participants terminated their programs at the completion of the portion conducted at the non-HBCU institution, returned to their home country, and never entered the HBCU institution.

These disparities and inaccuracies in PIET's participant data base as it relates to fellows and associates attending HBCUs cause us to conclude that PIET is not fully complying with A.I.D.'s contract requirements for tracking participants from the time of assignment through completion of training. As a result, any HBCU and other type reporting that PIET produces from the participant data base has a high probability of containing significant errors. In addition, if the error rate in our nonrandom sample is, in fact, representative of the universe of HBCU placements in FY 1992, it would mean that PIET has not met its contractual requirement that not less than 10 percent of its placements at U.S. educational institutions be at HBCUs.

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**RECOMMENDATION  
NUMBER 19**

*We recommend that OIF require PIET to establish internal quality control procedures in which PIET's regional managers (1) approve (in writing) all data entry forms that initiate and change such significant data fields as institutions attended and dates participants enter and terminate their programs, and (2) periodically review participant listing reports for accuracy. We also recommend that PIET review its data base for FYs 1992 and 1993 HBCU participants to ensure that all fellows and associates on these reports actually attended HBCUs.*

Executive order 12877, signed by President Bush on April 28, 1989, ordered that each executive department establish an annual plan to increase the ability of HBCUs to participate in Federally sponsored programs. In March 1990, A.I.D. established a 10-percent HBCU placement goal. In April 1991, A.I.D.'s assistant administrator for science and technology stated:

One of the most promising areas for many HBCUs in which to expand their levels of International involvement is A.I.D.'s Participant Training Program.

On April 24, 1991, A.I.D.'s administrator stated:

Expanding the international development potential of HBCUs continues to be a major interest to the Agency. However, we have not made substantial progress in increasing the number of participants in training at the HBCUs.

In our analysis of PIET's HBCU Report for FY 1992, we observed that six associates participated in a 6-week technical training program. PIET's HBCU Report for FY 1992, which was prepared on November 24, 1992, showed that these associates attended an HBCU for 3 days in January 1992. A review of the "shadow files" disclosed that this 3-day program consisted of 2 days of travel (to and from the HBCU) and 1 day touring the HBCU institution and attending a presentation on HBCUs. The trip was budgeted at a cost of \$2,783. The mission approved this trip as being appropriate as an additional component of the program. This type of HBCU involvement does not appear to comply with the spirit of A.I.D.'s desires to expand the HBCU level of international involvement in A.I.D.'s participant training program.

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In his April 24, 1991, memorandum, the A.I.D. Administrator clarified the intent of the 10-percent HBCU placement policy as follows:

HBCU participant placements should be no less than 10 percent of all new person-months of training. [Emphasis added]

PIET has not interpreted its contract to require HBCU placements to be measured in person-months. Hence, PIET counts a one-day HBCU campus tour by three participants as three HBCU placements.

Ultimately, the responsibility for complying with A.I.D.'s HBCU policy should reside with those responsible for making the final placement decisions--the missions. OIT's contractor can support this mission responsibility by identifying HBCU programs in as many cases as possible and working with HBCUs to improve their programs to better match mission requirements.

PIET personnel stated on several occasions that they always include at least one HBCU program if such a program exists. We could not verify this assertion. In our review of 22 long term academic program files, we noted only one file in which evidence existed that an HBCU program was suggested.

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**RECOMMENDATION  
NUMBER 20**

*We recommend that OIT require its contractor to assure that at least one HBCU-provided program or alternative program is offered for every participant unless no HBCU programs exist that meet the proposed program's requirements. In every case in which the contractor determines that no acceptable HBCU program exists, the placement specialist should be required to document clearly the reason that an HBCU program was not offered. This documentation should become a permanent part of the official file for the PIO/P.*

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**PARTICIPANT AND  
PROGRAM RECORD-  
KEEPING CAN BE  
IMPROVED**

Contract Section C, Article IV, 17, Record Keeping, requires PIET to:

...maintain and retrieve information as needed to track each participant from the time of assignment through completion of training. The contractor's record keeping system must conform to OIT's requirements for standardized data on

individual participants.

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We asked OIT to provide us with its "requirements for standardized data." OIT provided a copy of its Quarterly On-Site Monitoring and Evaluation Report (Contractor Monitoring Checklist) that lists records that the contractor should retain in each individual's file. We obtained from OIT and PIET the files for 59 individuals that PIET had managed. Of these, 12 were "shadow files" and were excluded from our test for file completeness.

Not all of the elements listed on OIT's contractor monitoring checklist will necessarily exist for every participant. Certain key elements, however, should be in each file in order to allow analysis of the participant's program and the contractor's performance.

Following is a summary of the file analysis:

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**FILE ANALYSIS**

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<b>Total Files Reviewed</b>	<b>Academic</b>	<b>Short-Term and EI</b>
	<b>22</b>	<b>25</b>
<b><u>Individual File Requirement</u></b>	<b><u>Files with Missing Data</u></b>	
<b>1. Master Record File</b>		
a. Cable Nomination from Mission:	16	8
b. Outgoing Cable to Mission Acknowledging Nomination	16	10
c. Outgoing Cable Recommending U.S. Academic Instit.	18	12
d. PIO/P Received	0	0
e. Mission Approval Cable Received	14	9
f. TIP Sent to Mission	15	3
g. Call Forward Provided to Mission	11	7
h. Budget Worksheet Prepared	0	0
i. PDF Prepared	7	6
j. Short-Term Training: Itinerary	N/A	15
k. Visas and Medcert Approved	0	6
l. Academic: AETRs to Mission (22 possible)	3	N/A
m. EI: Completed Application (6 possible)	N/A	3
Copies of Proposal	N/A	5
<b>2. Budget Worksheets</b>		
a. BWS Submitted for OIT Approval	2	3
b. Mission Notified of Program Changes	8	19
c. Mission's Cable Approving Program Changes	11	23
d. Allowance Requests for OIT Approval	22	13
e. Amended PIO/P or Cable With Fiscal Data	11	13
<b>3. Monitoring</b>		
a. Visits with Associate/Fellow	19	25
b. Records of Phone Conversations w/Associate/Fellow	12	25
c. Tracking of Academic Program (22 possible)	0	N/A
d. Current Internal Computer Data on Associate/Fellow	12	22
e. Timely Receipt of AETRs (22 possible)	4	N/A
f. Record of Payments to Associate/Fellow	2	3
g. Documentation of Responses to Assoc/Fellow Requests	5	25
h. Initial Arrival Orientation (Areas Briefed):		
• Personal Counseling	19	25
• Health	15	22
• Housing	21	25
• Travel	19	25
• Allowances	13	21
• Visa Requirements	18	25
• Responsibilities While in U.S.	18	25
i. Reporting of Potential "No-Gos" to OIT	22	25
<b>4. Evaluations</b>		
a. Evidence of Program Evaluation	8	18

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Section C, Article IV.B.12, Participant Monitoring and Counseling, of PIET's contract states that monitoring and counseling "...contacts must be documented in the participants' files." As the above file review disclosed, this documentation was prepared and maintained in only 45 percent of the academic program files we reviewed and was not prepared and maintained for any of the short-term and EI program files we reviewed.

The failure to maintain complete records on each program from assignment to PIET through training completion also prevents a complete evaluation of PIET's performance in several important areas. For example, Section C, Article IV.B.2, Development of U.S. Training Program, requires that "...in all cases placement will be sought in the most appropriate and cost effective academic or technical program...." Similarly, as noted previously, PIET is required to give particular attention to HBCUs and include an HBCU as one of the suggested training providers whenever possible. Because PIET does not retain records of its programming efforts, we could not evaluate its performance in these two important areas. (As described on pages 34 through 38, we are particularly concerned about procurement integrity issues; the lack of reviewable records documenting the provider selection process exacerbates these concerns.)

We think that OIT's record keeping requirements should be clarified and emphasized.

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**RECOMMENDATION  
NUMBER 21**

*We recommend that OIT's new contract require the contractor to assemble and maintain an "official file" on every fellow and associate. It should contain a full and complete record of all programming matters; communications; contacts; and monitoring, counseling, and evaluation efforts and results. [See also Recommendation Number 8 on page 36.]*

Official file maintenance will serve as a basic but important control mechanism to ensure that the contractor performs consistently. It will also provide the essential data needed to test contractor compliance with procurement integrity requirements and periodically monitor its performance.

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**MANAGEMENT  
INFORMATION SYSTEMS**

Contract Section C, Article IV.B.16, Computer Capacity for Management Information System and Resource Center,

## PROBLEMS EXIST

states:

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The contractor's computer system must enable OIT to have on line access to the contractor's data base, the system must have a data base compatible with OIT's PTIS, and the system must be able to provide data in media and format acceptable for direct transfer to the PTIS computer data base.

