

**Regional Inspector General for Audit
Singapore**

**AUDIT OF THE A.I.D. REPRESENTATIVE
FOR AFGHANISTAN AFFAIRS'
CONTROLS OVER TRAINING FOR THE
AFGHANISTAN CROSS-BORDER PROGRAM**

**Audit Report No. 5-306-93-10
June 28, 1993**



BEST AVAILABLE



U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

June 28, 1993

MEMORANDUM

TO: John S. Blackton, A.I.D. Representative

FROM: *Alfred M. Clavelli*
Alfred M. Clavelli, Acting RIG/A/Singapore

SUBJECT: Audit of the Office of the A.I.D. Representative for Afghanistan Affairs' Controls Over Training for the Afghanistan Cross-Border Program (Audit Report No. 5-306-93-10)

Enclosed are five copies of the subject audit report. This audit confirmed that controls over training were adequate in many areas. For example, A.I.D. policies and procedures for obligating and expending training funds and following up on participants who did not return from overseas training were followed. However, these controls could be strengthened in several areas. These areas include developing a country training plan, establishing performance indicators to measure training progress, and processing participants for training in the United States.

Your comments to the draft report were very responsive. These comments are summarized after each finding and presented in their entirety in Appendix II. Based on your comments, Recommendation Nos. 2, 3.1, 4, 5.1, 5.2, and 6 are closed upon issuance of the report, and Recommendation Nos. 1 and 3.2 are resolved and can be closed when planned actions are completed. Only Recommendation Nos. 5.3 and 5.4 are unresolved. These two recommendations can be resolved and closed when O/AID/REP and the IG have agreed on a plan of action to improve the controls.

Please provide us information within 30 days indicating any actions planned or taken to implement the open recommendations. I sincerely appreciate the cooperation and courtesies extended to my staff during the audit.

Attachments: a/s

EXECUTIVE SUMMARY

The Cross-Border Humanitarian Assistance Program to Afghanistan was established by Congress in 1985 to provide humanitarian assistance to war-affected Afghanistan. A.I.D.'s Office of the A.I.D. Representative for Afghanistan Affairs (O/AID/REP), located in Islamabad, Pakistan, administers the Assistance Program, which is comprised of 11 projects and is implemented through U.S. contractors and Private Voluntary Organizations in cooperation with Afghan Non-Government Organizations. Seven of O/AID/REP's eleven active projects included a training component. The Assistance Program is separate and distinct from the U.S. Government's Humanitarian assistance to refugees in Pakistan, which is the responsibility of the Department of State.

As of September 30, 1992, O/AID/REP had obligated \$55.7 million and had spent \$43.8 million for training. Approximately \$39.3 million (89.7 percent) was spent for in-country training and \$4.5 million (10.3 percent) was spent for participant training.

Field work was conducted from September 24, 1992 through December 15, 1992 to determine whether O/AID/REP followed A.I.D.'s policies, procedures and regulations for:

- identifying the results of training expenditures;
- planning training;
- implementing training;
- monitoring training; and
- obligating, expending, and accounting for training funds.

Due to the nature of the program, O/AID/REP did not use normal project

approval and A.I.D. Handbook procedures. Instead, O/AID/REP used "abbreviated" procedures because of the need for rapid response and maximum flexibility in managing the assistance program during the war with the Soviets. But in the post-war Afghanistan program, a change is needed; O/AID/REP should manage the program using more traditional methods of project design and monitoring.

Our audit identified areas where O/AID/REP could strengthen controls to improve the effectiveness of the training program. We found that O/AID/REP:

- Spent \$43.8 million to train Afghans; however, it could not determine to what extent these expenditures achieved their intended purposes because O/AID/REP did not establish baseline data or establish performance indicators to measure project success (see pages 3 to 8);
- Did not prepare a Country Training Plan to identify priority training needs or integrate long-term training activities for the projects (see pages 7 to 8);
- Procured contractors to implement in-country training in accordance with A.I.D. policies and Federal regulations, but O/AID/REP did not follow A.I.D.'s policies and procedures for processing participants for training in the United States (see pages 9 to 13);
- Did not systematically track or follow-up on evaluation recommendations, monitor participant trainees while in the United States, or establish a system to evaluate and follow-up on returned participants (see pages 14 to 23); and
- Properly obligated and accounted for the \$55.7 million in training funds in accordance with A.I.D. policies and federal laws (see pages 24 to 25).

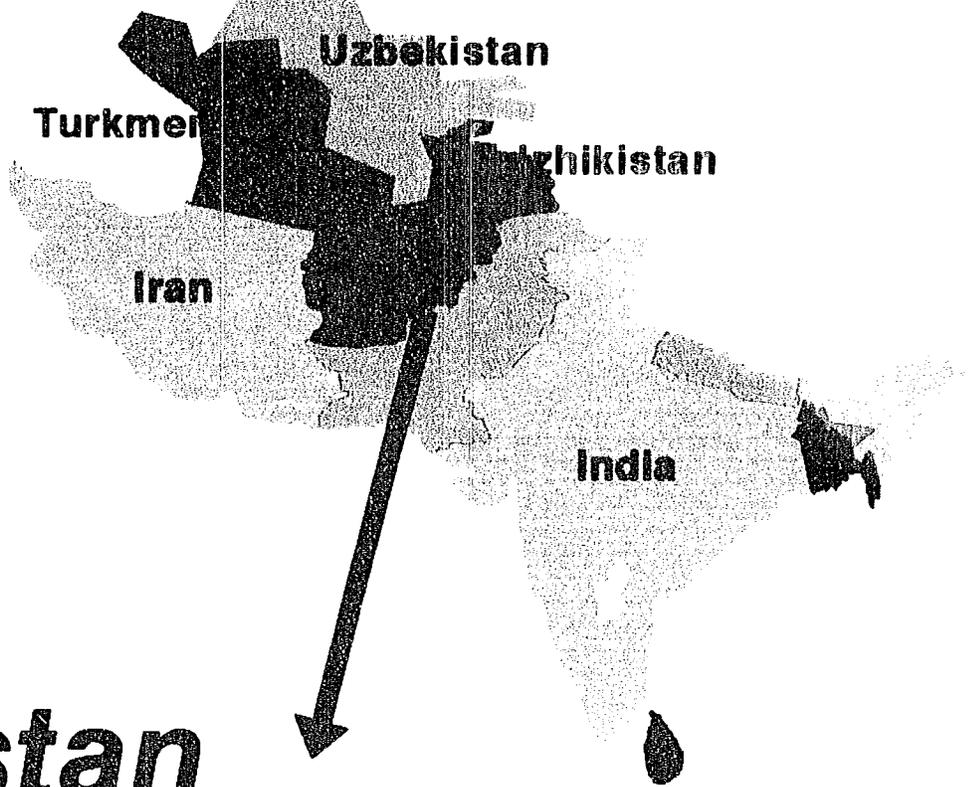
The report contains six recommendations designed to strengthen controls for training. O/AID/REP officials generally agreed with the findings and recommendations and were very responsive to the draft report which was submitted for review. Their comments are summarized after each finding and presented in their entirety as Appendix II to this report.

Based on the comments received, Recommendation Nos. 2, 3.1, 4, 5.1, 5.2, and 6 are closed upon issuance of this report. Recommendation Nos. 1 and 3.2 are resolved and can be closed after receipt of the Country Training Plan and the first Evaluation Recommendation status report. Only recommendations 5.3 and 5.4 are unresolved. These two recommendations can be resolved and closed when O/AID/REP establishes systems to obtain data from returned participants and to submit Returned Participant Follow-up Activities Reports to AID/Washington each year.

