USAID
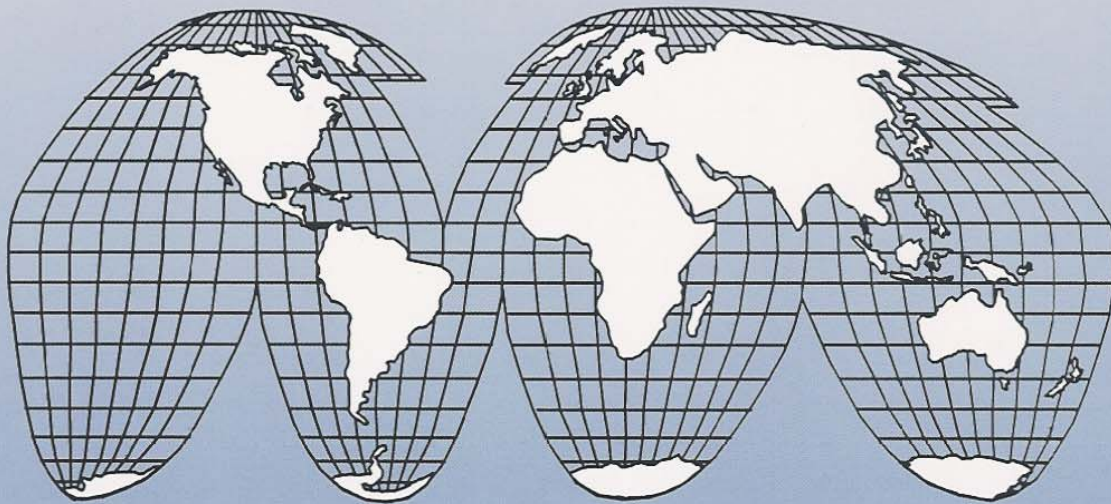
OFFICE OF INSPECTOR GENERAL

Audit of USAID/Nepal's Training, Use and Accountability of Cognizant Technical Officers (CTOs)

Report No. 5-367-04-002-P

December 19, 2003

Manila, Philippines

December 19, 2003

MEMORANDUM

TO: USAID/Nepal Director, Donald B. Clark

FROM: RIG/Manila Bruce N. Boyer /s/

SUBJECT: Audit of USAID/Nepal's Training, Use and Accountability of
              Cognizant Technical Officers (CTOs)
              (Report No. 5-367-04-002-P)

This memorandum transmits our final report on the subject audit. We reviewed your comments to the draft report and included them (without attachments) as Appendix II to this report.

This report includes four recommendations to help USAID/Nepal adopt practices to improve CTO training and to hold CTOs accountable for the performance of their CTO tasks. Based on your comments to the draft report, we consider that final actions have been taken for all four recommendations and they can be considered closed on report issuance.

I want to express my sincere appreciation for the cooperation and courtesy extended to my staff during the audit.

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Table of Contents

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Summary of Results

The Regional Inspector General/Manila conducted this audit to determine whether USAID/Nepal provided adequate training and guidance to its Cognizant Technical Officers (CTOs) and held them accountable for performing their responsibilities (page 6).

The audit found that USAID/Nepal provided adequate guidance to its CTOs, but needed to provide them more training to ensure that they not only understood the full range of assigned tasks but also had the competence and confidence to perform these tasks successfully (pages 6 and 8).

Further, USAID/Nepal did not hold most of the CTOs tested accountable for performing their CTO-related responsibilities because key personnel records (such as position descriptions, evaluations, etc.) generally did not refer to those responsibilities (pages 10 and 11).

This report includes four recommendations to help USAID/Nepal adopt practices to improve CTO training and to hold CTOs accountable for the performance of their tasks (pages 10 and 13).

In response to the draft report, USAID/Nepal outlined the corrective actions taken for all four recommendations. The Mission's comments (without attachments) are included as Appendix II to this report (pages 17 to 19).

Based on the Mission's comments, final actions have been taken for all four recommendations and they can be considered closed upon report issuance (pages 13 and 14).

