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USAID ACQUISITION AND ASSISTANCE

Challenges Remain in Developing and Implementing a Strategic Workforce Plan

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USAID ACQUISITION AND ASSISTANCE

Challenges Remain in Developing and Implementing a Strategic Workforce Plan

Why GAO Did This Study

The U.S. Agency for International Development (USAID) has shifted from conducting its own activities to managing acquisition and assistance (A&A) instruments—contracts, grants, and cooperative agreements—it awards to implementing organizations. From fiscal years 2002 through 2008, USAID's A&A obligations increased from about $5 billion to about $11 billion. A&A staff—contracting officers (COs) and A&A specialists—are primarily responsible for managing A&A instruments. This testimony is based on a September 2008 GAO report that examined USAID's capacity to develop and implement a strategic A&A workforce plan and the extent to which USAID has implemented a mechanism to evaluate its A&A function.

What GAO Recommends

In its September 2008 report, GAO recommended that the Administrator of USAID develop and implement a strategic A&A workforce plan that matches resources to priority needs, such as the evaluation of the A&A function. Specifically, GAO recommended that the plan includes a process to collect, analyze, and maintain sufficiently reliable and up-to-date data on its A&A staff levels, and comprehensive information on the competencies of the A&A staff. USAID acknowledged that improvements are needed in the areas recommended. However, USAID continues to experience challenges with collecting data on A&A staff while working on its competency assessments.

To view the full product, including the scope and methodology, click on GAO-09-607T. For more information, contact Thomas Melito at (202) 512-9601 or melitot@gao.gov.

What GAO Found

USAID lacks the capacity to develop and implement a strategic A&A workforce plan because it is missing two elements: (1) sufficiently reliable and up-to-date data on its overseas A&A staff levels and (2) comprehensive information on the competencies of its overseas A&A staff. Data on the numbers of overseas A&A specialists collected by two USAID offices were unreliable or out of date. GAO found significant discrepancies between these offices' data sets and officials acknowledged that their A&A staff level data are neither reliable nor up-to-date. Also, USAID has not collected comprehensive competency information on its overseas A&A specialists. GAO's model of strategic workforce planning notes the importance of these data in developing a plan that could enable the agency to better match staff levels to changing workloads. During fieldwork at 7 USAID missions, GAO found that the numbers and competencies of A&A staff did not match A&A workloads at some missions. The numbers of A&A staff with the needed competencies were less than adequate at some missions, while at others they were more than adequate. For example, officials at the mission in Mali said they had delayed time-sensitive projects because key A&A staff were not available when needed to approve contracts, while officials at the mission in Peru said the current number of A&A staff may be more than adequate. In GAO's survey administered to USAID A&A staff in headquarters and overseas, most of the survey respondents overseas reported difficulty in altering staffing patterns to meet A&A workloads. USAID's efforts to address its A&A workforce issues do not constitute a strategic A&A workforce plan that takes into account the entire A&A workforce. Without accurate and reliable A&A staff data, USAID does not have adequate information to address current workload imbalances.

USAID has not implemented an evaluation mechanism to provide oversight of its A&A function. The Evaluation Division in the Office of Acquisition and Assistance is responsible for providing this oversight to ensure that A&A operations follow USAID policies, primarily by assessing A&A operations worldwide. In fiscal year 2007, the division developed an evaluation mechanism that combines scorecard evaluations, in which COs self-assess their A&A operations, and onsite visits by division staff to selected locations based on the scorecard results and other factors. The division has completed scorecard evaluations at 4 missions and identified weaknesses in A&A operations. For example, the division found that one mission lacked resources to adequately monitor contractor performance. The division has set a goal of implementing this evaluation mechanism, including on-site visits to 5 missions within a 2-year period. However, according to agency officials, the division did not have the staff level needed to fully implement this evaluation mechanism. The division has increased its staff levels from 4 staff in fiscal year 2008 to 9 staff as of April 2009 and completed two more evaluations. However, USAID officials told us that OAA has not implemented the evaluation mechanism due to other priorities. As a result, USAID cannot certify the adequacy and effectiveness of management controls for the A&A function.