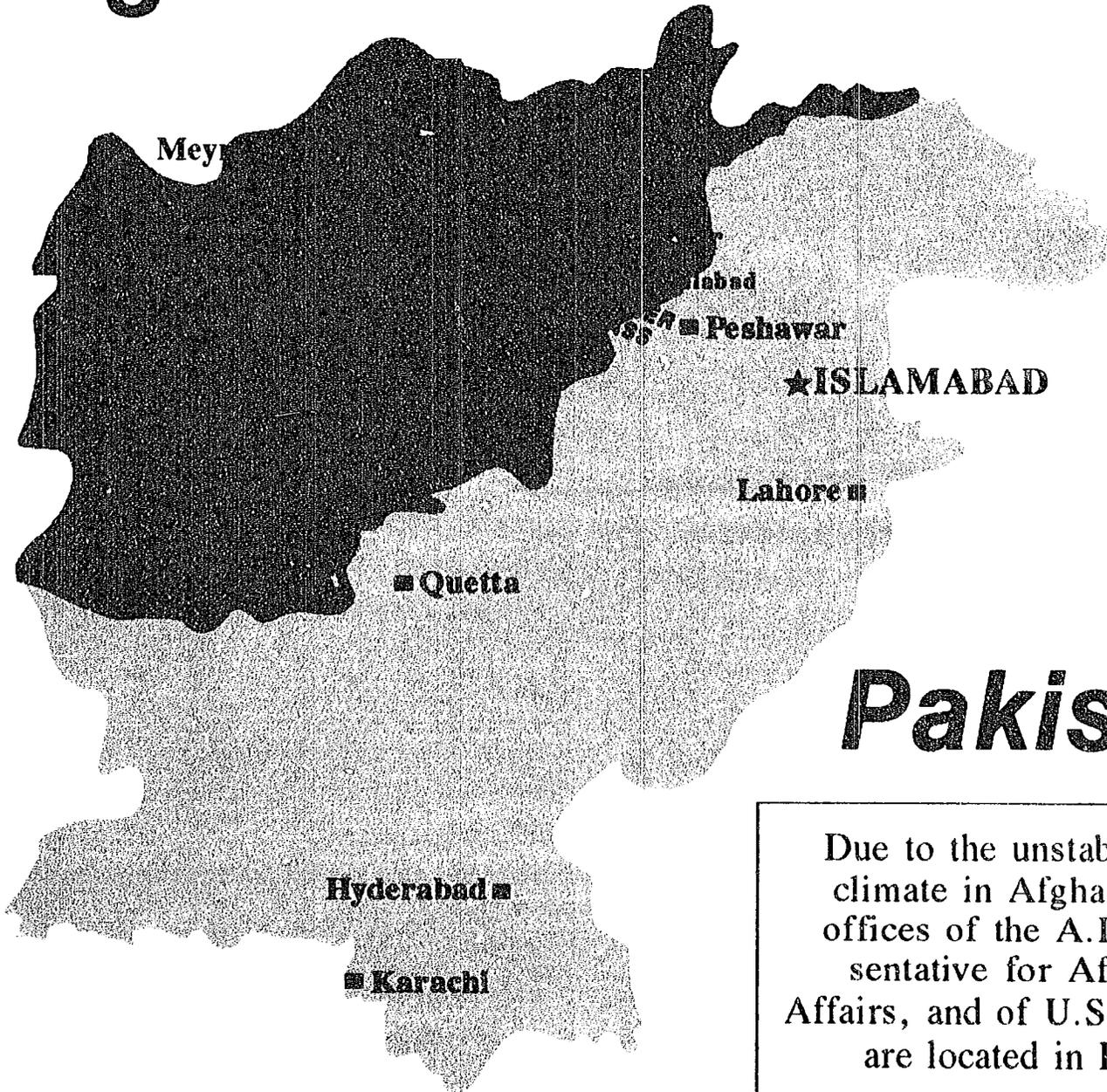
Office of the Inspector General

Office of the Inspector General
June 28, 1993

*Central &
South Asia*



Afghanistan



Pakistan

Due to the unstable political climate in Afghanistan, the offices of the A.I.D. Representative for Afghanistan Affairs, and of U.S. contractors, are located in Pakistan.

Table of Contents

	<u>Page</u>
EXECUTIVE SUMMARY	1
INTRODUCTION	1
Background	1
Audit Objectives	2
REPORT OF AUDIT FINDINGS	
O/AID/REP Provided \$43.8 Million to Seven Non-Government Organizations for Technical Assistance, Logistics, Participant Training, And In-Country Training; However We Could Not Determine to What Extent the Training Achieved the Intended Purposes.	3
The Office of the A.I.D. Representative for Afghanistan Affairs Did Not Follow A.I.D. Procedures in Preparing a Country Training Plan.	7
The A.I.D. Representative for Afghanistan Affairs Followed A.I.D Policies and Procedures in Implementing Training Except	9
Pre-Departure Processing for Participants Was Not Implemented	9
The A.I.D. Representative for Afghanistan Affairs Followed A.I.D Policies and Procedures in Monitoring and Evaluating Training. However,	14
O/AID/REP Did Not Systematically Track or Follow Up on Evaluation Recommendations	16
O/AID/REP Did Not Monitor the Progress of Participant Trainees	17
O/AID/REP Did Not Implement Participant Follow-Up Program	20

The A.I.D. Representative for Afghanistan Affairs
Obligated, Spent, and Accounted for All Training
funds in compliance with A.I.D. policies and
Procedures and Applicable Laws and Regulations
Except That 24

Advances Exceeding 30 Days Were Not
Approved by the A.I.D. Representative 24

Appendix

SCOPE AND METHODOLOGY I

**THE A.I.D. REPRESENTATIVE FOR AFGHANISTAN
AFFAIRS' COMMENTS II**

REPORT DISTRIBUTION III

INTRODUCTION

Background

The Cross-Border Humanitarian Assistance Program to Afghanistan was established by Congress in 1985 to provide humanitarian assistance to war-affected Afghanistan. To administer the Cross-Border program, A.I.D.'s Office of the A.I.D. Representative for Afghanistan Affairs (O/AID/REP) was created in September 1985. The Office is located in Islamabad, Pakistan with sub-offices in Peshawar and Quetta. The cross-border program is separate and distinct from the U.S. Government's humanitarian assistance to refugees in Pakistan, which is the responsibility of the Department of State.

The Cross-Border program is implemented through U.S. contractors and Private Voluntary Organizations. Training, which is a large part of this program, refers to the human resources development component of several development projects which includes both in-country and participant training¹. In-country training refers to the training of Afghans both in Afghanistan and of Afghans in Pakistan; participant training refers to A.I.D.-sponsored training in the United States or other (third) countries.

Seven of the eleven projects which were active contained a training component providing for the development of education, health, agriculture, commodities and human resource. Four of the seven projects had a participant training component which included both short and long-term training for a total of 139 participants.

For projects identified with a training component, O/AID/REP obligated \$55.7 million and expended \$43.8 million for training as of September 30, 1992. Approximately \$39.3 million (89.7 percent) was designed for expenditures on in-country training and the remaining \$4.5 million (10.3 percent) was spent for participant training.

¹ The participant training program has been renamed the Thomas Jefferson Fellowship Program.

Audit Objectives

The Office of the Regional Inspector General for Audit/Singapore made an audit of O/AID/REP's controls over training for the Afghanistan cross-border program to answer the following audit objectives:

- What happened to the money that the A.I.D. Representative for Afghanistan Affairs provided for training and did it achieve the intended purpose?
- Did the A.I.D. Representative for Afghanistan Affairs follow A.I.D. procedures for preparing a Country Training Plan?
- Did the A.I.D. Representative for Afghanistan Affairs follow A.I.D. policies and procedures in implementing training?
- Did the A.I.D. Representative for Afghanistan Affairs follow A.I.D. policies and procedures in monitoring training?
- Did the A.I.D. Representative for Afghanistan Affairs obligate, spend, and account for training funds in compliance with A.I.D. policies and procedures and applicable laws and regulations?

In answering these audit objectives, we tested whether O/AID/REP (1) followed applicable internal control procedures and (2) complied with certain provisions of laws and regulations. For problem areas, we performed additional work to:

- Identify the cause and effect of the problems; and
- Make recommendations to correct the problem and its causes.

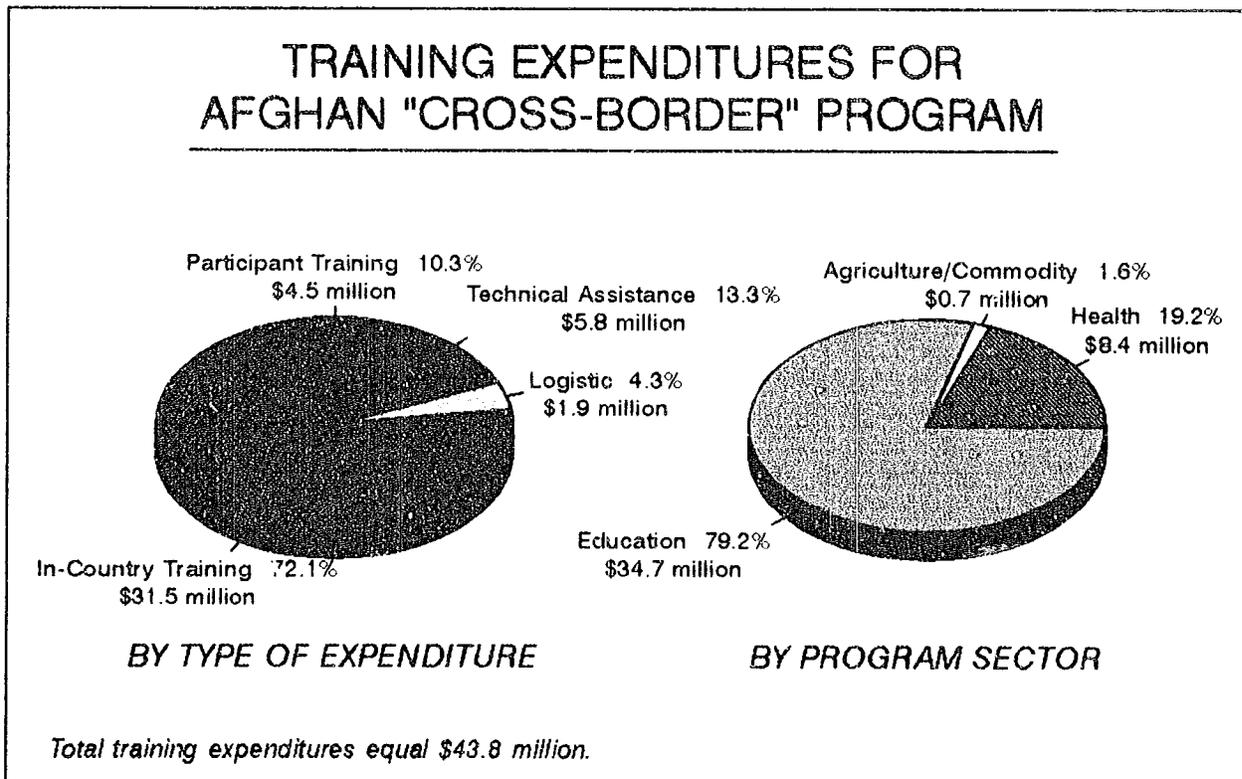
Appendix I contains a complete discussion of the audit scope and methodology.