Background

USAID uses the term Cognizant Technical Officer (CTO) in lieu of other commonly used U.S. government terms, such as *contracting officer's technical representative* or *contracting officer's representative*. The term denotes that the individual may be responsible for certain defined actions involving awards such as grants, cooperative agreements, and contracts. Those actions generally are defined in a letter in which a contracting officer designates an individual to serve as a CTO.

As a practical matter, contracting officers rarely have sufficient time or technical expertise to ensure successful administration and completion of all aspects of each award. They, therefore, rely on CTOs to act for them with respect to certain critical administrative actions and technical issues that arise under awards. It is the CTO's responsibility to ensure, through liaison with awardees, that the terms and conditions of the acquisition and assistance instrument are accomplished. Thus, CTOs fulfill a vital role in USAID's acquisition and assistance process.

As of April 2003, USAID/Nepal had 13 designated CTOs: one U.S. Foreign Service Officer and 12 personal services contractors (PSCs). Eleven of the personal services contractors were local nationals and one was a U.S. citizen. According to information provided by the Mission's contracting office, these CTOs were responsible for managing awards estimated at $24 million.

Audit Objectives

This audit was conducted as part of the Office of Inspector General's worldwide audit of the training, use and accountability of Cognizant Technical Officers, and it was designed to answer the following questions.

- Did USAID/Nepal provide adequate training and guidance to its Cognizant Technical Officers to help ensure that they were aware of and capable of performing their responsibilities?

- Did USAID/Nepal hold its Cognizant Technical Officers accountable for performing their responsibilities in accordance with USAID policies and regulations?

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

Audit Findings

Did USAID/Nepal provide adequate training and guidance to its Cognizant Technical Officers to help ensure that they were aware of and capable of performing their responsibilities?

USAID/Nepal provided adequate guidance to its Cognizant Technical Officers (CTOs), but needed to provide them with more training to ensure that they not only understood the full range of assigned tasks but also had the competence and confidence to perform these tasks successfully.

For the purposes of this audit, we considered adequate guidance to be the creation of an environment where CTOs had access to resources to help solve their problems, where CTOs were informed of their training options, and where management facilitated training. We considered adequate training to mean that employees completed the required training to be certified as a Cognizant Technical Officer within one year of being designated as a CTO.

USAID/Nepal provided guidance to help ensure that CTOs were aware of and capable of performing their responsibilities by establishing regular communications with CTO supervisors and contracting staff, by providing access to other resources, and by implementing a system to identify and provide training to staff.

USAID/Nepal CTO supervisors and staff from the contracting office provided regular guidance to CTOs. Supervisors, for example, provided day-to-day direction to CTOs, and they were involved in identifying training for their staff. The contracting staff also provided support to CTOs. For example, each CTO was assigned to one of the four contracting specialists. As a result, all 13 CTOs had daily access to their designated contracting specialist for assistance with their CTO duties. Finally, the regional contracting officer provided guidance through routine visits or telephone and email communications.

USAID/Nepal also provided guidance to its CTOs in other ways. For example, the regional contracting officer used CTO designation letters to assign individuals to be CTOs. These letters spelled out the CTO duties and responsibilities that designated individuals were expected to carry out. Further, to ensure that implementing partners also understood the roles of its CTOs, USAID/Nepal provided the implementing partners with copies of the designation letters. Additionally, CTOs noted that they had access to other resources to help them solve problems such as the Federal Acquisition Regulations, USAID Acquisition Regulations, and Contract Information Bulletins.

USAID/Nepal had implemented a system to identify the training needs of its staff. Under this system, office chiefs would prepare annual office training plans. These office training plans would then be rolled up into the Mission's overall training plan. A training committee would then review and approve the office training plans and the overall Mission training plan. The Mission's personnel officer, as the designated training coordinator, was responsible for maintaining the Mission's overall training plan, providing information on training opportunities, and for career-development counseling. Although not specific to CTO training, this system encompassed CTO training.

USAID/Nepal's training system included obtaining input from staff about their training needs and providing funding. For example, the Mission arranged for two CTO training courses to be given in Nepal. The first course was held in June 2002, while the second course was scheduled for July 2003. According to its officials, the Mission spent $56,115 on CTO training in fiscal year 2002. An additional $44,184 had been budgeted for fiscal year 2003 including the course scheduled for July 2003.