United States Government Accountability Office

April 28, 2009

Madam Chairwoman and Members of the Subcommittee:

I am pleased to be here to discuss the management challenges currently facing the U.S. Agency for International Development (USAID) in developing and implementing a strategic acquisition and assistance (A&A) workforce plan. This hearing is of particular importance given that USAID is primarily responsible for managing U.S. humanitarian and development assistance efforts worldwide, and its total foreign assistance obligations has more than doubled from about $5 billion in fiscal year 2002 to about $11 billion in fiscal year 2008.

Over the last few decades, as the U.S. government has increasingly come to rely on the private sector to perform various functions, USAID has shifted from conducting its own activities to managing A&A instruments, which are awarded to and implemented by nongovernmental organizations. For example, as we noted in previous work, USAID and other government agencies have increasingly relied on contractors in Afghanistan and Iraq to carry out their missions.[1] USAID staff are responsible for monitoring the activities of A&A recipients to provide reasonable assurance that the funds provided are used in accordance with applicable regulations and policies and sound business practices. These staff include contracting officers (CO)—assisted by A&A specialists—who have primary responsibility for managing A&A instruments. In headquarters, these staff are part of USAID's Office of Acquisition and Assistance (OAA); abroad, they are part of USAID's missions. Cognizant technical officers (CTO), who work in USAID functional or geographic bureaus or overseas missions, also design and manage assistance activities. In addition, they share some of the responsibility of managing A&A instruments.

My testimony today is based on a report we issued on September 26, 2008.[2] I will focus on three topics. First, I will discuss USAID's capacity to develop and implement a strategic A&A workforce plan. Second, I will

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[1]GAO, *Contingency Contacting: DOD, State, and USAID Are Taking Actions to Track Contracts and Contractor Personnel in Iraq and Afghanistan*, GAO-09-538T (Washington, D.C.: Apr. 1, 2009).

[2]GAO, *USAID Acquisition and Assistance: Actions Needed to Develop and Implement a Strategic Workforce Plan*, GAO-08-1059 (Washington, D.C.: Sept. 26, 2008).

describe the extent to which USAID has implemented a mechanism to evaluate its A&A function. Finally, I will summarize our recent recommendations regarding the importance of a workforce plan for the A&A function, as well as the actions that USAID has taken in response to our reported findings and recommendations.

In preparing this testimony, we largely relied on our September 2008 report and additional information provided by USAID in April 2009 on the management of USAID's A&A function. To address our objectives, we focused on USAID's administration of the A&A process. We analyzed USAID's documents related to the A&A function; conducted audit work at USAID headquarters in Washington, D.C., as well as at missions in Cambodia, Indonesia, Kazakhstan, the Kyrgyz Republic, Mali, Peru, and Thailand; conducted interviews with USAID and nongovernmental organization officials; and administered a survey to USAID A&A staff in headquarters and overseas, for which we received a response rate of 95 percent—150 respondents out of a total of 158 surveyed. Both our prior and current performance audits were conducted in accordance with generally accepted government auditing standards. These standards require that we plan and perform audits to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings, conclusions, and recommendations based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings, conclusions and recommendations based on our audit objectives.

Background

USAID is headquartered in Washington, D.C., and has field locations in approximately 90 countries to provide economic, development, and humanitarian assistance worldwide in support of U.S. foreign policy goals. USAID's OAA has overall responsibility for the administration of A&A instruments in headquarters. Its A&A staff provide professional advice and technical support to USAID's functional and geographic bureaus for developing and managing A&A instruments. USAID A&A staff at overseas missions provide advice and support to mission staff who design and manage assistance activities; they also have overall responsibility for the administration of A&A instruments at overseas missions. A&A offices are typically headed by a CO who reports to the mission director or deputy mission director. At most bilateral missions, COs are co-located with A&A specialists and CTOs. However, under USAID's regional mission structure, COs often provide A&A support to more than one mission and are not necessarily co-located with either the CTOs or the A&A specialists who assist them. Some missions with no on-site CO may instead have on-site A&A specialists who provide A&A support to CTOs. Within USAID, the

Office of Human Resources (OHR) is the primary office that defines and manages the agency's workforce planning process, including managing the human resources databases and directing the workforce planning program.

USAID's total obligations for A&A instruments more than doubled from about $5 billion in fiscal year 2002 to about $11 billion in fiscal year 2008. Most notably, A&A obligations overseas increased by 600 percent, from about $1 billion in fiscal year 2002 to about $6 billion in fiscal year 2008. In fiscal year 2008, A&A obligations managed by overseas missions made up a little more than half of A&A obligations. USAID's total number of A&A instruments from fiscal years 2002 through 2008 also increased substantially, from about 6,000 to about 13,000. In fiscal year 2008, about 62 percent of the total number of A&A instruments was managed by overseas missions.