REPORT OF AUDIT FINDINGS

What happened to the money that the A.I.D. Representative for Afghanistan Affairs provided for training and did it achieve the intended purpose?

Since inception of the Afghan "cross-border" program in 1985, A.I.D. expended \$43.8 million on training for Afghans. However, it was not possible to determine to what extent the expenditures achieved the intended purpose.

The \$43.8 million was expended by seven Non-Government Organizations to implement training programs for O/AID/REP. As shown below, 72 percent of the training expenditures was for in-country training (i.e, either in Pakistan or Afghanistan) 10 percent was for participant training in the United States or other third countries, and the remaining 18 percent was for technical assistance and logistics.



Based on the O/AID/REP and contractor records, \$34.7 million was spent in the education sector for:

- academic training of 105 Afghans in the United States;
- salaries for about 8,000 teachers at 1,185 primary schools in Afghanistan and about 7,000 teachers at 965 primary schools in Pakistan refugee camps;
- development and revision of 54 textbooks and 30 guides;
- the production and distribution of 8.9 million textbooks for primary schools and about 1.4 million textbooks for secondary schools;
- the production and distribution of about 369,000 units of instructional materials such as maps, boards, and charts;
- training in engineering for 600 Afghans, ranging from six-week refresher courses to a four-year degree program; and,
- in-country training for about 1,200 women in subjects ranging from English to public administration.

According to O/AID/REP and contractor records, the \$8.4 million expended on health sector training was spent on courses such as:

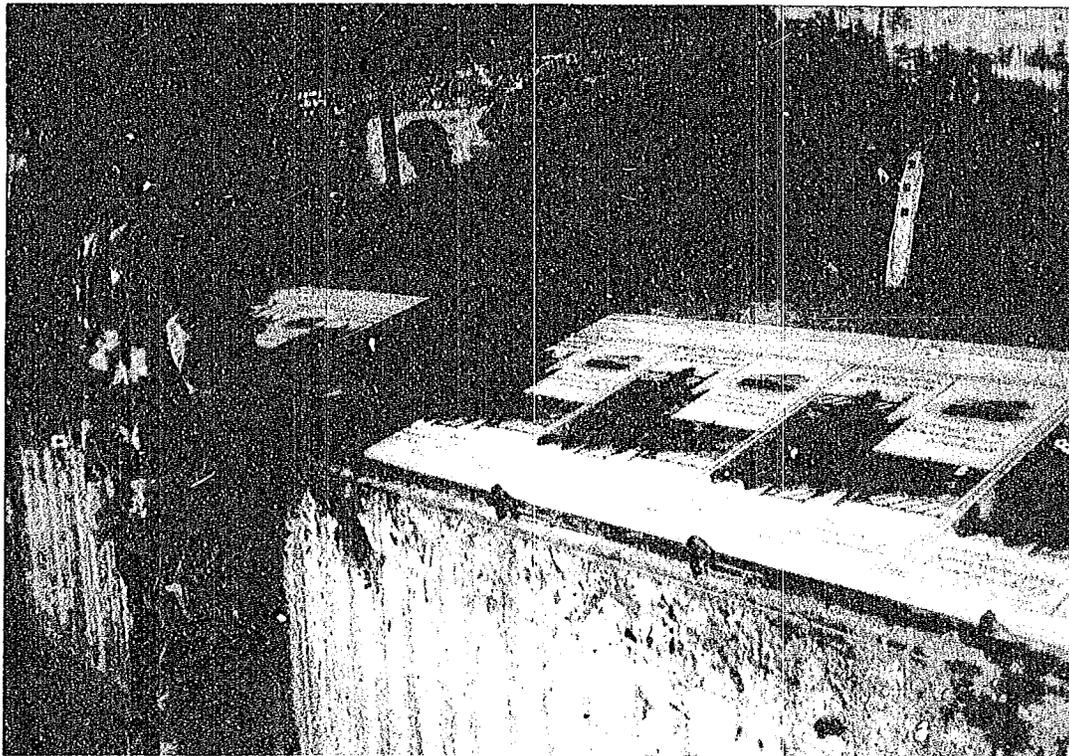
- short-term training in various subjects for 21 participants in the United States and one participant in Thailand;
- basic and mid-level health care training for about 5,500 health care workers; and,
- other health training or certification courses for about 900 Afghans, including medical refresher courses for doctors and laboratory technicians.

The \$669,000 expended for training in the agricultural and commodities sectors was primarily for 12 short-term participants in the United States and the training of contractor staff.

We were able to visit some project sites in Pakistan and confirm a limited amount of activity. The photographs on the following page were taken by the auditors during a field trip to one of the project sites.



The teachers of this third grade class at the Omar Bin Hazem Afghan Refugee Camp near Peshawar, Pakistan are paid with A.I.D. funds.



Instructional materials which depict "Harmony Between Students" are being prepared at the Instructional Development Center in Peshawar, Pakistan.

While these direct outputs were achieved, it was not possible to determine to what extent the \$43.8 million spent for training achieved the intended purposes because O/AID/REP officials did not establish baseline data nor did they establish verifiable performance indicators to measure project success. For example, one objective of the Education Sector Support project was to maintain and improve rural primary schools and literacy training. Two inputs to achieve this objective were supplements to teacher's salaries and textbooks for primary schools. However, O/AID/REP officials did not identify the literacy rate at the start of the project nor did they establish procedures and performance indicators to measure the literacy rate during the life of the project to determine if the inputs were having the desired effect. In addition, the continued unstable political situation restricts A.I.D./REP personnel from entering Afghanistan to obtain reliable data on the progress of these projects.

Similar problems were found in the audit of the A.I.D. Representative for Afghanistan Affairs' Controls Over Grants and Cooperative Agreements (Audit Report No. 5-306-93-09). For instance, we found that projects were designed without clearly defined objectives, verifiable indicators of progress, and standard project implementing and monitoring controls. This occurred because O/AID/REP used abbreviated approval procedures authorized by A.I.D./Washington for project design, project implementation, and project monitoring which did not contain the normal controls. Consequently, it was not possible to objectively determine the impact of A.I.D.'s \$127.3 million in grant assistance and if this was the most effective method of providing assistance.

Since the problems discussed in the Grants and Cooperative Agreements audit report typified the situation in the entire program, we recommended in the above mentioned report that O/AID/REP and AA/Asia: (1) assess the continued viability of the Afghanistan cross border program, as currently designed and implemented, and make a determination on the most effective use of the unexpended \$46 million; (2) determine whether the use of the abbreviated project approval methods and waiver of end-use checks, as authorized under the authority of the "Notwithstanding" provisions, are still relevant under the current post-war conditions; and (3) clearly define project objectives, establish performance indicators and use standard A.I.D. Handbook procedures for all future efforts. Therefore, we are not making the same recommendation in this report.

Did the A.I.D. Representative for Afghanistan Affairs Follow A.I.D. Procedures for Preparing a Country Training Plan?

The A.I.D. Representative for Afghanistan Affairs did not follow A.I.D. procedures for preparing a Country Training Plan, as discussed below.

A Country Training Plan Was Not Prepared

O/AID/REP did not prepare the required Country Training Plan. A.I.D. policy requires that each A.I.D. mission prepare and maintain such a plan. The plan was not prepared because a training officer was not appointed and reliable data on the Afghan training requirements was not available early in the program. As a result, the Office did not have a documented strategy to better target training needs or to promote the more effective use of the \$55.7 million obligated (\$43.8 million expended) for training.

Recommendation No. 1: We recommend that the A.I.D. Representative for Afghanistan Affairs designate a training officer and prepare a Country Training Plan to identify priority training areas.

A.I.D. policy requires each mission to designate a training officer and to prepare and maintain a such a Plan. According to A.I.D. Handbook 10, Chapter 3:

"It is A.I.D. policy that an officer be designated in each A.I.D. mission to oversee management of the participant training portfolio and the preparation and maintenance of the Country Training Plan."

Supplement 3A of Handbook 10, further states:

"The Country Training Plan should describe both participant (U.S. and third country training) and in-country training activities."

The purpose of a training plan is to assist missions by providing information about training needs and resources in priority development areas. The primary benefits of such a plan are to integrate long-term training activities, to better target the training needs of the host country, and to promote more effective use of financial and human resources through more efficient management of trainees and training resources.