PIET's deputy executive director indicated to us that she believes that PIET's data base is compatible with PTIS and that, although the system is capable of allowing on-line access by OIT, OIT has never requested such access.

PIET's system has been providing data to the PTIS via direct transfers for more than a year. We could not conclude, however, that the PIET data base is entirely compatible with PTIS or that the data being transferred are accurate.

In early December 1992, the Chief of OIT's SMIS provided us with a PTIS listing of 568 PIET-managed fellows and associates whose "Estimated Completion Dates" had passed or whose "Visa End Dates" had passed, but whose data records contained no "Termination Dates," thus indicating that they were still in the U.S.

We asked PIET's regional manager who currently oversees PIET's data operations to review a sample of entries from the list and explain the discrepancies. He noted that PIET was aware of the problem and was convinced that the "errors" were occurring within OIT's system, not PIET's. He provided copies of data records from PIET's system indicating termination dates for all entries in the sample.

In late December 1992, PIET personnel informed us that they had discovered that the termination date discrepancy was the result of a "program error" in PIET's system. Although PIET and OIT have been working on this problem, it had not been resolved and corrected as of the March 1993 completion of our fieldwork.

As described on pages 49 through 51, our analysis of records and reports on HBCU placements disclosed a number of errors in the data base and several inconsistencies among different reports covering the same time period that should have contained the same data.



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The apparent failure of the contractor to maintain an accurate data base and transfer accurate data to OIT impairs the usefulness of PTIS for program management and decisionmaking purposes. For example, OIT periodically needs to assess the average Health and Accident Coverage (HAC) cost incurred per training month to accurately estimate the "premiums" to be charged against each program. Inaccurate data, such as persons reported as still in the U.S. when they are not, can result in such calculations being materially incorrect.

No focal point has been designated within PIET for resolving data inaccuracy problems such as these, and no formal procedure exists between OIT and PIET for initiating corrective action. Also, neither PIET nor OIT have a quality control process in place to periodically test the accuracy of records in PIET's system against source documents.

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**RECOMMENDATION  
NUMBER 22**

We recommend that OIT require its contractor to:  
(1) designate a management information system specialist responsible for prompt resolution of data transfer and accuracy problems and (2) design and implement a data quality control process that periodically checks data samples against source documents for accuracy. We also recommend that OIT establish formal procedures for communicating data transfer or accuracy problems to the contractor and requiring the contractor to initiate prompt corrective action. We also recommend that the contractor be required to periodically provide OIT with a copy of its entire data base so that OIT can assess its accuracy.

At an exit briefing on April 7, 1993, PIET representatives stated that they have hired an MIS specialist. While we commend PIET for acting so quickly to correct this situation, we also note that PIET took this action without consulting the OIT project manager. (See pages 19 to 24 for a discussion of our concerns in this regard.)

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**WE COULD NOT  
CONCLUDE THAT  
PIET COMPLIED WITH  
THE CONTRACT'S  
PERSONNEL  
COMPENSATION  
REQUIREMENTS**

Contract Section H.III, Personnel Compensation, A.4, Annual Salary Increases, stipulates that:

Annual salary increases may not exceed those provided by the Contractor's established policy and practice. Annual salary increases of any kind exceeding these limitations or

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exceeding the maximum salary of FS-1 may be granted only with the advance written approval of the Contracting Officer.

PIET is a joint venture of four independent organizations. Each PIET partner has its own personnel compensation policies and procedures. We reviewed each partner's policies and procedures, but none contained objective criteria that support salary increase ceilings.

To assess the reasonableness of PIET's salary increases during the contract, we attempted to compare average annual salary increases of each partner's PIET staff with (1) the average annual salary increase that each partner had proposed in PIET's best-and-final cost proposal and (2) the average annual salary increase of the partner's non-PIET staff.

Three of the four PIET partners cooperated fully in this analysis by providing requested payroll data. (The fourth partner, TAF, refused to send us this information and instead told us that we would need to travel to its San Francisco offices to review this information. As a result, we could not determine if TAF's annual salary increases were consistent with what it had proposed or if its PIET staff salary increases were consistent with its non-PIET staff salary increases.) Although WLI provided the payroll information we requested, we did not receive it in time to allow an analysis of WLI's non-PIET staff salary increases.

To determine average salary increases, we measured individual salary increases of personnel on each organization's payroll register from one year to the next. We reviewed payroll registers for the months of September 1989, 1990, 1991, and 1992. The results of this analysis follow:

	Per Cost Proposal	Actual		
		9/89-9/90	9/90-9/91	9/91-9/92
<u>AAI</u>				
PIET Staff	3.00%	9.72%	4.42%	7.43%
Non-PIET Staff	N/A	4.87%	0.46%	5.77%
<u>AMIDEAST</u>				
PIET Staff	4.00%	10.48%	9.63%	6.67%
Non-PIET Staff	N/A	10.79%	7.30%	7.21%
<u>WLI</u>				
PIET Staff	4.00%	12.32%	5.83%	9.44%

The above analysis is not conclusive proof that PIET's salary increases evidence defective pricing or were abusive in magnitude. The above analysis only focused on employees who remained on each partner's payroll from one year to the next. The effect of staff turnover at different salary rates could impact these results in one direction or the other.

To estimate the potential effect of these higher-than-proposed salary increases, we performed a pro forma computation to determine their impact on salary and salary-related costs (fringe benefits and indirect costs) through the first three contract years. Total proposed core support (i.e. not counting salary costs for buy-ins and partially financed fellows and associates) salary and salary-related costs for AAI, Amideast, and WLI for the first three contract years was \$11,063,643. Our pro forma analysis indicates that, holding all other aspects of PIET's cost proposal constant and calculating only the effect of these higher salary increase percentages, total core support salary and salary-related costs would be \$12,227,656. This represents a probable cost over-run of \$1,164,013 or 10.52 percent for these three partners, and only through the third contract year.

Office of Management and Budget (OMB) Circular A-122 (Cost Principles for Nonprofit Organizations), Attachment B.6.d (Compensation for Personal Services) states:

Certain conditions require special consideration and possible limitations in determining costs under Federal awards where amounts or types of compensation appear unreasonable. Among such conditions

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are...any change in an organization's compensation policy resulting in a substantial increase in the organization's level of compensation, particularly when it was concurrent with an increase in the ratio of Government awards to other activities of the organization....

To the extent that PIET can be considered a separate entity, the award of this 4-year contract resulted in a drastic "increase in the ratio of Government awards to other activities," because without the award, PIET's Government activity would have been zero. During the 4-year contract period, PIET was not burdened by competitive pressures to control costs.

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**RECOMMENDATION  
NUMBER 23**

*We recommend that OIT include a measurable and enforceable cost control provision in its new contract; and exercise greater ongoing oversight over the contractor to ensure that the cost reimbursable contract is not abused. We also recommend that OIT ask the A.I.D. procuring contracting officer to have a pre-award audit of the new contract performed in order to assure that proposed costs, including proposed salary increases and other escalation factors, are supported by historical data. (We have also recommended that OIT ask the contracting officer to have a financial and compliance audit of the current PIET contract performed [see Recommendation Number 17]. OIT should ask the contracting officer to assess whether any evidence of defective pricing exists.)*

PIET officials represented to us that "no salary costs in excess of the FS-1 ceiling are charged to the contract." Our analysis indicated that this assertion is not totally accurate.

PIET has had two employees whose salaries exceed the FS-1 salary ceiling. The portions of these employees' salaries that exceed the FS-1 limit are charged against the PIET contract and (according to PIET officials) later reversed out of contract costs via quarterly journal entries.

On December 17, 1992, we requested copies of the journal entry documentation of these transactions for the quarters ended December 30, 1991, and March 31, June 30, and September 30, 1992. Following is a summary of the time elapsing from when these unallowable charges were made against the contract to when the adjusting entries were reportedly made.

<u>Month</u>	<u>Date of Adjusting Entry</u>	<u>Weeks Following Payroll Month</u>
Oct 1991	February 20, 1992	16.0
Nov 1991	February 20, 1992	11.5
Dec 1991	February 20, 1992	7.0
Jan 1992	May 13, 1992	15.0
Feb 1992	May 13, 1992	11.5
Mar 1992	May 13, 1992	7.0
Apr 1992	December 28, 1992	35.0
May 1992	December 28, 1992	30.0
Jun 1992	December 28, 1992	26.0
Jul 1992	December 28, 1992	21.5
Aug 1992	December 28, 1992	17.0
Sep 1992	December 28, 1992	<u>13.0</u>
Average		<u>17.5</u>

The amount of each quarterly adjustment ranges from \$8,943 to \$10,976 for the quarters we reviewed. Although these amounts are not large in relation to the total size of the contract, charging these unallowable costs to the contract--even temporarily--is improper.