USAID Lacks Sufficiently Reliable Human Capital Data Needed for a Strategic A&A Workforce Plan

USAID Lacks Sufficiently Reliable and Up-to-Date Data on A&A Staff Levels

In September 2008, we reported that USAID lacked the capacity to develop and implement an A&A strategic workforce plan because the agency lacked sufficiently reliable and up-to-date overseas A&A staff level data and comprehensive information on the competencies of its A&A staff, who play a critical role in assisting COs and CTOs in overseas missions.[3]

Two offices in USAID collect data on A&A staff levels—the Office of Human Resources (OHR) and the Office of Acquisition and Assistance (OAA). We found that the data collected by OHR was not sufficiently reliable and OHR officials acknowledged that they had concerns about the reliability and accuracy of overseas staffing level data reported by its

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[3]In our April 1, 2009 testimony, we also noted that USAID's ability to make informed resource allocation decisions was impaired by not considering contractor resources when developing an assistance strategy for Afghanistan. GAO-09-538T.

overseas missions. These officials added that misclassification and inaccurate reporting of A&A staff levels may occur because mission staff may not have received adequate guidance for classifying overseas staff positions. Furthermore, OHR officials do not validate or confirm the data they collect from missions nor do they know if overseas missions validate the data before submitting it to OHR, according to these officials.

We also noted that OAA does not systematically track the number of overseas A&A specialists, and its data on overseas A&A staff levels are out of date. According to OAA officials, the office's most recent data on the agency's entire A&A workforce are the result of a fiscal year 2005 survey of all overseas missions to analyze workload and staffing within OAA. While OAA's data are not current, the OHR officials told us that OAA's data may still be more accurate than the data collected by OHR in fiscal year 2005.

Our analysis of OAA's and OHR's separately collected data on overseas A&A staff levels for the end of fiscal year 2005 revealed substantial discrepancies. For example, comparing the two sets of data showed that OAA's reported total overseas A&A staff levels for fiscal year 2005 were more than 78 percent higher than those reported by OHR—OAA reported 264 overseas A&A staff, while OHR reported 148. In addition, we found that, at certain missions, OHR's data showed no A&A specialists, whereas OAA's data indicated several A&A specialists.

Although ready access to the OHR's databases would allow other USAID offices to identify and resolve discrepancies in their staffing data, the offices lack such access. To date, according to OHR officials, OAA has not specifically requested OHR staffing data in order to compare them to its own.

USAID Lacks Comprehensive Information on A&A Staff Competencies

We also reported that USAID has not collected comprehensive information on the competencies—including knowledge, skills, abilities, and experience levels—of its overseas A&A staff. In May 2008, OAA and OHR jointly conducted competency assessments for A&A staff in headquarters and COs in overseas missions. These assessments identified key A&A staff competencies, assessed A&A staff competency levels, and established strategies to reduce skill gaps through recruitment and training. However, USAID has not yet begun similar competency assessments of A&A specialists at overseas locations and, according to OHR officials, USAID will likely not begin implementation until fiscal year 2011 at the earliest. Without sufficiently reliable data on its entire A&A workforce—including

A&A specialists overseas—USAID cannot collect comprehensive competency information; identify gaps in the numbers, skills, and competencies of its A&A workforce; and develop strategies to address them.

USAID Has Not Matched A&A Staff to Workload at Missions We Visited

A possible effect of USAID's lack of reliable and up-to-date data on the level of A&A staffing at its overseas locations is that the numbers and competencies of A&A staff do not match A&A workload. At some missions we visited last year, the numbers of A&A staff with the necessary competencies were considerably less than adequate, while at other missions they were more than adequate, according to mission officials.