Although the primary focus of O/AID/REP's Cross-Border program was human capital development, O/AID/REP did not appoint a training officer or prepare a Country Training Plan. Seven of the eleven active projects included training components. Approximately \$43.8 million has been expended (\$55.7 million obligated) through these seven projects as of September 30, 1992, with one project alone, the Education Sector Support Project, expending \$33 million. This project started in August 1986, and had three purposes: to maintain and improve rural primary schools and literacy training; to train Afghans in basic skills for employment and primary and secondary education; and to train Afghans in the United States. However, O/AID/REP did not have a Country Training Plan that identified the priority training needs or integrated long-term training activities for this project.

O/AID/REP officials said that the amount of funds spent for training may decrease in the future years because of budget decreases in the Afghan program and that training may become a larger percent of the total budget. O/AID/REP said that a project officer would be appointed to coordinate training activities and that a Country Training Plan would be developed to identify critical training needs.

Management Comments and Our Evaluation

O/AID/REP officials concurred with the finding and recommendation. The Chief of the Human Resources Division was designated as the O/AID/REP Training Officer and assigned the responsibility for preparing a Country Training Plan for Afghanistan. The plan is expected to be completed by July 31, 1993. Based on O/AID/REP's response, the Recommendation No. 1 is resolved; it will be closed upon completion of the Country Training Plan.

Did the A.I.D. Representative for Afghanistan Affairs follow A.I.D. policies and procedures to implement participant training and in-country training?

The A.I.D. Representative for Afghanistan Affairs followed A.I.D. policies and procedures for in-country training but did not follow these policies and procedures for participant training.

We reviewed four contracts to test the implementation of the in-country training program. We found that three of the four contracts were awarded on the basis of full and open competition in accordance with Handbook 1, Supplement 1B, Chapter 12. The scopes of work in the Request for Proposals were complete; the proposals were properly evaluated; the negotiated rates were reviewed by an evaluation committee; and the contracts were signed by the contracting officer and properly authorized by management. A waiver was obtained for the fourth contract, and it was awarded on a non-competitive basis.

We also reviewed four contracts to test the implementation of the participant training program. The O/AID/REP financed participant training for 139 participants in four of the seven training projects. Our review of 13 participants' files indicated that pre-departure medical examinations were given to participants; visas were prepared in accordance with A.I.D. Handbook 10, and the participants were generally satisfied with the pre-departure orientation.

O/AID/REP, however, did not implement other key pre-departure processes for participants in the participant training program. For instance, Project Implementation Orders/Participants were not prepared for all participants; some participants were not given English language tests prior to departure; training forms which outline participants' responsibilities were not signed; and training plans and budgets were not prepared for participants. These problem are discussed in more detail below.

Pre-Departure Processing for Participants Was Not Implemented

O/AID/REP did not follow Handbook 10 policies and procedures for pre-departure processing of participants. The Office was unaware of all the requirements for the processing of participants prior to their departure for

training. For instance, the Office was unaware of the requirement that participants receive intensive English language training prior to departure for training in the United States. As a result, English language training was conducted in the United States at an additional cost of about \$238,000, and the actual time available for the technical training was cut short since the participants were scheduled for a total of only one year of training in the U.S.

Recommendation No. 2: For future participants, we recommend that O/AID/REP ensure that:

- 2.1 project Implementation Orders/Participants are prepared for all participants;**
- 2.2 english language tests are administered and participants satisfy the minimum standards for English language scores prior to departure;**
- 2.3 training implementation plans and training budgets are prepared for all long-term participants; and**
- 2.4 participants read and sign the Conditions of Training forms.**

A total of 139 participants were sent to the United States for training at a cost of about \$4.5 million. We reviewed the seven key processes required to send participants for training and found that O/AID/REP did not implement or consistently follow five of the seven processes because the Office was unaware of these requirements.

According to Handbook 10, Chapter 6, all A.I.D.-sponsored participants must be documented by a Project Implementation Order/Participant. However, Project Implementation Order/Participants were not prepared for 12 of the 139 participants. These participants were funded for short-term training under the agricultural and the commodity export projects. For example, in 1990, a participant attended a project design course in Arlington, Virginia that was funded by the agriculture project. Without the Project Implementation Order/Participant, the Office of International Training would not enrol this participant in the health and accident coverage program or list this participant in its information system.

A.I.D. Handbook 10, Chapter 12 requires that all participants, prior to departure for training in the United States, demonstrate a level of English

language proficiency at or above A.I.D. minimum TOEFL (Teaching of English as a Foreign Language) scores of 500 for academic training and 450 for technical training. Missions that arrange for English language training in the United States are to ensure this training is a supplement to, and not a substitute for, intensive English language training in the host country.

O/AID/REP did not however, provide English language training or testing for the first two groups of participants (42 participants or 40 percent of all participants) prior to their departure for training in the United States. Instead English language training and testing for these 42 participants was provided at the University of Nebraska at Omaha. Even after this training was completed, the contractor said that the average score of these participants was about 443, which is less than the 450 minimum score required by A.I.D. for technical training.

According to information provided to O/AID/REP by the contractor, the estimated additional cost to provide English language training in the United States was \$1,415 per month per participant. Assuming an average period of 4 months² in English language training, the total **additional** cost for these 42 participants was \$238,000. Because O/AID/REP did not obtain academic records for the participants (see page 19), the amount of time each participant actually spent learning English in the United States viz. studying in their technical area could not be determined. Since the training was limited to one year, up to one-third of their training may have been spent learning English instead of receiving technical training.

In addition, participant training cost estimates were not prepared by the Office for individual participants. Handbook 10, Chapter 10 recommends that work sheets be used. This work sheet identifies all the cost elements associated with the participant training program and assists in identifying the cost of the training program. The only cost data that was prepared by the contractor was a lump sum amount (generally \$15,000) on the Project Implementation Order/Participant. This cost data did not contain any of the cost elements, did not reflect anticipated cost, and was not realistic. For example, the estimated cost of one participant who attended a college in Georgia was reported as the lump sum amount of \$15,000. But the contractor's records showed that the total cost for this participant was

² The four months is based upon the average time the Afghan Scholarship Program III participants spent at English language training in Pakistan.

\$25,424, including tuition, typing services, books, health insurance and living allowance.

Individual training plans were not prepared by the Office for participants prior to their departure for training. According to Handbook 10, Chapter 9, Training Implementation Plans are to be prepared for every participant and should describe the program to be followed by the participant. Its purpose is to provide clarity and detail of the training objectives of the participant. Without this plan, trainees can get misdirected. For example, one of the participants interviewed expected to attend the Public Health program, but the University placed him in the Public Administration program.

Finally, A.I.D. policy (Handbook 10, Chapter 18) states that participants must be advised of the conditions of training and their responsibilities and then sign the Conditions of Training form. Among the various conditions and responsibilities specified are agreements by the participants not to seek extensions of their program and to utilize their training acquired for the benefit of their country. Based upon our review of the 13 participant files at the contractor offices and the O/AID/REP, only four signed Conditions of Training forms were found. The Conditions of Training forms were missing for the other nine participants. For example, a Training of Condition form was not found for one participant who was originally scheduled for one year of training starting in January 1990. However, in October 1992 (34 months later), this participant requested a further extension through May 1993 to pursue a second degree program.

The Office did not fully implement or follow five of the seven key policies and procedures for processing departing participants because the responsible O/AID/REP officials were unaware of all the requirements. If the Office decides to fund any new participants, it should follow the policies and procedures in A.I.D. Handbook 10 or obtain the necessary waivers.

Management Comments and Our Evaluation

O/AID/REP officials generally concurred with the finding and recommendations. A Mission Order was issued to reinforce A.I.D. Handbook 10 requirements to: (1) prepare participant implementation orders/participants for all participants; (2) prepare training implementation plans; and (3) ensure that participants read and sign the conditions of training form.

Official, however, did not fully agree with one point that relates to the 42 participants that were not tested prior to departure. O/AID/REP Officials stated that it was a conscious decision to send the participant to the U.S. despite the language deficiencies. The Officials wanted to start the program and launch the participants as quickly as possible because of the perception that Afghanistan, when regained by the Afghans, might become overly dependent on people trained in the Soviet Union. Based on this information O/AID/REP officials requested that we eliminate recommendation 2.2 and adjust the draft report because the participants were tested and justification was provided for sending the participants to the U.S.

Although there may have been justification for sending the participants that did not reach the *A.I.D. minimum acceptable call forward score of 450 for technical training*, O/AID/REP did not obtain a waiver from the Director of the Office of International Training as required by A.I.D. Handbook 10. According to Chapter 36 of the Handbook, deviations from policy, requirements, procedures or allowances must be approved by the Director of the Office of International Training. However, since the new Mission Order addresses this issue for future participants, this issue is resolved and closed.

Based on O/AID/REP's response, Recommendation No. 2 is closed upon issuance of this report.

Did the A.I.D. Representative for Afghanistan Affairs follow A.I.D. policies and procedures in monitoring and evaluating training?

The A.I.D. Representative for Afghanistan Affairs did not follow all A.I.D. policies and procedures for monitoring and evaluating training.