We also noted that the effect of the adjusting entries being made is to move these costs from a direct cost account to an "unallocable overhead" account. This is an incorrect treatment and results in an overstatement of AAI's indirect cost rate.

OMB Circular A-122, Attachment A, paragraph B.3. states:

The costs of certain activities are not allowable as charges to Federal awards....However, even though these costs are unallowable for purposes of computing charges to Federal awards, they nonetheless must be treated as direct costs for purposes of determining indirect cost rates and be allocated their share of the organization's indirect costs if they represent activities which (1) include the salaries of personnel, (2) occupy space, and (3) benefit from the organization's indirect costs.

**RECOMMENDATION  
NUMBER 24**

*We recommend that OIT require PIKT to submit supporting documentation to show that amounts in excess of the FS-1 limit have been removed from contract costs for all months of the contract. We also recommend that OIT*

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*advise (in connection with Recommendation Number 17) the contracting officer to evaluate the impact of the incorrect treatment of these unallowable direct costs on AAI's indirect cost rates.*

**REPORT ON INTERNAL CONTROLS AND COMPLIANCE**

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Our evaluation was performed in accordance with generally accepted Government auditing standards applicable to performance evaluations. Those standards require that we (1) assess and report on the evaluated entity's internal control structure as it relates to the evaluation objectives; and (2) assess and report on compliance with applicable requirements of laws, regulations, and contract terms when necessary to satisfy the evaluation objectives. This chapter summarizes the results of our evaluation in these regards.

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**INTERNAL  
CONTROLS**

In planning and performing our evaluation of the contract between A.I.D. and PIET, we assessed the contractor's internal control structure to the extent deemed necessary to plan and conduct the evaluation and form conclusions related to the evaluation objectives and not to provide assurance on the internal control structure.

PIET's management is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements and reports and other required documentation under the contract. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purposes of this report, we classified the significant control structure policies and procedures as those relating to ensuring compliance with laws, regulations, and contract terms that have a significant impact

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on the contractor's performance. These are control procedures related to Government procurement regulations (*Federal Acquisition Regulation* and OMB Circulars) and the specific performance areas delineated in the contract.

For these internal control categories, we obtained an understanding of the design of relevant policies and procedures, determined if they have been placed in operation and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions. Reportable conditions are matters coming to our attention relating to significant deficiencies in the internal control structure design or operation that, in our judgment, could adversely affect an organization's ability to record, process, summarize, and report financial and other data consistent with management's assertions in the financial statements and other reports. These reportable conditions are as follows:

1. As discussed on pages 19 through 22, we concluded that the contractor needs to strengthen its control procedures designed to ensure that no activities except those expressly called for under the contract are performed without prior OIT approval.
2. As discussed on pages 31 through 34, we concluded that the contractor needs to improve its cost accounting procedures to enable a more precise determination to be made of the core services costs of particular activities.
3. As discussed on pages 34 through 38, we concluded that the contractor needs to strengthen its control procedures related to selecting and documenting the selection of training providers to ensure that programs recommended to missions are the most appropriate and cost effective programs available and that no conflicts of interest affect these recommendations.
4. As discussed on pages 53 through 56, we concluded that the contractor needs to improve its record keeping and record retention procedures for documenting the programming, placement, and management of fellows and associates.

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5. As discussed on pages 56 through 58, we concluded that the contractor needs to strengthen its controls over the accuracy of participant data compiled and transferred to OIT's PTIS.
  6. As discussed on pages 24 through 30, we concluded that the contractor needs to strengthen its procedures for obtaining an accurate status of TJP Program fellows' progress (particularly with respect to the potential need for program extensions) and reporting this information in a timely and thorough manner to missions.

A material weakness is a reportable condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material (in relation to the program being evaluated) may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control structure would not necessarily disclose all reportable conditions and, accordingly, would not necessarily disclose all reportable conditions also considered to be material weaknesses as defined above. In our opinion, the conditions described in paragraphs 1 through 5 above are material weaknesses.

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## COMPLIANCE

Compliance with applicable laws and regulations related to the contract is the responsibility of PIET management. As part of our evaluation, we evaluated compliance with certain provisions of laws, regulations, and the contract. Our objective was not, however, to provide an opinion on overall compliance with all laws and regulations.

Chapter 4 of this report identifies and describes all areas of noncompliance noted during our evaluation.

Material instances of noncompliance are failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, or the contract that cause us to conclude that the aggregation of the misstatements resulting from those failures or violations could be material to the financial statements or other products of the contract. The results of our evaluation of compliance disclosed the following material instance of noncompliance:

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• As discussed on pages 45 through 48, PIET has not complied with some of the contract's accounting and reporting requirements.

We considered this material instance of noncompliance in forming our evaluation results, conclusions, and recommendations. Because of this material instance of noncompliance, we were unable to evaluate certain aspects of the contractor's performance. Our evaluation report is qualified due to this scope limitation.

Except as described above, the results of our evaluation indicate that, for the matters and documentation evaluated, PIET complied in all material respects with the provisions of applicable laws, regulations, and contract terms. For the matters and documentation not evaluated, nothing came to our attention that caused us to believe that PIET did not comply, in all material respects, with those provisions.

This report is intended for the information and use of the Agency for International Development, Office of International Training, and should not be used for other purposes.

COTTON & COMPANY  
Certified Public Accountants

March 18, 1993

By: \_\_\_\_\_  
David L. Cotton, CPA, CFE

## VIEWS OF A.I.D. AND PIET OFFICIALS

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We had several meetings with various OIT and PIET personnel throughout our evaluation during which we discussed preliminary conclusions and recommendations. As we neared the completion of our fieldwork and the initial draft of our report, we met with OIT and PIET officials to discuss the report's contents.

On March 26, 1993, we met with the following OIT personnel to discuss their reaction to and questions about the initial draft report:

- James Washington, Acting Director
- Carolyn Coleman, Assistant Director, Participant Programming Division (PP)
- Rita Evans, Acting Project Officer
- Thomas Donnelly, Assistant Director, Policy, Evaluation & Technical Assistance (PETA)
- Alan Kreger, Chief, Statistical Information Management Staff (SIMS)
- Judy McKeever, Assistant Director, Resources and Support Division (RS)

On April 7, 1993, we met with the following A.I.D. and PIET personnel to discuss the draft report's conclusions and recommendations:

- James Washington, Acting Director, OIT
- Carolyn Coleman, Assistant Director, PP, OIT
- Rita Evans, Acting Project Officer, OIT
- Thomas Donnelly, Assistant Director, PETA, OIT
- Peter Hartjens, Chief Financial Technical Advisor, PETA, OIT
- Alan Kreger, Chief, SIMS
- Judy McKeever, Assistant Director, RS, OIT
- Robert Schmeiding, Evaluator from A.I.D.'s Center for Development Information and Evaluation
- Laurance Bond, PIET Executive Director
- Pamela McCloud, PIET Deputy Executive Director
- Warren Ruppel, PIET Chief Financial Officer

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PIET provided us with both oral and written comments on the draft report at the April 7, 1993, meeting. A.I.D. personnel provided oral comments at both of the aforementioned meetings. PIET's written comments are contained in Appendix C.

We carefully considered all of these comments on the draft report and have revised the report as appropriate.

#### EVALUATORS' RESPONSES TO SPECIFIC PIET COMMENTS

As noted above, PIET's written comments on the draft report are in Appendix C. Below are the 10 major PIET comments (in italics) followed by our responses.

1. *PIET requests that the terms "reportable conditions," "material weaknesses," and "material instances of noncompliance" be removed from all applicable sections of the report because, as defined by the American Institute of Certified Public Accountants, they apply only to audits of financial statements, not to program performance audits.*

After careful consideration of this request, we conclude that these terms are appropriate in the context of this report. We think the terms used in this report are easily understood and adequately convey our intended meaning. Nothing in SAS 60 prohibits the use of the generic terms "reportable condition," "material weakness," and "material instance of noncompliance" in performance evaluations. Rather, SAS 60 states that these terms must be used in financial statement audits. Similarly, SAS 68 contains no prohibition. As PIET notes, neither SAS 60 nor SAS 68 were applicable to the work we performed. Our report no longer indicates that these terms as we use them were defined by the American Institute of Certified Public Accountants.

The six internal control weaknesses listed in Chapter 5 are "conditions" that we deem to be "reportable," because we think they need to be corrected to ensure that Federal funds are adequately safeguarded and expended only for necessary purposes and in reasonable amounts. We think the first 5 conditions are "material," because they are conditions "having real importance or great consequences"<sup>5</sup> related to our evaluation. The term "material

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<sup>5</sup> Webster's defines material as "having real importance or great consequences (e.g.) factors material to the investigation."