Officials at five missions we visited—Thailand, Cambodia, Kazakhstan, the Kyrgyz Republic, and Mali—told us that at times their A&A staff could not provide adequate and timely support, such as providing guidance to CTOs and approving A&A documents, primarily because the numbers of A&A staff with the necessary competencies to manage their workloads were insufficient. We found several such examples, including the following:

- A CO at the regional mission in Thailand said that she sometimes could not address some missions' needs in a timely manner because of competing workload demands. Staff at Cambodia, one of the missions for which the regional mission provides A&A support, told us that at times they have not received adequate A&A support, primarily due to a decline in A&A specialist staff levels as well as the inexperience of the mission's one remaining on-site A&A specialist. The mission director told us that, as a result, she has had to perform tasks that are among A&A staff's responsibilities, such as revising A&A documents.

- The mission director and A&A staff in Kazakhstan—a regional mission responsible for A&A activities at missions in Kazakhstan and four other Central Asian countries that do not have on-site A&A specialists—told us that they could not adequately support A&A activities at those four missions because of a heavy workload and competing demands from other missions in the region. Staff at one such mission, in the Kyrgyz Republic, noted that A&A staff were unavailable when needed to provide more guidance to their less experienced CTOs.

- Officials at the mission in Mali, which received A&A support from COs at the regional mission in Ghana, told us that these remotely located COs were sometimes not available to assist them in meeting their activities'

goals. For example, they said they had delayed time-sensitive seasonal agricultural projects because the CO was not available when needed to approve contracts.

Our survey of A&A staff overseas generally supported these findings from our fieldwork. For example, about 70 percent of A&A respondents overseas reported that it was somewhat or very difficult to alter staffing patterns to meet the demands of changing workloads. Most notably, one respondent reported a disparity between the workload, numbers, and competencies of A&A staff levels at the missions to which she was previously and currently assigned. While the respondent found the workload to be less manageable at her prior mission with inexperienced A&A staff, she found the workload at her current mission more easily manageable because it had more experienced A&A staff.

In contrast, we noted that two missions we visited—Peru and Indonesia—had more than adequate numbers of A&A staff with the necessary competencies to manage their workload. Some staff even indicated to us that these missions may not need all of their assigned COs to adequately manage their A&A work. For example, a CO at the mission in Peru told us that because the mission had so many experienced or competent A&A staff, the A&A workload was more easily managed, and staff even had sufficient time to volunteer the mission as a location for USAID to pilot a new system through which USAID A&A instruments will be awarded.

USAID's Recent Planning Efforts Do Not Comprehensively Address Its Strategic A&A Workforce Planning Needs

USAID has launched some ad hoc attempts to address its A&A workforce issues. However, as the following indicates, these efforts lack critical elements of a strategic A&A workforce plan, particularly comprehensive information on its A&A specialists overseas:

- *Proposal to increase OAA staff levels*. In May 2008, OAA officials proposed to the Management Bureau an increase in staff from 133 to 218 in OAA headquarters. According to Management Bureau officials, OAA has been approved for 154 positions for fiscal year 2008. This proposal only addresses A&A staff levels in headquarters, however, and does not consider A&A staff levels overseas.

- *Development Leadership Initiative.* This agencywide, multiyear effort is intended to recruit U.S. staff to be placed overseas. Under this initiative, USAID plans to hire 120 staff, including 15 COs, in fiscal year 2008. However, this initiative only seeks to increase the levels of overseas COs, not the levels of A&A specialists.

- *A&A Workforce Capability Assessment.* As mentioned earlier, this was a May 2008 effort to identify and assess the competencies of all COs, as well as A&A specialists in headquarters. Competency assessments of A&A specialists overseas are not expected to begin until fiscal year 2011 at the earliest.

- *Workforce planning model.* This agencywide management tool projects the number, type, and location of staff needed to accomplish the agency's mission, based on expectations for future program funds as well as the size and location of overseas missions. However, the model does not incorporate data on either the current A&A staffing levels or the competencies of existing A&A staff.

Effective workforce planning entails that an agency determine the number of staff, and critical competencies of those staff, to achieve the agency's goals.[4] Taken together, these efforts do not constitute a strategic A&A workforce plan that takes into account the entire A&A workforce. USAID has yet to take an integrated approach to develop and implement such a workforce plan.