All U.S. citizens, including contractors employed by O/AID/REP, are prohibited from entering Afghanistan unless special permission is obtained from the Ambassador and the Department of State in Washington. The political situation in Afghanistan is such that the physical safety of U.S. citizens can not be guaranteed. Therefore, the project officers cannot personally monitor the training activities funded by A.I.D. inside Afghanistan.

O/AID/REP did follow A.I.D. procedures to report participants who did not return from overseas training. Fourteen out of 139 participants, or 10 percent of the total number failed to return to Afghanistan after training in the U.S., and the contractor subsequently informed the Office of International Training. In two cases, the contractor conferred with the Regional Immigration and Naturalization Service office about two participants who had filed petitions for asylum in the U.S.

In 1990, O/AID/REP established a Data Collection and Analysis Group. This group consists of Afghans who regularly enter Afghanistan to perform monitoring activities for A.I.D.-funded projects. In the education sector, the Data Collection and Analysis Group visited the A.I.D.-funded schools to ensure that the schools exist and to verify the number of teachers. In addition, the project officers perform some qualitative monitoring of training in Pakistan in accordance with A.I.D. Handbook 3, Chapter 11, "Project Monitoring"; by visiting sites, reviewing the contractors' periodic reports; and by scheduling and conducting project evaluations.

The photographs on the following page were taken by Data Collection and Analysis Group during one of their site visits.



The teacher of this primary school in Logar province, Afghanistan is paid with A.I.D. funds.



These A.I.D.-funded books were designated for schools in the Charkh district of Afghanistan, but were found undelivered and unused.

O/AID/REP, however, did not systematically track evaluation recommendations to determine whether these recommendations were implemented. Also, O/AID/REP did not monitor the academic progress of participant trainees or implement a participant follow-up program. These three problems are discussed below.

O/AID/REP Did Not Systematically Track or Follow-Up on Evaluation Recommendations

The O/AID/REP did not establish a formal system to identify and document actions taken on evaluation recommendations as required by A.I.D. Handbook policies and procedures. The Program Office informally followed up on evaluation recommendations with project officers but did not document which recommendations were subsequently implemented. Consequently, there was insufficient assurance that all evaluation recommendations were followed-up and fully implemented.

Recommendation No. 3: We recommend that O/AID/REP:

- 3.1 document its response to all evaluation recommendations, indicating the reasons why evaluation recommendations were accepted or rejected; and**
- 3.2 develop a status report which shows the status of all outstanding evaluation recommendations.**

A.I.D. Handbook 3, Supplement to Chapter 12 "A.I.D. Evaluation Handbook", Section 3.8 states that:

"The Mission or A.I.D./Washington Offices that sponsored the evaluation is required to respond [in the evaluation summary] to the recommendations for action presented in the evaluation report. This response may be complete or partial acceptance of a recommendation, a proposed alternative action that accomplishes the same objective, or rejection of a recommendation. Missions and Offices sponsoring an evaluation are required to establish a system for following up on the decided course of action in response to evaluation recommendations to ensure that these actions are implemented."

The Program Office does not systematically document actionable recommendations or document when the recommendations have been completed. Project evaluation reports are reviewed by O/AID/REP but the decisions resulting from this review are not always documented. Also, the Program Office informally follows-up on the recommendations with project officers, but Program Office officials do not always document the completion of the recommended action.

The interim evaluation of the \$49 million Education Sector Support Project, for example, contained 26 recommendations but only 10 were accepted. The reasons for rejecting the other 16 recommendations were not documented. One of the rejected recommendations was to develop a validation tool to measure the performance of students and teachers supported by the project. However, O/AID/REP did document why this recommendation was not accepted even though this problem of measuring student and teacher performance was identified in a evaluation three years ago.

O/AID/REP officials said that they follow up on the evaluation recommendations in an informed manner but do not always document the completion of the recommendation actions as required by the A.I.D. Handbook. The Office needs to document the acceptance or rejection of evaluation recommendations and to document when the recommended actions have been completed. Without such a system, O/AID/REP does not have sufficient assurance that all evaluation recommendations have been addressed and implemented.

Management Comments and Our Evaluation

O/AID/REP officials concurred with the finding and recommendations. They have appointed an Evaluation Officer who is responsible for developing an evaluation plan, ensuring evaluations are properly performed, and monitoring the resolution and closure of evaluation recommendations. The Evaluation Officer will develop a status report by September 30, 1993 that shows the status of all outstanding evaluation recommendations. Based on O/AID/REP's response, Recommendation No. 3.1 is closed upon issuance of this report. Recommendation 3.2 is resolved and can be closed when the status report has been developed.

O/AID/REP Did Not Monitor the Progress of Participant Trainees

O/AID/REP did not obtain Academic Enrollment and Term Reports for the 105 academic participants, in accordance with A.I.D. policies and

procedures. Instead, officials relied upon the contractor to monitor participants' progress and did not establish procedures to systematically oversee these monitoring activities. This occurred because O/AID/REP officials were not cognizant of the requirements in the A.I.D. Handbook for participant training. By relying on the implementing agency to monitor the participants, the O/AID/REP cannot provide reasonable assurance that \$4.5 million spent on training was used effectively and that training activities progressed as intended.

Recommendation No. 4: We recommend that O/AID/REP establishes procedures to obtain the Academic Enrollment and Term Reports for existing and any future participants in training.

A.I.D. policies require that Missions actively monitor training activities and participants through specific controls. A.I.D. Handbook 10, Chapter 26 on monitoring of participants, Section A, stipulates that:

"It is A.I.D. policy that all training activities and participants attending academic or technical programs be monitored."

Section D further states:

"A.I.D. missions are responsible for monitoring the progress of participants through the use of Academic Term and Enrollment Reports and other communications from contractors. Missions are also responsible for communicating with the appropriate agents in the United States or third country when monitoring information is not provided."

Further, Section E states:

"The Academic Term and Enrollment Report is to be submitted for academic participants at the end of each term. Contractors are responsible for obtaining this report from academic institutions and providing it to A.I.D. missions. Missions should work closely with contractors to identify potential academic problems."

The Academic Term and Enrollment Report provide the project officer with information such as whether participants:

- had taken a full course load;
- had changed their course of study -- or academic subject area;
- had passed their courses, including their cumulative grade point average and a listing of withdrawn failed courses;
- had any other academic problems.

Handbook requirements for the submission of Academic Term and Enrollment Reports are designed not only to provide justification for an extension of a training program, but also to help the project officers identify problems in advance and thereby avoid the need for a training extension.

We reviewed the Education Sector Support project, which accounted for 105 of the 139 participants sent for training. We found that O/AID/REP did not obtain the Academic Term and Enrollment Reports and relied primarily on the contractor to monitor the participants in training. For example, one participant had been in school since December 1989, and O/AID/REP did not obtain any academic reports from the contractor on the participant's progress during the three-year period.

In October 1992, the responsibilities for the participant program were transferred to a new contractor. In November 1992, this contractor provided a brief summary on the status of the current participants to O/AID/REP. However, the Academic Term and Enrollment Reports were still not provided. As a result, the Office lacked sufficient academic history on the participants with which to assess the validity of their requests for training extensions.

Although the Office may choose to delegate certain monitoring responsibilities to the implementing agency, the Office is still responsible for overseeing the effective use of A.I.D. funds. To meet this responsibility, the O/AID/REP should request the contractor to provide the Academic and Term Enrollment Reports for each participant in training. With these reports, the O/AID/REP can more effectively oversee the contractor's monitoring activities and have assurance that the \$4.5 million provided for participants is being used effectively.

Management Comments and Our Evaluation

O/AID/REP officials concurred with the finding and recommendation. They have established procedures and are now receiving the Academic Enrollment and Term Reports from the programming agents. Based on O/AID/REP response, Recommendation No. 4 is closed upon issuance of this report.

O/AID/REP Did not Implement A Participant Follow-Up Program

O/AID/REP did not implement follow-up activities for participants in accordance with A.I.D. policies and procedures. This occurred because officials were not aware of the various requirements to implement a follow-up program and instead relied on the contractor for follow up activities. Without such a program, the impact of the \$4.5 million participant training program could not be assessed nor was there adequate assurance that proper use was made of the training received.

Recommendation No. 5: We recommend that O/AID/REP:

- 5.1 designate a Follow-up Officer to develop a follow-up program;**
- 5.2 establish and maintain a database to track and monitor participants;**
- 5.3 establish a system to send questionnaires to the participants after they return from training and to follow-up on participant questionnaires which are not returned; and,**
- 5.4 submit the Returned Participant Follow-up Activities Report to the Office of International Training.**

A.I.D.'s policy for the follow-up of participants who have returned from academic training in the United States or third countries is clearly enumerated in A.I.D. Handbook 10, Chapter 35 "Follow-Up". Section A of this chapter stipulates that:

"...projects with participant training contain additional specific funding for appropriate continuing education and follow-up activities on the participants' return.

...every A.I.D. Mission, in collaboration with the host country, provide general follow-up activities to returned A.I.D. participants and maintain and update records for a minimum of three years on former participants who were trained for periods of three months or longer. Certificates of Achievement, however, are to be awarded to all returned participants, no matter how short the training, in a forum that allows appropriate public recognition.