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weaknesses" is also consistent with the guidelines issued by the Office of Management and Budget (OMB) for reporting management control weaknesses under the Federal Managers' Financial Integrity Act.

Chapter 4 of our report identifies six matters that we think are significant instances of noncompliance. We conclude that the first matter discussed (PIET has not complied with the contract's accounting and reporting requirements) is more significant than the others and identified it as "material" to make this distinction clear.

PIET notes that the terms we use have a "significant and well-recognized meaning in formal audit circles." We agree. This is precisely why we used these terms. As PIET notes, we did not use the exact reporting language contained in either SAS 60 or SAS 68 but, instead, modified that language to indicate clearly our intended meaning of these terms as they relate to this performance evaluation. Although we did not perform a financial statement or incurred cost audit, those control weaknesses and noncompliance matters are such that they can materially affect the reporting of costs under the contract.

*2. PIET requests that Cotton & Company reconsider Recommendation [#17].*

We carefully reconsidered our recommendation number 17 and continue to think that a financial and compliance audit of the contract is needed.

An audit of this contract is warranted because of PIET's failure to account for and report buy-in costs and because Government and contractor controls over the expenditures of large amounts of Federal funds were lacking. PIET's failure to adhere to the contract's cost accounting requirements exacerbates these basic concerns and creates additional opportunities for spending abuse under the contract. In a meeting on December 14, 1992, PIET's CFO stated that he does not review the costs claimed by the other three partners; he merely compiles them to determine the letter-of-credit drawdown amount needed. He also stated that no one in A.I.D. has ever raised any questions about his expenditure reports. We specifically asked for an explanation of the amounts being reported as buy-in expenditures as of September 30, 1992, and PIET did not respond directly or in detail. PIET's ability under this contract to spend Government funds with little

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or no Government scrutiny or internal budgeting constraints results in a situation highly vulnerable to waste and abuse.

We agree that the four PIET organizations each undergo independent audits annually. We disagree that this "single audit" coverage is adequate to protect the Government's interest. These "single audits" require only limited testing of compliance and result in no financial statement opinions on a contract-by-contract basis. For example, the independent audit report of The Asia Foundation (TAF) for one year states: "Our testwork included a sample of over 150 direct and indirect costs charged to federal programs." In that year, PIET contract costs were 15.3 percent of TAF's total Federal program expenses. If the 150 sample items were distributed evenly among Federal programs, then the auditors tested only about 23 PIET contract transactions. (Even if all sample items had been PIET contract transactions, we do not think the audit coverage would have been adequate to address the internal control and compliance concerns we identified.)

The "single audit" reports contain conclusions based on limited testing of certain aspects of compliance for certain Federal programs. None of the "single audit" reports that we reviewed for the four PIET partners identified as an instance of noncompliance PIET's failure to account for and report buy-in costs and levels of effort. They also did not note the other instances of significant noncompliance disclosed during our evaluation. The auditors either failed to test for these significant contract requirements or concluded that the noncompliance with these requirements was not reportable. As noted in this evaluation report, based on our more focused evaluation of contract compliance, we identify six significant areas of noncompliance.

One of the principles of the single audit concept is that Federal agencies may still audit specific contracts and grants, but should avoid duplicating work done by other auditors. Implicit in our recommendation is that a review of the independent auditors' workpapers should be a starting point for the recommended audit. After assuring that no audit steps are duplicated, we think the Federal auditors should focus additional testing on the vulnerabilities and weaknesses described in this evaluation report.

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PIET has misinterpreted our comments regarding its accounting system. Determining the adequacy of PIET's accounting system was not within this evaluation's scope. Nothing, however, came to our attention to indicate that the system is inadequate. In fact, we think that the system is capable of the required cost accounting and reporting, but that PIET has not implemented the accounting procedures for such accounting and reporting. All that PIET should have to do to enable its system to account for and report costs as required by the contract is (1) assign specific job cost codes for individual buy-ins, and (2) instruct employees to record time and expenses allocable to these job cost codes. Following our fieldwork, PIET provided information indicating that one of the four PIET partners (WLI) has such a system. PIET did not explain fully why this partner's buy-in costs had not been reported and did not indicate that the other three partner had adequate buy-in cost accounting procedures.

PIET states that no partially financed participants were ever assigned to PIET. OIT provided us with data that shows that partially financed participants were assigned to PIET.

*3. PIET requests that all references to non-PIET-programmed participants be removed from the report.*

Our evaluation had two basic goals: (1) to evaluate PIET's performance and compliance and (2) to identify ways in which the contract (and the TJF Program) can be improved. In view of the fact that PIET is in the final six months of its current contract, we think that OIT's primary interest relates to the latter goal. In our report, we clearly identify situations related to non-PIET-managed participants. We include these situations in our report because they illustrate and support specific recommendations for contract and program improvement.

We agree that it is worth determining the extent to which PIET-managed participants were included in the audit of the Indonesian participant training program by the A.I.D. IG, and we encourage OIT to ask the IG for this information.

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4. PIET requests that Cotton & Company clarify the page [53] reference to PIET's interpretation of its contractual requirement regarding HBCU participation.

We do not think our report needs to be changed. It is clear by the A.I.D. administrator's April 24, 1991, memorandum, that A.I.D. wants the "10 percent placement" requirement to be measured in participant-months. We think that, to the extent PIET became aware of this desire on A.I.D.'s part, it should have conferred with OIT to assure that its reporting reflected A.I.D.'s objectives. We do not think that A.I.D.'s participant-month measurement basis is necessarily "inconsistent with the specific language of the contract." Rather, we think that PIET chose to adhere to its narrower interpretation despite its awareness that A.I.D.'s intent was otherwise.

5. PIET requests that Cotton & Company remove the words "high probability" on page [51].

We reviewed several PIET reports on HBCU placements and noted numerous instances in which data were either erroneous or were inconsistent with other HBCU reports covering the same time period. We also reviewed two reports prepared by OIT that listed 723 discrepancies between PIET's data base and OIT's data base. (The first report contained 568 discrepancies, and the second report, prepared after corrective actions by PIET, contained 155 discrepancies.) The fact that OIT's data base consists of data transmitted to OIT from PIET indicates that these discrepancies should not exist. After initially asserting that the errors were caused by OIT, PIET later agreed that they were caused by its own program.

We think that our conclusion regarding the likelihood of reporting errors is justified.

6. PIET requests removal of the File Analysis on page [55] because it is not based on standardized data requirements.

OIT's representative stated that the Contractor Monitoring Checklist is intended to indicate the required contents of participant files. We agree that certain elements on the checklist may not be applicable in all cases. Others, however, are applicable, and we think OIT

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can discern the differences and impacts. The file analysis demonstrates the need for "standardized data requirements." Accordingly, we have not removed the file analysis from the report.

7. PIET requests that Cotton & Company amend its discussion of PIET's evaluation program.

We revised our report slightly to clarify our point that the individual evaluation instruments are not provided to OIT and the missions. Consequently, the possibility exists that negative criticism of PIET's performance by a fellow or associate will not be seen by OIT or the mission. Further, even if PIET includes negative criticism in the summary reports, this information is not received by OIT until well after the program has been completed and the summary report has been prepared. PIET's *Operations Manual* and other internal procedures provide only for summary reports to be provided OIT, bureaus, and missions. Under PIET's current procedures, the opportunity exists for PIET to filter negative criticisms out of its reports.

PIET's *Operations Manual, Procedures for Individual Evaluations (Academic and Technical)*, provides for its subcontractor, Creative Associates, to produce annual reports by region or country. PIET's deputy director informed us that the fellows' evaluations are provided to Creative Associates, but the subcontractor has not had sufficient volume to prepare annual reports by region or country. In December 1992, the PIET deputy executive director informed us that individual evaluations are not sent to missions. In addition, the PIET deputy executive director provided us with a list of the evaluations that Creative Associates was requested to perform for the period February 1989 to January 1993. This listing does not indicate that the PIET subcontractor was to perform any synopses of academic fellows programmed and placed by PIET. PIET's subcontractor did, however, prepare a comprehensive report: *Assessment of Academic Training Programs Funded by U.S. A.I.D., 1988-1991*. The report is dated October 1992. Also, as stated on page 43 of this report, our visits to three missions confirmed that missions do not receive individual evaluations.

PIET's comments are based on the premise that all participant comments are included in the summary reports. Our view remains that sound quality management practices dictate the need for direct feedback on contractor performance to OIT from every fellow and associate.