Although the Mission created an environment that promoted CTO training, CTOs reported that they needed additional training in many of the core competencies established by USAID. Additionally, contracting staff also reported that CTOs could benefit from more training. The need for the Mission to provide more CTO training is further discussed below.

**Mission Needs to Provide More
Cognizant Technical Officer Training**

Contrary to the requirements published by the Office of Federal Procurement Policy (OFPP) and USAID's Automated Directives System (ADS), USAID/Nepal did not provide enough training to its CTOs to ensure that they understood and could perform the CTO tasks assigned to them. All 13 CTOs responding to a questionnaire reported that they needed additional training in the basic CTO competencies. This occurred because USAID/Nepal had not adequately monitored and maintained its training plans for CTOs. As a result, the Mission's CTOs required additional training to equip them with the knowledge and skills needed to adequately perform core CTO responsibilities.

OFPP Policy Letter No. 97-01, dated September 12, 1997, requires agencies to (1) identify and publish model career paths, (2) establish education, core training, and experience requirements for their acquisition workforce, and (3) develop mandatory education, training and experience requirements to ensure that individual members of the workforce possess the core competencies required of the position. According to OFPP, the "acquisition workforce" includes contracting and purchasing officers, contracting officer representatives (CORs), and contracting officer technical representatives (COTRs). Further, OFPP defines "core competencies" as those in the Federal Acquisition Institute's COR/COTR Workbook. USAID uses the term CTO rather than COR or COTR.

ADS 202.3.1.2(c) entitled *Achieving,* acknowledges OFPP's training requirements and discusses how USAID officials should comply with them. However, it also recognizes that there may be times when it is necessary to nominate an individual to become a CTO who does not have the mandatory training required by OFPP. In these cases, the operating unit should develop a written plan that allows the individual to receive the necessary training as quickly as possible in order to obtain these competencies and subsequent certification.

USAID has developed a series of courses designed to provide CTOs the basic knowledge and skills they need to effectively administer contracts and assistance instruments. After completing these courses, CTOs are certified. The first courses of the new curriculum were held in October 2002 and schedules for fiscal year 2003 were advertised. Missions were advised to contact USAID's Learning Support Training Division in order to arrange training for their CTOs. Under USAID's new plan, designated CTOs will be expected to take the required courses for CTO certification within one year of being designated as CTOs. Although the one-year time limit did not exist at the time of the audit, we considered it to be a reasonable standard.

However, as shown by Table 1 on the next page, a significant number of USAID/Nepal's 13 CTOs believed that they still needed training specific to certain

core competencies. Contracting staff also reported that CTOs could benefit from more training in the following areas: acquisition and assistance management, contracting ethics, and USAID policies and procedures.

Table 1: Number and Percentage of CTOs Responding to an OIG Questionnaire Who Said They Needed Additional Training in Selected Competencies Required to Administer Contracts, Grants, or Cooperative Agreements

Competencies for CTOs	No. of CTOs Responding	CTOs Who Said They Needed More Training	
		No.	%
Required Competencies for Contracts			
Knowledge of contracting law and regulations (such as rules of competition, the types of contracts and when they should be used)	12	9	75
Knowledge of government "agency" including the limitations and requirements of representing the government, "implied agency" and communications with contractors	12	11	92
Knowledge of contracting ethics including conflicts of interest and security requirements	12	10	83
Ability to develop contract requirements, conduct market research, and prepare requirements documents and statements of work	11	11	100
Ability to request/assess bids and proposals including preparing solicitations, developing contract incentives and objectives, developing criteria for evaluating proposals, evaluating proposals, and assessing contractor past performance	12	11	92
Ability to conduct price and cost determinations including establishing the Government's initial cost estimate and determining prices and fees	12	11	92
Ability to monitor contractor performance, provide technical guidance, assess quality and timeliness of performance, make scope determinations, etc.	12	10	83
Ability to process contracting actions (task orders, invoices, change actions, modifications, ratification, etc.)	12	11	92
Knowledge of USAID source origin/nationality requirements	12	9	75
Ability to keep appropriate records and status reports (to track orders and deliverables, time charges, etc.)	12	10	83
Ability to administratively approve vouchers for payment on contracts	12	9	75
Ability to closeout, terminate contract appeals and protests	12	10	83
Required Competencies for Grants and Cooperative Agreements			
Knowledge of the required elements of an award	13	10	77
Knowledge USAID's policy on competition	13	10	77
Knowledge of types of assistance instruments	13	9	69
Knowledge of USAID source origin/nationality requirements	13	7	54
Ability to process closeout procedures	13	10	77
Ability to monitor and evaluate recipients' performance during award period to facilitate the attainment of program objectives	13	10	77
Ability to review and analyze performance and financial reports and verify timely delivery	12	8	67