...follow-up activities are to encourage friendship and understanding between the United States and other countries by contributing to broaden the returned participants' knowledge about the United States, its people, institutions, culture and American goods and services."

Additionally, the Handbook states that Mission Directors are to assign a Mission employee as follow-up officer; ensure that "Certificates of Achievement" award ceremonies are held; and approve the Returned Participant Follow-Up Activities Report. The Handbook states that follow-up activities are to assist all returned participants to utilize, reinforce, extend, and transmit to others the technical and managerial knowledge obtained and to promote friendship and understanding between the United States and the host country. Also, A.I.D. follow-up procedures require missions to obtain two questionnaires from each participant after he returns from overseas training. Missions should use these questionnaires to evaluate the participant training program and to make corrections and improvements in it.

Further, A.I.D. Handbook 10, Chapter 34 "Evaluation" outlines procedures for evaluating the participant training program:

"It is A.I.D. policy that information be systematically collected to assess and describe the value of the Participant Training Program and that the Participant Training Program be evaluated regularly using data largely generated by and readily available from the mission's Participant Training Management System or other mission and/or A.I.D./W project information systems.

It is A.I.D. policy that information collected be used for ongoing monitoring and evaluation of the mission participant training projects and projects with participant training components so as to make adjustments and improvements as needed in the management and implementation of such projects or components."

Although 86 participants sent to the United States for training have returned, a follow-up program to evaluate the \$4.5 million participant training program was not implemented by O/AID/REP. We randomly selected nine of the 86 returned participants who had received long-term training and interviewed them to determine to what extent, if any, O/AID/REP had involved them in follow-up activities. Two of the participants had returned in 1989, three in 1990, three in 1991, and one in 1992; A.I.D. had paid about \$183,000 for their training. The participants said that they had no contact whatsoever with O/AID/REP.

We determined that O/AID/REP did not: (1) designate a Follow-up Officer for participants after their training was completed; (2) establish a data base to track and monitor participants; (3) send follow-up questionnaires to the participants after their return from training; or (4) submit the "Returned Participant Follow-up Activities Report" to the Office of International Training. O/AID/REP officials said that they relied on the contractor to follow-up on returned participants. However, we found that the only follow-up undertaken by the contractor was to maintain a list of returned participants and their current position.

Without a proper follow-up program for returned participants, O/AID/REP cannot obtain the information necessary to perform ongoing evaluations of the participant training program and to make the necessary adjustments. In fact, since the contractor is the primary contact with the participants, the goodwill gained for the United States through this aid program may be lost because O/AID/REP did not contact the returned participants. Thus, it is important that O/AID/REP establish and maintain a follow-up program.

Management Comments and Our Evaluation

O/AID/REP officials concurred with part of the finding and two of the recommendations. For Recommendation Nos. 5.1 and 5.2, O/AID/REP designated a Follow-up Officer to establish and maintain an automated data base to monitor and track participants.

Officials believed, however, that sending questionnaires (Recommendation No. 5.3) to returned participants, was not practicable and should be eliminated because Afghanistan lacked a postal service infrastructure. The officials indicated that alternative measures such as telephone inquiries and assistance in job placement would substitute for the questionnaire. We agree that it is difficult to send follow-up questionnaires into Afghanistan using the current postal system. However, the purpose of the recommendation is to ensure that the data obtained by these questionnaires are used to evaluate the effectiveness of the participant program. The indicated alternative measures do not provide the information necessary to evaluate effectiveness. The questionnaires which do provide this information could be completed during any of the participants' contact with the contractor. The questionnaires do not need to be mailed; therefore, we believe that this recommendation is valid.

As for Recommendation No 5.4, O/AID/REP officials believed that they had no responsibility for preparing and submitting a Returned Participant Follow-up Activities Report to A.I.D./Washington unless specifically requested by A.I.D./Washington. However, Handbook 10, Chapter 35 clearly states that Follow-up Officers are required to submit the Returned Participants Follow-up Activities Report to A.I.D./Washington by December 31 each year. Therefore, we believe this finding and recommendation is also valid.

Based on O/AID/REP's response, Recommendation Nos. 5.1 and 5.2 are closed upon issuance of this report. Recommendation Nos. 5.3 and 5.4 are unresolved. Recommendation No. 5.3 can be resolved when O/AID/REP establishes a system to obtain data from returned participants so that the effectiveness of the participant program can be evaluated. Recommendations No. 5.4 can be resolved when O/AID/REP and the IG agree that Returned Participant Follow-up Activities Reports should be submitted to A.I.D./Washington each year. These two recommendations can be closed when actions eventually agreed on are completed.

Did the A.I.D. Representative for Afghanistan Affairs Obligate, Spend, and Account For training funds in compliance with A.I.D. policies and procedures and applicable laws and regulations?

The A.I.D. Representative for Afghanistan Affairs obligated, spent and accounted for training funds in compliance with A.I.D. policies and procedures and applicable laws except for approval of advances greater than 30 days.

A judgmental sample of 10 transactions out of 46, totalling approximately \$17.2 million, disclosed that (1) funds were obligated and committed properly, (2) obligation and commitment documents were signed by authorized officials and (3) commitments were not made after the project assistance completion date as required by A.I.D. Handbook 19 (Chapter 2C and 2G), 31 USC 1501, and the Controller's Handbook Chapter 13. In addition, a judgmental sample of vouchers prepared by two contractors showed that the vouchers were accurate and reasonable, and that charges were supported by documentation.

Our review of nine judgmentally-selected advances out of 54 disclosed that advances to the profit-making organization were for program expenses only and that advances to the non-profit organization were supported by past experience. The advances were extended to these organizations in accordance with A.I.D. Handbook 1, Supplement B, Chapter 15B. However, our review also disclosed that advances which were for periods longer than 30 days were not approved by the A.I.D. Representative. This finding is discussed below.

Advances Exceeding 30 Days Were Not Approved by the A.I.D. Representative

Contrary to A.I.D. policy, advances for periods longer than 30 days did not have the required approval of the AID/REP. The approvals were not obtained because O/AID/REP officials were unaware of this requirement. As a result, the control for approving advances was circumvented.

Recommendation No. 6: We recommend that O/AID/REP implement procedures to ensure that appropriate approvals are obtained for advances.

We judgmentally selected four of the 24 advances from the Subsidiary Advance Ledger dated November 16, 1992. Three of the four advances were for periods greater than 30 days, and were not approved by management as required by A.I.D. policy. The three advances were for periods of two months each and were to cover estimated expenses totalling \$1.7 million.

A.I.D. Financial Management Bulletin No. 2, Part III and A.I.D. Handbook 1, Supplement B, Chapter 15, paragraph B1c both state that:

"The advance shall be limited to the minimum amount needed for immediate disbursing needs, i.e. up to 30 days from date received until expended. The advance period may be extended up to 90 days when the approving official, with the concurrence of the Controller servicing that official, has made a written determination that implementation will be interrupted or impeded by applying the 30-day limit."

O/AID/REP Officials did not obtain the required approval to extend the advances beyond 30 days because they were not aware of the requirements. However, after we brought it to their attention, they agreed to establish procedures to obtain proper approvals for all advances over 30 days. These proposed procedures (1) require the A.I.D. Representative to approve all advances exceeding 30 days and (2) state that advances for periods over 90 days will not be approved.

Management Comments and Our Evaluation

O/AID/REP concurred with the finding and issued a Mission Order to implement this recommendation. Based on O/AID/REP response, Recommendation No. 6 is closed upon issuance of this report.

SCOPE AND METHODOLOGY

Scope

We audited O/AID/REP's controls over participant and in-country training for the Afghanistan cross-border program in accordance with generally accepted government auditing standards. Our audit tests were designed to provide reasonable assurance that the answers to the audit objectives were valid. We also included steps to detect abuse or illegal acts which could affect the audit objectives. The A.I.D./Representative for Afghanistan Affairs provided written representations that we considered essential to confirming our conclusions on the audit objectives and to assessing internal controls and compliance. These written representations have been included as part of the Mission comments attached to this report as Appendix II.

The audit was made from September 24, 1992 through December 15, 1992 and covered the systems and procedures relating to participant and in-country training. We did our field work in the Offices of the A.I.D. Representative for Afghanistan Affairs in Islamabad, Pakistan and Peshawar, Pakistan and at six private voluntary organizations located in Peshawar, Pakistan. Training components of these seven projects had cumulative obligations and expenditures, as of September 30, 1992, of approximately \$55.7 million and \$43.8 million, respectively.

The audit did not assess:

- project expenditures and activities within Afghanistan because of travel restrictions; and,
- participant records located at contractors in the United States.

Methodology

To determine what happened to the money and whether it did any good, we classified the relevant internal control policies and procedures for this objective into the project design process. We analyzed contractor and A.I.D./REP reports to determine how the funds were spent and to identify the outputs resulting from these expenditures. We reviewed four of the seven training projects valued at \$155.2 million to determine whether the design documents complied with A.I.D. policies and procedures.

To answer the planning objective, we evaluated O/AID/REP controls against criteria established in A.I.D. Handbooks 3, 5, and 10. We classified the relevant internal control policies and procedures for this objective into the Country Training Plan. We discussed and analyzed the Country Training Plan and project planning documents with Project Officers.