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PIET's comments improperly state that our report suggested that the evaluation instruments should be limited to "focusing primarily on the quality of training provided." PIET's use of "limited" takes our comment out of context. We suggest that, while the current evaluation questions are relevant, we think simplified and shortened questionnaires focusing primarily (but not necessarily only) on OIT's primary evaluation objectives may be more beneficial. We do not state that the questionnaire be directed only at obtaining comments on the quality of training received by the fellows or associates.

PIET states that our characterization of the content of technical evaluation reports was incorrect, because "[a]ll such reports contain recommendations or suggestions for improvement when warranted by the data." We have revised our report to indicate that the reports we reviewed did not contain recommendations for program improvement or actions needed for follow-up.

*8. PIET requests that Cotton & Company amend its estimate of the level of effort associated with contractor implementation of the press release program.*

We think the time required to prepare and issue press releases as recommended will, in relation to other work being performed, be minimal. We are confident that OIT can make an accurate cost-benefit assessment before implementing this recommendation.

*9. PIET requests that Cotton & Company reconsider the relative emphasis placed on a single participant case in its discussion of monitoring and feedback to missions.*

To clarify our concerns regarding monitoring and feedback as they relate to PIET, we added statistics pertaining to the timeliness of AETR reports based on a review of a sample of PIET participant files. Our primary focus on this issue, however, was related to program improvement opportunities. The Indonesian case illustrates several troublesome aspects of this complex issue and highlights the fact that communications problems among PIET, academic advisors, participants, and missions can preclude optimum program management and result in increased costs. As PIET notes, we were careful to point out that we did not conclude that this case was necessarily representative of PIET's performance in other cases. This case clearly illustrates, however, a significant area for program and contract improvement.

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10. PIET requests that Cotton & Company reconsider the relative emphasis placed on PIET's noteworthy accomplishments.

As requested, we reconsidered the relative emphasis placed on PIET's noteworthy accomplishments. We think the relative emphasis is correct.

As we stated in our scope limitation section, we could not "document progress to date," because there were no quantitative measures in the contract against which progress can be measured. We were able to "evaluate" PIET's "conformance" with some aspects of its contractual requirements, and our conclusions regarding that part of the evaluation are presented in Chapter 4 of this report.

We think the relative emphasis in the report reflects correctly our evaluation results and conclusions. We included the case description in the report, because it clearly conveys an area in which we concluded that PIET performs particularly well. We do not think that the report can be interpreted as meaning that this was the only example we noted of PIET's positive performance. Indeed, we think the overall conclusion stated in the report conveys clearly that we viewed PIET's overall performance positively.

In terms of overall report "balance," we think it is important to keep in mind that the report presents both conclusions and recommendations related to contract and program improvement areas (Chapters 3 and 7) as well as conclusions and recommendations related to PIET's performance and compliance with the contract (Chapter 4). In this regard, the report presents 21 recommendations related to areas in which we think the contract or the TJP Program can be improved and 8 recommendations related to PIET's compliance or performance.

As noted previously, we think OIT's primary interest at this point in time is on ways to improve its contract and the TJP Program. Accordingly, we think it is reasonable and necessary to devote more space to detailing areas for improvement than to describing specific examples of positive performance.

**ISSUES NEEDING FURTHER STUDY**

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Our evaluation disclosed numerous issues that we recommend OIT evaluate further. Most of these issues are addressed directly by the recommendations contained in Chapters 3 and 4 and summarized in Appendix A. Rather than repeat any of these recommendations again in this chapter, we present issues here that are not specifically addressed by other recommendations in the report.

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**CONSULTATION  
WITH A.I.D.'S  
OFFICE OF  
PROCUREMENT**

Both Chapter 3 and 4 contain numerous recommendations related to adding specific provisions to future OIT contracts for TJF Program support. We recommend that OIT consult with A.I.D.'s Office of Procurement to determine how these recommendations can be incorporated into future contracts and other ways to strengthen OIT's ability to manage and control the contractor.

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**HANDBOOK 10  
REVISIONS**

We understand that OIT is in the process of re-writing and updating Handbook 10. To the extent OIT concurs with this report's conclusions, we recommend that OIT take steps to assure that the revised Handbook 10 incorporates this report's recommendations wherever appropriate.

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**EVALUATIONS OF  
COMPETING  
CONTRACTS**

As noted on page 22 of this report, the perception exists that use of the PIET contract may be more costly to missions than use of other contracts. We recommend that OIT conduct reviews of a sample of mission-direct contracts to determine (1) how the types and levels of service provided under these other contracts compare with the type and level of services provided by PIET, and (2) how the costs of these other contracts compare with the cost of the PIET contract. In addition, a carefully designed survey questionnaire sent to mission training officers will provide a means of assessing the comparative benefits, costs, and quality of the universe of contractors providing services directly to missions.

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**THE TJF PROGRAM'S  
STATURE SHOULD BE  
ENHANCED AND THE  
PROGRAM SHOULD  
BE PROMOTED**

Several interviewees expressed the belief that the TJF Program is one of the United States' most successful and cost-effective foreign aid programs. Little appears to be known, however, about the program by the general population either in the U.S. or abroad.

We think that the TJF Program should (and can if promoted properly) possess the stature and prestige of other similar educational programs such as the Rhodes Scholarship and the Fulbright Fellowship programs.

Elevating the reputation and stature of the TJF Program will yield at least two major positive outcomes. First, it will enable missions to do a better job of identifying and recruiting the best and brightest applicants for the program. This will elevate the program's status even higher over time as these individuals rise to prominence in their countries.

Second, from a program management viewpoint, program promotion will allow OIT to attract and take advantage of opportunities for non-government participation in and support of the program. For example, airlines may be willing (and anxious if the program is well enough known) to contribute travel for fellows and associates. Similarly, large computer manufacturers may be willing to loan or contribute computers for use by fellows and associates. Ultimately, if prominence and reputation reach high enough levels, OIT may be able to place persons in institutions offering reduced fees and tuition. These types of cost-saving opportunities could be significant and prove vital to program continuation.

We recommend that OIT consider developing a public relations campaign designed to publicize and promote the TJF Program and explore ways to expand its non-government support.

Risks are associated with this recommendation. The general public's initial perception of the program may be that it is not cost effective and that the program's funding should be cut or eliminated. Thus, we think that program promotion should be coordinated carefully with OIT's present efforts to (1) improve post-program follow-up of participants, and (2) document the program's successes.

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**PRESS RELEASES WILL  
SUPPORT SEVERAL  
TJF PROGRAM  
OBJECTIVES**

Other recommendations in this report focus on two issues that also can be supported if OIT's contractor prepares and issues press releases describing the programs of fellows and associates.

We have recommended that OIT take steps to assure that fellows and associates are aware of the TJF Program's country development objectives and how their individual programs support these objectives. We also recommend that OIT take steps to enhance the TJF Program's stature and reputation (see page 31). OIT has already been stressing the importance of follow-up programs designed to keep track of fellows and associates and keep them dedicated to the program's purposes.

We think that all three of these objectives can be supported very cost effectively by issuing press releases in connection with placement and program completion activities.

We recommend that OIT consider requiring its contractor to draft and distribute press releases at the start and end of each program as a routine part of its management of each fellow's and associate's program.

A press release should be prepared at the start of each program for distribution (1) to media in the U.S. location where the participant will study and (2) to the mission for review and distribution to the media in the participant's country. This press release should describe briefly the participant and his or her background, the participant's planned area of study and training institution in the U.S., and the purpose and objectives of the TJF Program.

A press release should also be prepared at the successful conclusion of each participant's program. This press release should also be sent to media in U.S. locations where the training occurred and to the mission for review and distribution upon the participant's return. It should describe briefly the participant and his or her background, educational or training accomplishments in the U.S., planned employment upon return to country, purpose and objectives of the TJF Program, the specific project that supported the participant, and how the participant will support these objectives.

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These press releases should take minimal time to prepare and would be a cost-effective means of promoting the program, enhancing the program's stature, building the esteem of individual participants, and impressing upon the participant the country development program purpose. Periodic in-country publication of articles about the TJF Program and specific fellows and associates will also support the mission's follow-up efforts.

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**SUMMARY OF RECOMMENDATIONS**

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To facilitate OIT's review, discussion and implementation, this appendix reprints in summary form the recommendations contained in Chapters 3, 4, and 7 of this report.