USAID/Nepal did not provide sufficient training to its CTOs because it did not adequately monitor and maintain its training plans to ensure that CTOs took the training they needed to become certified within one year of being designated as CTOs. Eleven of the Mission's 13 CTOs reported that they had been performing CTO duties for at least one year. Review of Mission records showed that 10 of the 11 had not completed the training needed to be certified. Further, 5 of the 10 had not received any CTO training. Although the Mission's training plans did list

the courses that 11 of its 13 CTOs needed to become certified, they often did not indicate when or where the training would be obtained. The Mission did not have any training plans for the remaining two CTOs even though both had been CTOs for at least one year.

CTOs who understand their roles and responsibilities contribute to a proper and efficient procurement process. Although the Regional Legal Advisor reported that for the past two years he had not experienced any CTO-related problems in Nepal, USAID/Nepal contracting staff cited examples where CTOs had not fully understood the responsibilities and authorities delegated to them. For example, on one occasion a CTO made informal promises to grantees or contractors—such as approving the purchase of a car and the sending of people abroad for training—without the prior approval of the Regional Contracting Officer. On another occasion, a CTO exceeded her authority by discussing an extension of the due date for a proposal with a grantee and asking the grantee to submit the proposal. In these cases, the contracting office had to alter the CTOs' actions.

In summary, when untrained CTOs do not perform their duties properly or on a timely basis, the contract/grant officer or another contracting office staff member must complete or correct the CTO's work. Untrained CTOs might also act outside the authorities delegated to them or inappropriately delegate some administrative responsibilities to individuals who are not designated as CTOs. If CTOs are expected to perform critical tasks efficiently and without errors, and if they will be held accountable for performing these tasks (see the next section of this report), they must be fully aware of their responsibilities and have the requisite competencies to perform them. Therefore, we are making the following recommendations.

> **Recommendation No. 1: We recommend that USAID/Nepal monitor and maintain its training plans for all Cognizant Technical Officers in accordance with the Office of Federal Procurement Policy, Policy Letter No. 97-01 and Automated Directives System 202.3.1.2(c).**

> **Recommendation No. 2: We recommend that USAID/Nepal make arrangements for its Cognizant Technical Officers, who have not completed the two training courses, to attend the required certification training.**

Did USAID/Nepal hold its Cognizant Technical Officers accountable for performing their responsibilities in accordance with USAID policies and regulations?

USAID/Nepal did not formally hold most of the CTOs tested accountable for performing their CTO-related responsibilities because key personnel records

(such as position descriptions, evaluations, etc.) generally did not refer to those responsibilities. Contrary to federal and USAID guidance, the Mission did not establish performance measures for critical CTO tasks. Position descriptions, annual work plans, or annual work objectives did not, in most cases, include CTO duties and responsibilities. As a result, CTOs were not evaluated on how well they performed their CTO duties. Furthermore, the Mission did not ensure that office chiefs or others who evaluated the performance of individual CTOs contacted knowledgeable contracting office staff for input on the CTO's performance. The importance of building accountability into the evaluation process for CTOs is further addressed below.

Mission Needs to Evaluate
Cognizant Technical Officer Performance

Even though CTOs play a critical role in the acquisition and assistance processes, USAID/Nepal did not formally hold most of the CTOs tested accountable for performing their responsibilities. This occurred because more emphasis was placed on an individual's program management skills and performance than on his or her CTO competencies and performance. As a result, USAID/Nepal lacked proper measures to hold people accountable for properly performing the critical tasks that help ensure contractor and grantee compliance with contractual and administrative requirements.