To answer the implementation objective, we evaluated O/AID/REP controls against criteria established in A.I.D. Handbooks 1, 3 and 10. We classified the internal control policies and procedures into the following categories:

- training needs assessment and participant selection;
- training implementation plans and budget work sheet development;
- pre-departure preparation;
- contract selection; and,
- contract award.

We selected an interval random sample of 13 of the total 139 participant and reviewed O/AID/REP and contractor records required to select and process participants. We judgmentally selected four contracts and analyzed the contracting selection and contract award process.

To answer the monitoring objective, we evaluated O/AID/REP controls against criteria established in A.I.D. Handbooks 3 and 10. We classified the internal control policies and procedures into the following categories:

- monitoring;
- evaluation; and,
- post training follow-up.

We interviewed nine randomly selected returned participants. We analyzed O/AID/REP and contractor records relating to the monitoring, evaluation and follow-up for participants. For in-country training, we visited four training sites, and analyzed and discussed relevant reports and records with A.I.D./REP and contractor officials.

To answer the accounting objective, we evaluated O/AID/REP payment and funding controls against criteria established in A.I.D. Handbooks 1, 3, and 19, the Controller's Handbook, and Title 31, Section 1501 (a) of the United States Code. We classified the relevant internal control policies and procedures for this objective into funds control and payment procedures. We relied on the work of the audit of Grants and Cooperative Agreements (see Audit Report No. 5-306-93-9) to test A.I.D./REP payment controls. However, we selected one month of payment vouchers from two contractors to test validity of the contractor expenditures. We judgmentally selected nine advances for two contractors to test A.I.D./REP controls for advance payments to contractors. In addition, we judgmentally selected ten transactions totaling \$17.2 million to test O/AID/REP controls for obligation and commitment of funds.

23



UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT
OFFICE OF THE AID REPRESENTATIVE

American Embassy
Islamabad, Pakistan

June 7, 1993

James B. Durnil
Regional Inspector General for Audits/Singapore
#17-03/06 Peninsula Plaza
111, North Bridge Road
Singapore 0617

Subject: Draft Audit Report on the Audit of AID/REP For
Afghanistan Affairs' Controls Over Training For The
Afghanistan Cross-Border Program

Dear Jim:

We have completed the review of the subject RIG/A/S draft audit report and are providing our responses on the attachments. Based upon the Mission responses and USAID/Washington directive and guidelines on the subject of Afghanistan Strategy - March 1993 as reported in State 115347 dated April 15, 1993, I believe most of the recommendations should be considered for closure at the time of final report issuance.

The Representation Letter was sent to you on May 20, 1993.

Sincerely

A handwritten signature in black ink, appearing to read "M. S. Ward", is written over the word "Sincerely". The signature is fluid and cursive.

Mark S. Ward
A.I.D. Representative (A)

Enc: As stated

AID/REP FOR AFGHANISTAN
Mission Response to Draft Audit Report on
Audit of AID/REP For Afghanistan Affairs' Controls Over Training
For The Afghanistan Cross-Border Program

AUDIT OBJECTIVE: What happened to the money that the A.I.D./ Representative for Afghanistan Affairs provided for training and did it achieve its intended purpose ?

RIG/A/S COMMENTS:

The draft audit report (Page 8) stated "Since the problems discussed in the Grants and Cooperative Agreements audit report typified the situation in the entire program, we recommended in the above mentioned report that O/A.I.D./REP and AA/ASIA: (1) assess the continued viability of the Afghanistan cross-border program, as currently designed and implemented, and make a determination on the most effective use of the unexpended \$46 million; (2) determine whether the use of the abbreviated project approval methods and waiver of end-use checks, as authorized under the authority of the "notwithstanding" provisions, is still relevant under the current post-war conditions; and (3) clearly define project objectives, establish performance indicators and use standard A.I.D. Handbook procedures for all future efforts. Therefore, we are not making the same recommendations in this report."

AUDIT OBJECTIVE: Did the A.I.D. Representative for Afghanistan Affairs follow A.I.D. procedures in planning for training?

RECOMMENDATION NO. 1: We recommend that the A.I.D. Representative for Afghanistan Affairs designate a training officer and prepare a Country Training Plan to identify priority training areas.

MISSION RESPONSE:

1. O/AID/REP concurs with the recommendation and has issued a Participant Training Mission Order on March 3, 1993, which designates the Chief of the Human Resource Development (HRD) Division as the O/AID/REP Training Officer (Attachment A Section III-D). The Mission Order also assigned responsibility for the development of the Country Training Plan to the HRD Division (Attachment A Section IV-A). The actual preparation of the draft Country Training plan will be

done by the Academy for Educational Development (AED), for review and adoption by the Training Officer. A contract amendment is currently being negotiated with AED, which includes the preparation of the Country Training Plan in the Statement of Work (Attachment B Section IV-E). The amendment is expected to be signed by June 30, 1993 and the initial Country Training Plan is expected to be completed by July 31, 1993. Based on these actions we request you close this recommendation.

AUDIT OBJECTIVE: Did the A.I.D. Representative for Afghanistan Affairs follow A.I.D. policies and procedures to implement participant training and in-country training?

RECOMMENDATION NO. 2: For future participants, we recommend that the O/A.I.D./REP take steps to ensure that:

2.1 Project Implementation Orders/Participants are prepared for all participants;

2.2 English language tests are administered and participants satisfy the minimum standards for English language scores prior to departure;

2.3 Training implementation plans and training budgets are prepared for all long-term participants; and

2.4 Participants read and sign the Conditions of Training forms.

MISSION RESPONSE:

2 O/AID/REP generally concurs with this recommendation and has issued a Participant Training Mission Order, which assigns the HRD Division the responsibility for all participant training. The Mission Order also outlines the documentation to be completed for all O/AID/REP Fellows and Associates (Attachment A Sections III-B, IV and VI-B). Currently O/AID/REP has no plans to fund any new participants.

2.1 The Participant Training Mission Order outlines the procedures for preparing and processing Project Implementation Orders/Participants (Attachment A Section VI-B-3). Based on this action we request you close this recommendation.

2.2 The Participant Training Mission Order outlines the requirements for english language training (Attachment A Section VI-B-1). However, the 42 participants cited in the draft audit report were tested prior to departure and it was

a conscious decision to send the participants to the U.S. despite the language deficiencies. O/AID/REP wanted to start the program and launch the participants as quickly as possible because of the perception that Afghanistan, when regained by the Afghans, might become overly dependent on people trained in the Soviet Union (Attachment C Page 1). Based on this information we request that you eliminate this recommendation and adjust the draft report accordingly. The participants were tested and justification was provided by the contractor, the University of Nebraska - Omaha, pursuant to the contract, for sending the participants to the U.S.

- 2.3 The Participant Training Mission Order outlines the requirements related to the Training Implementation Plan for each participant (Attachment A Section VI-B-4). Based on this action we request you close this recommendation.
- 2.4 The Participant Training Mission Order outlines the requirements related to the Conditions of Training Agreement (Attachment A Section VI-B-5). Copies of the Conditions of Training Agreements for the Weber Scholar students are attached to show that in most cases the forms were obtained (Attachment D). Based on this action we request you close this recommendation.

AUDIT OBJECTIVE: Did the A.I.D. Representative for Afghanistan Affairs follow A.I.D. policies and procedures in monitoring and evaluating training?

RECOMMENDATION NO. 3: We recommend that the O/A.I.D./REP:

- 3.1 Document the response to all evaluation recommendations, indicating the reasons why evaluation recommendations were accepted or rejected; and
- 3.2 Develop a status report which shows the status of all outstanding evaluation recommendations.

MISSION RESPONSE:

3. O/AID/REP concurs with this recommendation and has appointed an Evaluation Officer who is responsible for developing an evaluation plan, ensuring evaluations are properly performed, and monitoring the resolution and closure of the recommendations (Attachment E). The Evaluation Officer is expected to establish an evaluation plan by September 30, 1993.

37

- 3.1 The Evaluation Officer is responsible for ensuring the justification for rejecting or accepting each recommendation on the Project Evaluation Summary. The information from this form will be incorporated into a combined USAID/Pakistan tracking system which is fully functioning at this time. Based on this action we request you close this recommendation.
- 3.2 The Evaluation Officer will develop a status report on an annual basis that shows the status of all outstanding evaluation recommendations by September 30 of each year. Based on this action we request that you classify this recommendation as resolved.

RECOMMENDATION NO. 4: We recommend that the O/A.I.D./REP establish procedures to obtain the Academic Enrollment and Term Reports for the existing and any future participants in training.

MISSION RESPONSE:

4. O/AID/REP concurs with this recommendation and has issued a Participant Training Mission Order, which requires the programming agent to forward the Academic Enrollment and Term Reports to O/AID/REP. The Academy for Educational Development (AED), the programming agent, forwarded the Academic Enrollment and Term Reports to O/AID/REP for the fall 1992 term. AED advised O/AID/REP that they will continue to forward the reports to O/AID/REP as they become available (Attachment F). Based on this action we request you close this recommendation.