<u>Recommendation Number</u>	<u>Report Page</u>	<u>Recommendation</u>
<u>Recommendations Related to Contract Improvements</u>		
1	21	Better control over contractor performance and costs can be attained by (1) narrowly defining the core services OIT wants its contractor to perform, (2) strictly prohibiting the contractor from performing work outside this basic scope without contracting officer approval, and (3) including contractual provisions for discrete and well-defined additional tasks.
2	22	We recommend that OIT's new contract incorporate a designated "contracting officer's technical representative" (COTR). All technical direction to the contractor should come from this single individual and should be conveyed in writing and prior to any work beyond the contractor's core services is commenced. The contract should specify that the contractor is to take basic contract technical direction only from the designated COTR and only when such direction is in writing.
3	29	We recommend that OIT's new contract include language placing greater emphasis on the importance of timely, complete, and detailed monitoring feedback to the missions and the paramount importance of timely notification of the possible need for program extensions. We also recommend that OIT reassess the usefulness of the AETR form and revise the form to (1) make it clear that completion of all fields is mandatory and (2) allow more room for academic advisor and contractor comments.
4	30	We recommend that OIT stress, both in its new contract and in its revised Handbook 10, the importance of making each fellow and associate aware of (1) the TJP Program's country development purposes and (2) how each individual program supports these purposes.

<u>Recommendation Number</u>	<u>Report Page</u>	<u>Recommendation</u>
5	31	We recommend that OIT redesign its "Conditions of Training" form to place greater emphasis on the program development commitment to which fellows and associates agree. Missions should be allowed and encouraged to vary the duration of the in-country service commitment required based on the type and cost of a program as well as other country-specific characteristics.
6	32	We recommend that OIT incorporate into its new contract a requirement that the contractor have in place and functioning a cost accounting system that accumulates, segregates, and reports the costs of long-term, short-term, and EI program management.
7	36	We recommend that placement specialists be required to assess alternative training providers even when missions have preselected the training providers. This will ensure that the best and most cost-effective providers are selected, and it will serve as a control to protect against improper (or even illegal) provider selection decisions by mission personnel or in-country project personnel. The bases for contractor recommendations and mission selections should be documented in the official files and retained for periodic OIT review.
8	36	We recommend that OIT require its contractor to document the basis for selecting and recommending every program. The official file (see also Recommendation Number 22 on page 58) should indicate whether or not the proposed program's cost is based upon the academic or training institution's published prices. In every instance in which the program cost is not based on an institution's published prices, the file should contain a full and complete record of how the institution was selected, including (1) the extent of competition sought, (2) copies of all proposals received, (3) a record of all negotiations, and (4) the selection rationale used.
9	36	We recommend that OIT's new contract specify clearly and unequivocally that the contractor will not program any services to be performed by itself or by organizations with which it is affiliated. We further recommend that OIT ask the A.I.D. procuring contracting officer to (1) include appropriate conflict-of-interest avoidance clauses in the solicitation and contract and (2) specify that offerors responding to the solicitation must submit detailed conflict-of-interest avoidance plans.

<u>Recommendation Number</u>	<u>Report Page</u>	<u>Recommendation</u>
10	38	We recommend that placement specialists be required to have (and use in planning placements) each country's CDSS, CTP, and any other training plans.
11	40	We recommend that OIT require its contractor to maintain an accurate and current record of each fellow's or associate's actual total cost of training to ensure that budgeted and obligated amounts are not exceeded. The contractor should be required to report each PIO/P's budgeted and actual cost to date and itemized expenditures for any particular PIO/P as requested.
12	41	We recommend that OIT clarify the requirement for fellows and associates to be met on arrival in the U.S. to (1) assure that missions understand it to be mandatory and (2) allow flexibility in determining the optimum point for the arrival greeting to take place.
13	41	We recommend that OIT clarify the requirement for U.S. orientation to (1) assure that missions understand it to be mandatory and (2) define the minimum orientation needs for fellows and associates possessing varying backgrounds, capabilities, and experiences.
14	42	We recommend that OIT analyze the costs and benefits of the current evaluation process and define more clearly its evaluation objectives. If the primary evaluation objective is to assess the quality of the training provided, then a more streamlined process can be used. We also recommend that OIT define more clearly how the evaluations are to be used to support the program. At a minimum, the evaluations should produce specific recommendations for follow-up actions or indicate that none are needed.
15	43	We recommend that OIT define the distribution of all evaluation reports and include distribution to each mission as well as other appropriate A.I.D. organizations such as the Research & Development Bureau, Center for Development Information and Evaluation, and other central and regional bureaus.
16	44	We recommend that OIT design a 1-page questionnaire to obtain individual fellow and associate evaluations of contractor performance in programming, placing, monitoring, and counseling. These should be given to every fellow or associate along with a pre-stamped envelope addressed to OIT.

<u>Recommendation Number</u>	<u>Report Page</u>	<u>Recommendation</u>
<b><u>Recommendations Related to Contractor Compliance</u></b>		
17	48	We recommend that OIT ask the contracting officer to have a financial and compliance audit performed of the latest fiscal year of the PIET contract and expand the audit to prior years based on the initial audit results.
18	49	We recommend that OIT define specific policies and procedures differentiating official and routine communications and permit the contractor to make routine mission communications without routing them through OIT. These policies and procedures should define the purpose, nature, and methods allowed for routine communications that the contractor will be permitted to use in programming, placing, monitoring, and evaluating.
19	52	We recommend that OIT require PIET to establish internal quality control procedures in which PIET's regional managers (1) approve (in writing) all data entry forms that initiate and change such significant data fields as institutions attended and dates participants enter and terminate their programs, and (2) periodically review participant listing reports for accuracy. We also recommend that PIET review its data base for FYs 1992 and 1993 HBCU participants to ensure that all fellows and associates on these reports actually attended HBCUs.
20	53	We recommend that OIT require its contractor to assure that at least one HBCU-provided program or alternative program is offered for every participant unless no HBCU programs exist that meet the proposed program's requirements. In every case in which the contractor determines that no acceptable HBCU program exists, the placement specialist should be required to document clearly the reason that an HBCU program was not offered. This documentation should become a permanent part of the official file for the PIO/P.
21	56	We recommend that OIT's new contract require the contractor to assemble and maintain an "official file" on every fellow and associate. It should contain a full and complete record of all programming matters; communications; contacts; and monitoring, counseling, and evaluation efforts and results. (See also Recommendation Number 8 on page 36.)

<u>Recommendation Number</u>	<u>Report Page</u>	<u>Recommendation</u>
22	58	We recommend that OIT require its contractor to: (1) designate a management information system specialist responsible for prompt resolution of data transfer and accuracy problems and (2) design and implement a data quality control process that periodically checks data samples against source documents for accuracy. We also recommend that OIT establish formal procedures for communicating data transfer or accuracy problems to the contractor and requiring the contractor to initiate prompt corrective action.
23	61	We recommend that OIT include a measurable and enforceable cost control provision in its new contract; and exercise greater ongoing oversight over the contractor to ensure that the cost reimbursable contract is not abused. We also recommend that OIT ask the A.I.D. procuring contracting officer to have a pre-award audit of the new contract performed in order to assure that proposed costs, including proposed salary increases and other escalation factors, are supported by historical data. (We have also recommended that OIT ask the contracting officer have a financial and compliance audit of the current PIET contract performed [see Recommendation Number 17]. OIT should ask the contracting officer to assess whether any evidence of defective pricing exists.)
24	62	We recommend that OIT require PIET to submit supporting documentation to show that amounts in excess of the FS-1 limit have been removed from contract costs for all months of the contract. We also recommend that OIT advise (in connection with Recommendation Number 17) the contracting officer to evaluate the impact of the incorrect treatment of these unallowable direct costs on AAI's indirect cost rates.
<u>Recommendations Related to Issues Needing Further Study</u>		
25	77	We recommend that OIT consult with A.I.D.'s Office of Procurement to determine how the recommendations in this report can be incorporated into future contracts and other ways to strengthen OIT's ability to manage and control the contractor.
26	77	We recommend that OIT take steps to assure that OIT's revised Handbook 10 incorporates this report's recommendations wherever appropriate.

<u>Recommendation Number</u>	<u>Report Page</u>	<u>Recommendation</u>
27	77	We recommend that OIT conduct reviews of a sample of mission-direct contracts to determine (1) how the types and levels of service provided under these other contracts compare with the type and level of services provided by PIET, and (2) how the costs of these other contracts compare with the cost of the PIET contract.
28	78	We recommend that OIT consider developing a public relations campaign designed to publicize and promote the TJF Program and explore ways to expand its non-government support.
29	79	We recommend that OIT require its contractor to draft and distribute press releases at the start and end of each program as a routine part of its management of each fellow's and associate's program.

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## RESPONSES TO OIT'S SPECIFIC QUESTIONS

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OIT asked us to address 14 specific questions as part of the evaluation. Our conclusions and recommendations contained in Chapters 3 and 4 of this report address, either expressly or implicitly, our conclusions with regard to OIT's questions. For ease of analysis, this appendix restates OIT's specific questions and presents a brief synopsis of our conclusions with regard to each of these questions.