According to the U.S. Office of Personnel Management, performance management is the systematic process of planning work, setting expectations, continually monitoring performance, developing the capacity to perform, periodically rating performance in a summary fashion, and rewarding good performance. A critical element of this process, therefore, is the establishment of performance expectations for critical tasks that can later be evaluated.

USAID policies require that the performance of USAID's employees and personal services contractors be evaluated.

- USAID's Automated Directives System, Chapter 462 requires supervisors to work with U.S. direct hire employees to develop annual employee performance plans that contain work objectives and performance measures for critical tasks against which actual performance will be compared.

- The Foreign Affairs Handbook, 3-FAH-2 H-400, requires USAID to prepare position descriptions for foreign service national employees, which will serve as the basis for performance evaluations.

- The Foreign Affairs Manual, 3 FAM 7260, states that personal services contracts with host country nationals or third country nationals must conform to requirements for foreign service national employees.

In each case, performance elements and standards should be measurable, understandable, verifiable, equitable, and achievable.

As of April 2003, 13 individuals, working under different employment mechanisms at USAID/Nepal, were designated as CTOs. Most of these individuals were also responsible for the programmatic and administrative management of a USAID activity.

Although different personnel policies regulate the performance evaluation of CTOs in different employment categories, there is an underlying requirement that all employees should be evaluated on the actual duties they are expected to perform. As Table 2 below illustrates, individuals serving as CTOs at USAID/Nepal reported that they generally spent a significant portion of their workday on CTO-related tasks.

Table 2: Percentage of Time CTOs Reported in the OIG Questionnaire as Spending on CTO Tasks.

Percentage of Time Spent on CTO Tasks	Number of Responses
1 - 25%	5
26 - 50%	3
51 - 75%	4
76 – 100%	1
Total Responses	13

However, despite the importance of and the amount of time spent on CTO-related activities, five of six CTOs' personnel records did not have work plans, statements of work, or work objectives that clearly delineated the scope of and standard of performance expected for their CTO responsibilities. Of these five CTOs:

- Four had work objectives that focused on their responsibilities as advisor, strategist, USAID representative, or activity implementer. Also, their performance evaluations made little or no reference to their CTO responsibilities.

- One local national personal services contractor had no employee work objectives documented at all.

Additionally, the Mission did not ensure that individuals who prepared performance evaluations for CTOs solicited comments from the individuals who were most likely to have information on the performance of CTO tasks—staff in

the contracting office. Although USAID/Nepal encouraged supervisors of CTOs who were foreign national employees and personal services contractors to obtain and consider comments from a variety of sources—including employee self-assessments, peers, recipients, members of strategic objective teams, and subordinates—supervisors were not specifically required to solicit comments related to the performance of CTO tasks. As a result, supervisors did not ask for feedback from the contracting office.

USAID/Nepal not only gave greater weight to program management competencies than to contract/grant administration competencies when evaluating CTO performance, but also when hiring CTOs. Position descriptions for U.S. and foreign national personal services contractors stressed the need for education and experience in the areas of economic growth, health and family planning, education, agriculture, environment and natural resources management, and hydropower development. Two personal services contractors stated that, when they were hired, they did not understand that their positions would include CTO-related responsibilities.

CTOs play a significant role in the successful and efficient implementation of the contracts and grants through which USAID expects to achieve its program goals. Therefore, it is important that CTOs are not only aware of and qualified to perform their CTO tasks (see preceding section), but are also held accountable for the execution of these tasks. The accountability of CTOs could be improved if USAID/Nepal implemented the following recommendations.

> **Recommendation No. 3: We recommend that USAID/Nepal incorporate Cognizant Technical Officer duties and responsibilities into the position descriptions, work objectives, and statements of work of each individual designated to serve as a Cognizant Technical Officer.**

> **Recommendation No. 4: We recommend that USAID/Nepal supervisors solicit comments on each Cognizant Technical Officer's performance of Cognizant Technical Officer tasks from the Contracting Office, and other pertinent sources, as part of each Cognizant Technical Officer's periodic performance evaluation.**

Management Comments and Our Evaluation

In response to our draft audit report, USAID/Nepal provided written comments that are included (without attachments) as Appendix II to this report.

Based on those comments, final actions have been taken for all four recommendations and they can be considered closed upon report issuance.