RECOMMENDATION NO. 5: We recommend that the O/A.I.D./REP:

- 5.1 Designate a Follow-up Officer to develop a follow-up program;
- 5.2 Establish and maintain a data base to track and monitor participants;
- 5.3 Establish a system to send questionnaires to the participants after they return from training and to follow-up on participant questionnaires which are not returned; and
- 5.4 Submit the Returned Participant Follow-up Activities Report to the Office of International Training.

MISSION RESPONSE:

- 5.1 O/AID/REP concurs with the recommendation and has issued a Participant Training Mission Order, which assigns the

responsibility for follow-up to the HRD Division Training Officer (Attachment A Section IV-I). Based on this action we request you close this recommendation.

- 5.2 O/AID/REP concurs with the recommendation and has issued a Participant Training Mission Order, which assigns the responsibility for establishing and maintaining an automated data base of participants to the HRD Division (Attachment A Section IV-H). The actual monitoring and follow-up of participants will be done by the Academy for Educational Development, with regular reports to the HRD Division. A contract amendment is currently being negotiated with AED, which will include post-training follow-up of participants (Attachment B Section IV-D). The amendment is expected to be signed by June 30, 1993. Previously the University of Nebraska at Omaha and Management Sciences for Health maintained data bases on participants (Attachment G). Based on these actions we request you close this recommendation.
- 5.3 O/AID/REP has issued a Participant Training Mission Order, which assigns the responsibility for maintaining contact with returned participants and carrying out follow-up activities to the HRD Division (Attachment A Section IV-I). The actual follow-up activities will be done by the Academy for Educational Development, with regular reports to the HRD Division. A contract amendment is currently being negotiated with AED, which will include post-training follow-up of participants (Attachment B Section IV-D). The amendment is expected to be signed by June 30, 1993.

Because of the cross-border nature of the program and lack of any postal service infrastructure, the sending of questionnaires is not always possible. Previously follow-up was based on telephone inquiry and personal contacts conducted by the contractors. The participants had regular contacts with the contractor including a debriefing upon their return, filing of a final report, assistance in job placement, and follow-up assistance. These activities were regularly reported in the contractors' reports (Attachment C Page 3 and Attachment G). Because of the difficulties in sending questionnaires and the alternate measures employed by O/AID/REP we request that you eliminate this recommendation and adjust the draft report accordingly.

- 5.4 The Returned Participant Follow-Up Activities Report is sent to the Mission by USAID/W, completed by the Mission and returned to USAID/W. O/AID/REP has never received the report from USAID/W but will complete and return the report when it is received from USAID/W. Because USAID/W has not requested O/AID/REP to complete this report we request you eliminate this recommendation and adjust the report accordingly.

AUDIT OBJECTIVE: Did the A.I.D. Representative for Afghanistan Affairs obligate, spend, and account for training funds in compliance with A.I.D policies and procedures and applicable laws and regulations?

RECOMMENDATION NO. 6: We recommend that O/A.I.D./REP implement procedures to ensure that appropriate approvals are obtained for advances.

MISSION RESPONSE:

6. O/AID/REP concurs with the recommendation and issued a Mission Order on Advances to Contractors, Grantees, and Cooperators by Treasury Check (Attachment H). Advances in excess of thirty days have been justified and approved by the AID/REP (Attachment I). Based on these actions we request you close this recommendation.



APPENDIX II
PAGE 8 OF 10
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

OFFICE OF THE AID REPRESENTATIVE

American Embassy
Islamabad, Pakistan

May 20, 1993

Mr. James B. Durnil
Regional Inspector General for Audit/Singapore
U.S. Agency for International Development

Dear Mr. Durnil:

You have asked that the Office of the A.I.D. Representative for Afghanistan Affairs (O/AID/Rep) provide a Representation Letter in connection with your audit of controls over training for the Afghanistan Cross-Border Program administered by the O/AID/Rep. Your staff has informed us that the audit covered the Mission's participants training and in-country training activities under seven projects that were active as of September 30, 1992, and accounted for obligations and expenditures of \$55.7 million and \$43.7 million, respectively, for training. The audit was made to answer four audit objectives:

1. Did the O/AID/Rep follow A.I.D. procedures to plan for training?
2. Did the O/AID/Rep follow A.I.D. policies and procedures to implement training?
3. Did the O/AID/Rep follow A.I.D. policies and procedures to monitor training?
4. Did the O/AID/Rep obligate, spend, and account for training funds to comply with A.I.D. policies and procedures and applicable laws and regulations?

I have been assigned as the A.I.D. Representative for Afghanistan Affairs since January 1993 and accordingly was not personally involved before that time with the implementation of the activities audited. Since my assignment as A.I.D. Representative, my Controller and education sector Project Officer have briefed me on certain matters pertaining to training activities covered by the audit, and concurred in writing with the representations which follow. Please note, however, the education sector Project Officer for the O/AID/Rep joined the program on April 19, 1992. I have also been advised that we rely heavily on the accounting system and internal controls under the control of USAID/Pakistan because we are co-located with that Mission. (I took over as Director of USAID/Pakistan in August 1992.)

Except as conditioned by the foregoing, I confirm the following representations with respect to those aspects of the audited

- 76

training activities that were under the full control of this Mission.

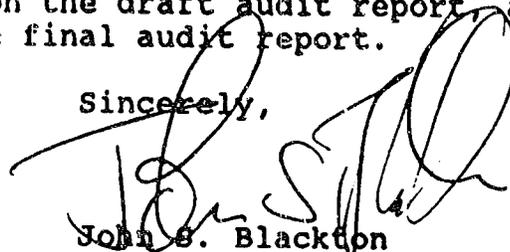
1. For the training activities during the audit period, the O/AID/Rep is responsible for (a) the internal control system; (b) compliance with applicable U.S. laws and regulations, and terms of grant and cooperative agreements; and (c) the fairness and accuracy of the accounting management information.
2. To the best of my knowledge and belief, the O/AID/Rep has made available all records relating to the activities audited which your auditors requested and provided access to all other records.
3. To the best of my knowledge and belief, those records are accurate and complete and give a fair representation as to the status of the activities audited, except to the extent that some records were intentionally destroyed by Embassy security officers during the Gulf War evacuation of this Post in 1991.
4. To the best of my knowledge and belief, the O/AID/Rep has disclosed all known irregularities related to the training activities under audit (that we consider substantive) involving Mission employees with internal control responsibilities or other organizations responsible for management of the training activities. For the purposes of this representation, "irregularities" means instances of intentional noncompliance with applicable laws or regulations and/or intentional misstatements, omissions, or failures to disclose same.
5. To the best of my knowledge and belief, the O/AID/Rep is not aware of any instance (that we consider substantive) where financial or management information directly relating to this audit has not been properly and accurately recorded and reported, other than the findings in the audit report.
6. To the best of my knowledge and belief, the O/AID/Rep is not aware of any instance (other than what has been included in the draft audit report or reported by the Mission during the course of the audit) of noncompliance (that we consider substantive) with A.I.D. policies and procedures or violation of U.S. law or regulation.
7. To the best of my knowledge and belief, the O/AID/Rep is not aware of any instance (other than what has been included in the draft audit report or reported by the Mission during the course of the audit) of noncompliance (that we consider substantive) by the Mission with the

terms of the contracts and training agreements relating to the activities audited.

8. After review of your draft audit report and further consultation with my Controller and Project Officer, to the best of my knowledge and belief, I know of no other facts as of the date of this letter (other than those expressed in the Management Comments to the draft report) that would materially alter the conclusions reached in the draft report.

I request that this Representation Letter be considered part of the official Mission comments on the draft audit report, and be published as an appendix to the final audit report.

Sincerely,



John S. Blackton
A.I.D. Representative

REPORT DISTRIBUTION

	<u>No. of Copies</u>
U.S. Ambassador to the Pakistan	1
A.I.D. Representative for Afghanistan Affairs	5
Assistant Administrator, for Asia Bureau (AA/AB)	1
Pakistan Desk Officer	1
Office of Press Relations (XA/PR)	1
Bureau of Legislative Affairs (LEG)	1
Office of the General Counsel (GC)	1
Associate Administrator for Operations (AA/OPS)	1
Associate Administrator for Finance and Administration (AA/FA)	1
Office of Financial Management (FA/FM)	1
Asia/FPM	1
FA/MCS	2
FA/FM/FPS	2
POL/CDIE/DI, Acquisitions	1
Inspector General (IG)	1
Assistant Inspector General/Audit (AIG/A)	1
Office of Policy, Plans and Oversight (IG/A/PPO)	3
Office of Programs and Systems Audits (IG/A/PSA)	1
Office of Resources Management (IG/RM/C&R)	12
Office of Financial Audits (IG/A/FA)	1
Office of Legal Counsel (IG/LC)	1
Assistant Inspector General for Investigations and Security (AIG/I/SEC)	1
Office of Investigations/Singapore Field Office (IG/I/SFO)	1
RIG/A/Bonn	1
RIG/A/Cairo	1
RIG/A/Dakar	1
RIG/A/EUR/W	1
RIG/A/Nairobi	1
RIG/A/Tegucigalpa	1