Are the rationale and objectives of the contract still relevant and significant to answering developing country training needs? Yes. We concluded, however, that OIT will be better able to respond to developing country training needs (as missions interpret these needs) if the contract is revised to (1) define precisely and narrowly the core services needed to program, place, and monitor TJF Program fellows and associates, and (2) strictly prohibit the contractor from performing work outside this basic scope without contracting officer approval, and (3) include provisions for discrete and well-defined additional tasks in a broad range of program support areas.

Are the assumptions on which the contract is based still relevant? We concluded that the contract's fundamental program support requirements assumptions are still relevant. Certain other more specific assumptions such as the projected levels of effort need to be updated. As we discuss in our report, certain other assumptions related to contractor accounting and reporting have not been fulfilled.

Is there satisfactory progress? The contractor has complied with most of the key contract requirements, and progress has been satisfactory in these areas. To the extent that the contract's accounting and reporting requirements were designed to afford better control over costs and provide information for OIT decisionmaking, we concluded that progress has not been satisfactory. Room for greater progress also exists with respect to data management and participant recordkeeping.

Is it likely that the prescribed contract outputs will be completed on-time and within the contract's parameters?

As described in Chapter 2 of this report, one of the factors limiting the scope of our evaluation was that the PIET contract contains no measurable output expectations. Hence, we could not determine if PIET completed "prescribed" outputs on time. PIET maintained a qualified staff and responded to demands for its services.

Are changes needed in the contract? Yes. Our report contains numerous recommendations for specific changes to the contract.

Are trainees returning to their home countries and using their skills in meaningful ways?

Yes. We interviewed 44 returned fellows and associates in three countries and, in our opinion, all were using their skills acquired under the program in meaningful ways. In discussions with mission and other personnel, however, we noted instances in which TJP participants had either failed to return to their home countries or returned for a time and then relocated to other countries. We think these "non-returnee" cases could undermine the program's reputation. Accordingly, we think greater efforts are needed to reduce the number of nonreturnees, track nonreturnees, and seek restitution against nonreturnees.

Are 10 percent of participants enrolled in historically black colleges and universities?

As described on pages 49 through 53 of this report, we could not conclude that the contract's requirement to place at least 10 percent of TJP Program fellows and associates in HBCU institutions has been met. We concluded that this requirement is one that is fundamentally out of PIET's direct control. Furthermore, the "10 percent placement" requirement is being interpreted by PIET in a manner contrary to current A.I.D. policy which is that "placement" should be measured in terms of "participant-months," rather than simply numbers of students placed (regardless of duration) in HBCU institutions. In addition, as described on pages 50 to 51 of this report, our analysis of records and reports on HBCU placements disclosed a number of errors in the reports and data base. The error rate in our own analysis and the type of activities being counted as HBCU placements caused us to question (1) the accuracy of the HBCU placement data, and (2) whether A.I.D.'s policy intent is being addressed.

Are there performance, management, and other support issues that affect the efficiency and impact of the training programs? We concluded that the efficiency and impact of the training programs are affected significantly by the following key program performance elements:

- Careful analysis by PIET placement specialists of TJP Program fellows' and associates' program objectives and careful matching of these objectives with known provider capabilities are crucial to program success. (We noted instances where programs were "preselected" by missions and this analysis was not done by PIET.) We also think OIT's contractor can improve specific placement efforts by obtaining and studying each country's CDSS and CTP.
- Pre-departure orientation appears to play a significant role in program success for individual participants. Mission efforts in this important area are inconsistent. OIT may be able to assist missions in this area by having its contractor design technical assistance packages and videos for use by missions.
- The U.S. arrival greeting (sometimes referred to as the "meet and greet" function) was mentioned by a number of participants as important. Missions may not understand the importance of this relatively inexpensive program element. OIT can strengthen the program by making this function mandatory.
- Monitoring of TJP Program fellows and associates and providing timely feedback to missions are extremely important issues that we think should be stressed more emphatically by OIT and its contractor. The timeliness and detail of feedback to missions can be improved. Greater emphasis in this area of contractor performance can save large amounts of program funds in cases where program extensions may be needed.
- Emphasis of the TJP Program's country development objectives and improved follow-up programs may, we believe, be the key to the TJP Program's future success. OIT should continue to stress these key areas and look for tasks that its contractor can perform in support of both.

In terms of management support issues, we think greater attention is needed in two areas.

- As described on pages 49 to 53 and pages 56 to 58 of this report, PIET's participant data base contains erroneous data and its data base is not conveying accurate and compatible data to OIT's PTIS. The availability of accurate data with which to carry out program management analyses and make management decisions impacts directly on the quality of these analyses and decisions.
- As described on pages 45 to 48 of this report, PIET has not complied with the contract's cost accounting and reporting requirements. Additionally, as described on pages 31 to 34, we think that even more precise cost accounting needs to be done to support OIT's ability to manage the program and make correct decisions.

Is there a regular, established mechanism used by PIET to alert OIT of any potential problems and is it working effectively? The only established mechanism that we observed for alerting PIET of potential problems is PIET's policy of providing copies to OIT of all communications with the missions. This mechanism appears to be effective and we are not aware of any failures of PIET to bring appropriate matters to OIT's attention.

Are PIET staff members effective? Based on our review of a sample of PIET files and records, interviews with a sample of TJP Program fellows and associates, interviews with key A.I.D. personnel in OIT and at three missions, and interviews with many PIET employees, we concluded that PIET staff members, in general, are effective. As discussed on pages 19 to 24 of this report, we think this effectiveness can be improved by implementing a mechanism for obtaining direct feedback from fellows and associates regarding PIET's performance.

Are the staffing level and skill mix sufficient and adequate to perform all project matters in a timely and efficient manner? Because of PIET's failure to maintain required cost and level of effort accounting records and reports, we could not assess the efficiency of PIET's performance in these regards. PIET appears to have sufficient personnel to meet demands for its services; but we could not assess whether the contract's requirements can be accomplished as effectively with fewer personnel.

Are Handbook 10 regulations, policy, and intent being honored? Except for the instances of Handbook 10 departures noted in this report, we concluded that PIET is in general compliance with Handbook 10's regulations, policy, and intent.

How effective are the informational network and outreach activities? The PIET deputy executive director and other key PIET staff appear to have established an effective network among organizations active in the international education and training community.

Are companies being used effectively to implement the entrepreneurs international program? Based on our interviews with a sample of EI associates, and our observations of an EI presentation to the business community, we think that the EI Program is making effective use of the companies with which it has been working. For the most part, we found that associates were very pleased with the EI program in general and with the U.S. companies with which they trained.

under Government Auditing Standards as follows:

For purposes of this Statement, "material instances of noncompliance" are defined as failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants that cause the auditor to conclude that the aggregation of misstatements (that is, the auditor's best estimate of the total misstatement) resulting from those failures or violations is material to the financial statements. (emphasis added by PIET)

(Cotton & Company has added the words "or other products of the contract" to this statement.)

Footnote 1 to paragraph 1(b) of SAS 68 states:

The references to Government Auditing Standards in this Statement encompass only the standards for financial audits, not the performance audit standards.

The performance audit standards referenced in footnote 1 are contained in Chapters 6 and 7 of Government Auditing Standards issued by the Comptroller General of the United States (1988 Revision).

Cotton & Company did not conduct a formal audit of financial statements. The above AICPA definition of "reportable condition" relates solely to audits of financial statements. Since a "material weakness" must by definition be a "reportable condition," there can be no reportable conditions" or "material weaknesses" in the absence of an audit of financial statements. The term "material instances of noncompliance" in audits performed in accordance with Government Auditing Standards is also limited by the AICPA to audits of financial statements. Cotton & Company has significantly modified the AICPA definitions in its report. Therefore, PIET believes that all three terms, which have a significant and well-recognized meaning in formal audit circles, are inappropriate in the context of the contract evaluation conducted and requests that they be removed.

2. PIET requests that Cotton & Company reconsider Recommendation #18.

In Recommendation #18 on page 47, Cotton & Company recommends that "...OIT ask the contracting officer to have a financial and compliance audit performed of the latest fiscal year of the PIET contract and expand the audit to prior years based on the initial audit results."