Regarding Recommendation No. 1, USAID/Nepal provided an updated Mission Training Order 270 and an updated Mission-wide training plan for fiscal year 2004. The updated training order formally establishes a system to ensure that training plans are prepared, maintained, and monitored for all Mission employees including CTOs. For example, it requires that a training committee review, monitor and approve training plans. Similarly, it designates the Mission's human resources officer as the training coordinator responsible for providing (1) training plan updates, (2) information on training opportunities, and (3) career development counseling. Therefore, final action has been taken on this recommendation.

Regarding Recommendation No. 2, USAID/Nepal provided evidence that its CTOs have or will complete the two courses required for CTO certification. For example, the Mission sponsored both courses: one in June 2002 and the other in July 2003. As a result of the July 2003 course, eight of the Mission's CTOs have completed both of the required courses. The Mission stated that the remaining three affected CTOs will take the courses they need to achieve CTO certification in July 2004. Therefore, final action has been taken on this recommendation.

Regarding Recommendation Nos. 3 and 4, USAID/Nepal issued Mission Notice Number 03-23 on October 8, 2003. This notice provides guidance to supervisors and employees regarding CTO work objectives, evaluations, and official files. The notice states that supervisors are to ensure that CTO duties and responsibilities are adequately reflected in work statements and that an employee's work objectives include an objective for CTO responsibilities. Additionally, the notice reminds supervisors that when evaluating CTO performance, input from the contracting office is crucial and should be incorporated into a CTO's evaluation. Based on the Mission's commitment outlined in the notice, final action has been taken on these two recommendations.

Scope and Methodology

Scope

The Regional Inspector General/Manila conducted this audit in accordance with generally accepted government auditing standards. This audit was designed to answer the following questions: (1) Did USAID/Nepal provide adequate training and guidance to its Cognizant Technical Officers (CTOs) to help ensure that they were aware of and capable of performing their responsibilities? (2) Did USAID/Nepal hold its CTOs accountable for performing their responsibilities in accordance with USAID policies and regulations? The audit fieldwork was conducted in Kathmandu, Nepal from April 21 through May 1, 2003.

In performing the audit, we obtained an understanding of and assessed the following management controls: (1) identification of the tasks to be performed by CTOs, (2) identification of training needed by CTOs, (3) provision of training to CTOs, (4) establishment of work objectives and performance measures for CTOs, and (5) evaluation of CTO performance. We interviewed CTOs, their supervisors, mission contracting staff, mission officials, recipients, the regional legal advisor, and the regional contracting officer. In addition, we reviewed pertinent employee-related documentation such as individual training plans covering fiscal year 2003 and employee evaluations covering calendar years 2001 and 2002.

Methodology

To answer both audit objectives we reviewed applicable laws and regulations as well as USAID policies and procedures. In addition, we administered a questionnaire to all 13 individuals who had been designated as CTOs by USAID/Nepal as of April 2003. Through the questionnaire, we obtained information on their background, training, and experience in performing CTO tasks. All 13 CTOs returned the questionnaire, but each may not have answered every question.

In addition to distributing the questionnaire and analyzing responses, we judgmentally selected 5 of the 13 CTOs to interview. We also interviewed their supervisors, mission contracting staff, other mission officials, recipients, and the regional legal advisor. The interviews provided us with an understanding of how CTOs performed their tasks and their level of understanding of what was expected of them.

Finally, we reviewed pertinent employee evaluation documents such as position descriptions, work objectives, and statements of work for six CTOs. We analyzed these documents to determine if work plans, statements of work, or work

objectives adequately delineated the scope and expected standards for performance of their CTO duties.

We did not develop materiality thresholds for the audit objectives.

Management Comments

MEMORANUDM

TO   :   Mr. Bruce N. Boyer, RIG/Manila

FROM   :   Kris Smathers, Controller, USAID/Nepal / s /

DATE   :   Thursday, December 11, 2003

SUBJECT   :   Audit of USAID/Nepal's Training, Use and Accountability of
                         Cognizant Technical Officers (CTOs)
                         Audit Report No. 5-367-03-00X-P

REFERENCE: 1. Memo from RIG/Manila to USAID/Nepal's Director dated 10/30/03

Presented below is the Mission's management response to the following recommendations under draft Audit Report No. 5-367-03-00X-P.