USAID Has Not Implemented the Evaluation Mechanism of Its A&A Function

USAID has not implemented an evaluation mechanism to provide adequate oversight of its A&A function. OAA's Evaluation Division is responsible for providing this oversight to ensure that A&A operations follow USAID policies, primarily by assessing the agency's A&A operations worldwide. GAO's internal control standards emphasize the importance of evaluations—whether in the form of self-assessments or other means—to ensure an agency's operational effectiveness and compliance with applicable policies. In fiscal year 2007, the Evaluation Division developed an annual scorecard evaluation, intended to be completed by all COs as a self-assessment of their A&A operations. The division was to review the scorecard evaluations and use a risk-based approach to determine locations for further on-site visits. The division has finished piloting the

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[4]GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, GAO-04-39 (Washington, D.C.: Dec. 11, 2003).

scorecard evaluations at four missions and identified weaknesses in A&A operations. For example, the division found that one mission lacked resources to adequately monitor contractor performance. The division has set a goal of implementing the scorecard evaluation and on-site visits to at least 5 missions within a 2-year period. However, agency officials informed us that the Evaluation Division did not have the staff needed to fully implement the evaluation mechanism. In addition, officials told us that the agency lacked a system that contains all the missions' A&A files, which could facilitate the evaluation process. Without implementing the evaluation mechanism it has developed, USAID cannot certify the overall adequacy and effectiveness of management controls for the A&A function.

Conclusions

As USAID increasingly relies on nongovernmental organizations to implement its activities, the agency's responsibility to effectively manage the implemented activities gains in importance. Critical to its success in this area is USAID's management of the A&A function. As the amount of its A&A obligations and the number of A&A instruments continue to increase, especially at overseas missions, USAID should work to ensure that the appropriate number of staff, with the requisite competencies and skills, are available to manage A&A operations. Without sufficiently reliable and up-to-date data on its overseas A&A staff levels and comprehensive information on the competencies of the A&A staff, which are key elements of federal workforce planning models, USAID cannot identify its critical staffing needs and adjust its staffing patterns to meet those needs. In addition, a critical component of USAID's oversight of its A&A operations is the successful implementation of its new evaluation mechanism. The mechanism is designed to ensure that A&A operations follow USAID policies, primarily by assessing A&A operations that manage about $11 billion worldwide. However, until USAID has the capacity to implement the evaluation mechanism, it lacks the ability to ensure that potential weaknesses in the A&A process are quickly identified and corrected.

GAO Recommendations and Agency Response

To address the concerns I have just summarized, we recommended in our September 2008 report that the Administrator of USAID develop and implement a strategic A&A workforce plan that matches resources to priority needs, such as the evaluation of the A&A function. Specifically, we recommended that the strategic A&A workforce plan includes a process to collect, analyze, and maintain (1) sufficiently reliable and up-to-date data on the agency's A&A staff levels and (2) comprehensive information on the competencies of the A&A staff.

USAID informed us that, as of April 2009, USAID continues to experience challenges with collecting information needed to develop a strategic A&A workforce plan. USAID agreed that it needed to put in place a strategic A&A workforce plan that includes all of USAID's A&A staff at overseas missions. OAA has not updated staffing data on its entire A&A workforce since fiscal year 2005; rather, OAA relies on the staffing data collected by OHR. While OHR officials informed us that they have improved guidance to missions for preparing staffing data, they cannot ensure that all missions are accurately capturing these data or that missions have instituted procedures to ensure that the data reported to OHR are reliable. OHR and OAA officials also told us that they have collected competency information for 85 percent of its A&A staff in headquarters and its COs at overseas missions and have established a training schedule for A&A staff to address some competencies. However, OHR and OAA do not expect to begin collecting competency information for A&A specialists overseas until 2011, at the earliest. Under the Development Leadership Initiative, USAID planned to hire 15 COs to be placed overseas. To date, USAID has hired 12 COs who will soon be deployed overseas and it expects to fill the other three positions by the end of fiscal year 2009. Finally, the Evaluation Division has increased its staff levels from 4 staff in fiscal year 2008 to 9 staff as of April 2009. However, according to USAID officials, OAA has not fully implemented the evaluation mechanism of its A&A function and has completed evaluations of only two additional missions since the time of our report. OAA officials said they have been unable to make further advances due to other priorities.

Madam Chairwoman and members of the subcommittee, this concludes my prepared statement. I will be happy to answer any questions you may have.

GAO Contact and Staff Acknowledgments

For questions regarding this testimony, please contact Thomas Melito at (202) 512-9601 or melitot@gao.gov. Other major contributors to this testimony were Zina Merritt, Acting Director; Debbie Chung; Mark Dowling; Joel Grossman; Victoria Lin; and James Strus.