PIET requests reconsideration for four reasons. First, as indicated above, the terms used to describe compliance-related findings throughout this report are inappropriate. Second, each of the four PIET organizations undergoes an OMB A-133 audit annually. Third, non-participant costs for programming buy-ins under the current contract totaled \$181,279 through September 30, 1992. Amendments #19 and #20, signed in September 1992, comprised \$95,256 of that total. Given the dates of these amendments, no significant activity would have resulted by September 30, 1992 from this funding. Moreover, PIET's cumulative contract cost through September 30, 1992, was over \$96 million, which makes the amount of buy-in activity relatively inconsequential. Fourth, Cotton & Company's assessment of the accounting system on page 46 is not entirely accurate. It states:

PIET apparently made no accounting system provisions that would allow accumulation of costs incurred for individual buy-ins, buy-ins in total, or the 400 Partially Financed Academic Participants.

This concept is reintroduced on page 62, which states: "...we concluded that the contractor needs to improve its cost accounting procedures to enable a more precise determination to be made of the core services costs of particular activities." PIET does have, and has always had, a fully developed cost accounting system that permits standard fund (and subfund) accounting. Through staff enhancements and the development of new management systems, PIET is committed to improving the administrative procedures associated with its accounting system but does not believe the system itself is faulty. Also, it is worth noting that, though the RFP did contemplate 400 Partially Financed Academic Participants, none were ever assigned to PIET.

3. PIET requests that all references to non-PIET-programmed participants be removed from the report.

Page 30 describes a problem with a non-PIET-programmed AID participant from the Dominican Republic. Page 28 refers to an AID Regional Inspector General report on Indonesia's participant training program. Many of the participants in this program were administered by organizations other than PIET. While the report does clearly state that the Dominican Republic participant was not programmed by PIET, it does not indicate how many of the Indonesian participants (if any) were programmed by PIET, nor does it indicate what percentage (if any) of those whose programs exceeded the original estimates were programmed by PIET. While information about AID's general participant population is of interest to OIT, the title of the Cotton & Company report is "Contract Evaluation Report: Placing, Programming, Managing, and Providing Field Support Services for the Thomas Jefferson Fellowship Program." Therefore, the report should be limited to the PIET contract under review and the participants it serves.

4. PIET requests that Cotton & Company clarify the page 50 reference to PIET's interpretation of its contractual requirement regarding HBCU participation.

Page 48 of the report cites the following language in PIET's contract:

...Contract Section I: VII also establishes as an advance understanding that:

The contractor agrees that not less than ten percent (10%) of the foreign nationals selected for placement on or after January 1, 1987 at U.S. educational institutions shall be in programs offered by the [HBCU's].

Page 50 of the report states:

In his April 24, 1991, memorandum, the A.I.D. Administrator clarified the intent of the 10-percent HBCU placement policy as follows:

HBCU participant placements should be no less than 10 percent of all new person-months of training. [Emphasis added by Cotton & Company]

PIET has not interpreted its contract to require HBCU placements to be measured in person-months.

PIET does not believe it has the freedom to interpret its contract in a manner that is inconsistent with the specific language of the contract. In the context of pages 48 through 51, it appears that Cotton & Company is suggesting that PIET is free to do so and should have done so.

5. PIET requests that Cotton & Company remove the words "high probability" on page 50.

PIET recognizes the importance of database accuracy and has recently established an MIS Manager position. PIET has long had a semi-monthly data verification report that identifies several dozen possible errors. An enhancement of this report accounts for participants who transfer into HBCUs after beginning their programs at other institutions. Thus, perceived discrepancies really reflect accurate updating of data.

More important, PIET produces many other participant database reports, none of which were apparently reviewed in detail by Cotton & Company, yet Cotton & Company's conclusion based on its HBCU report review is:

These disparities and inaccuracies in PIET's participant data base as it relates to fellows and associates attending HBCUs cause us to conclude that PIET is not fully complying with A.I.D.'s contract requirements for tracing participants from the time of assignment through completion of training. As a result, any HBCU and other type reporting that PIET produces from the participant data base has a high probability of containing significant errors. (Emphasis added by PIET)

PIET does not believe that the review of one report or the citing of one instance of data error permits such a conclusion about all other reports, nor does it support an assessment that there is a high probability of significant errors in PIET's reports in general.

6. PIET requests removal of the File Analysis on page 53 because it is not based on standardized data requirements.

There are 35 "Individual File Requirements" listed. However, this list is based on OIT's Quarterly On-site Monitoring and Evaluation Report (Contractor Monitoring Checklist). Thus, this checklist may be used to monitor contractors (which could be done through interview, observation, and general record review, not just individual file review), but it is not intended to indicate the required contents of a participant file. Indeed, many items relate to special situations and would be required only if the situation occurred. For example, the only time a "potential no-go" (item 3.i)

would be necessary is in the event of a "no-go" program. This item is irrelevant to a "go" program. Similarly, cables documenting notification to Missions of program changes would appear only in those cases where program changes occurred. Further, Mission nominations do not occur separately in all cases, but are often incorporated in the PIO/P.

PIET understands that Cotton & Company asked OIT for its "requirements for standardized data," and that OIT responded with the Contractor Monitoring Checklist. However, the checklist is clearly not a basic file requirement checklist and therefore cannot be used as a basis for assessing the quality and completeness of PIET's participant files. PIET has never received instructions from OIT regarding basic participant file contents.

**7. PIET requests that Cotton & Company amend its discussion of PIET's evaluation program.**

The report states on page 42 that "...if a fellow or associate conveys negative criticism about her or his experience with PIET, only PIET and Creative Associates see it." The distribution list for academic and technical program evaluations includes PIET staff, OIT, appropriate Regional Bureaus and Offices, Missions whose participants were enrolled in the evaluated program, and training providers. These reports contain the aggregated responses of participants to all questions in the evaluation instrument, as well as individual written comments.

The report suggests on page 41 that PIET's evaluation instruments be limited to "...focusing primarily on the quality of training provided." PIET's findings indicate that there are many non-training factors that influence the training experience. For example, PIET has found a high degree of correlation between satisfaction with PIET-participant communications and overall satisfaction with the program, as well as a strong correlation between participant involvement in pre-arrival program planning and satisfaction with the academic program. Failure to identify such factors would inhibit attempts by PIET, OIT, sponsoring Missions, and other players to engage in continual improvement of program quality.

The report states on page 41 that the technical evaluation report "...does not contain recommendations for program improvement or actions needed for follow-up." All such reports contain recommendations or suggestions for improvement when warranted by the data. They contain a short administrative narrative and data summary as well as back up data for the more serious reviewer and to support the conclusions drawn. When sending reports to providers, PIET attaches a letter emphasizing areas of success as well as opportunities for improvement. AWIDE cables announcing short courses to Missions advise Missions if an evaluation of the provider institution is available for review.

**8. PIET requests that Cotton & Company amend its estimate of the level of effort associated with contractor implementation of the press release program.**

On page 44, Cotton & Company recommends that "...OIT require its contractor to draft and distribute press releases at the start and end of each program...." The same page states "These press releases should take minimum time to prepare...." PIET currently makes about 2,500 to 3,000 individual and group placements per year. The vast majority of these are in short-term programs, so that participants enter and leave in the same year. Thus, PIET would be required to issue about

5,000 to 6,000 releases per year. Cumulatively, the press release program would require more than "minimum time." In addition, PIET would have to establish and maintain a press database for the numerous cities and towns in which participants are placed. This, too, would require considerable time and effort.

**9. PIET requests that Cotton & Company reconsider the relative emphasis placed on a single participant case in its discussion of monitoring and feedback to Missions.**

Cotton & Company correctly documents on pages 25 to 27 a case of an Indonesian participant whose Ph.D. program, for a variety of reasons, exceeded its estimated length. The long and detailed case description is immediately followed by: "We did not conclude that this case is necessarily representative of PIET's monitoring performance." PIET agrees in full with Cotton & Company's emphasis on the importance of monitoring and of timely notification to Missions. However, PIET believes that the relative amount of space given to this case, without reference to the aggregate percentage of timely completed programs or some other relevant statistic, tends to put PIET's monitoring services in a dimmer light than they deserve.

**10. PIET requests that Cotton & Company reconsider the relative emphasis placed on PIET's noteworthy accomplishments.**

"Noteworthy Accomplishments" are summarized on pages 8 and 9 and consist mainly of one case showing PIET's success in handling a difficult participant situation. Cotton & Company's Work Statement indicated that two of the primary evaluation objectives were to "...document progress to date..." and "...evaluate and assess the conformance of PIET with the scope of work as enumerated in their contract...." PIET is not persuaded that pages 8 and 9 accurately reflect the noteworthy aspects of its progress to date or of its conformance with the contract scope of work. Additional examples would support the report's statement that PIET "...performs a difficult and complex array of services in a competent manner..." and would provide a more balanced assessment.

Appendix D

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**MAJOR CONTRIBUTORS TO THIS REPORT**

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Key members of our evaluation team and the major contributors to this report were as follows:

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