Recommendation No. 1: We recommend that USAID/Nepal monitor and maintain its training plans for all Cognizant Technical Officers in accordance with the Office of Federal Procurement Policy Letter No. 97-01 and Automated Directives System 202.3.1.2(c).

Management Comment:
USAID/Nepal has a Training Committee in place that reviews, monitors and approves the Mission's overall training plan. The training plan is prepared at the beginning of each fiscal year and covers the entire Mission staff including Cognizant Technical Officers. The Mission's Human Resources Officer, as the designated Training Coordinator is responsible for coordinating the updates of the Mission's overall training plan, providing information on training opportunities, and providing career development counseling. The updated Mission Training Order 270 and the current Mission training plan for FY 04 are included as Attachments 1 and 2 respectively.

Based on the above, USAID/Nepal believes that this audit recommendation has been addressed, and requests that this recommendation be closed prior to issuance of the final audit report.

Recommendation No. 2: We recommend that USAID/Nepal make arrangements for its Cognizant Technical Officers, who have not completed the two training courses, to attend the required certification training.

Management Comment:
Training and career development is an on going activity. The Mission sponsored the two required CTO courses (Assistance and Acquisition) at post in June 2002 and in July 2003 respectively. As a result, the majority of the Mission's CTOs received the opportunity to be CTO trained and certified.

The following is the current status of CTO training for the thirteen individuals designated as CTOs by USAID/Nepal at the time of the CTO Audit:

a) Eight CTOs have completed both the Acquisition and Assistance courses for certification as CTOs.
b) One CTO has taken the Acquisition course at post from July 21 to 25, 2003 but is leaving USAID in January 2004. Therefore, the Mission will not be funding the remaining CTO course for this employee.
c) One CTO has taken the Acquisition course at USAID/Combodia from October 6 to 10, 2003 and will be taking the Assistance course at USAID/Washington in July 2004.
d) Two CTOs will be taking both of the required CTO courses at USAID/Washington in July 2004.
e) The one Foreign Service Officer designated as a CTO departed post in July 2003. The Mission did not fund any CTO courses for this employee.

The list of the thirteen CTOs and their CTO course attendance is included as Attachment 3 for your reference.

Per the above, USAID/Nepal believes that adequate arrangements have been made for Mission CTOs to complete the required certification training, and requests that this recommendation be closed prior to issuance of the final audit report.

Recommendation No. 3: **We recommend that USAID/Nepal incorporate Cognizant Technical Officer duties and responsibilities into the position descriptions, work objectives, and statements of work of each individual designated to serve as a Cognizant Technical Officer.**

Recommendation No. 4: **We recommend that USAID/Nepal supervisors solicit comments on each Cognizant Technical Officer's performance of Cognizant Technical Officer tasks from the Contracting Office, and other pertinent sources, as part of each Cognizant Technical Officer's periodic performance evaluation.**

Management Comment:
In order to address the concerns raised by audit recommendations 3 and 4, the Mission issued Mission Notice 03-23 on 10/08/03 to provide guidelines to Mission staff regarding CTO Work Objectives, Evaluations, and File Documentation. Mission Notice 03-23 is included as Attachment 4 for your reference.

In anticipation of the upcoming Computer Aided Job Evaluation (CAJE) exercise, supervisors have been advised to ensure that CTO duties and responsibilities are adequately reflected in the work statements (position descriptions) and work objectives of each individual designated to serve as a CTO.

As stated in the Mission Notice, supervisors have been reminded that it is crucial to obtain inputs from the contracts office when evaluating staff who have CTO job responsibilities.

Based on the above, USAIDNepal believes that adequate steps have been taken to address Audit Recommendation Nos. 3 & 4, and requests that these recommendations be closed prior to issuance of the final audit report.

In summary, USAID/Nepal would like to thank RIG/Manila for their input and support during this audit. Per RIG's feedback, the Mission has taken the above steps to improve the Mission's training, use and accountability of our Cognizant Technical Officers.

Attachment: As stated

Cleared by: K. Paudel, HRO (Cleared in draft)

Drafted by: R. R. Singh, FA_____

Copy to: M. Sampson, EXO
               D. Clark, Mission Director