

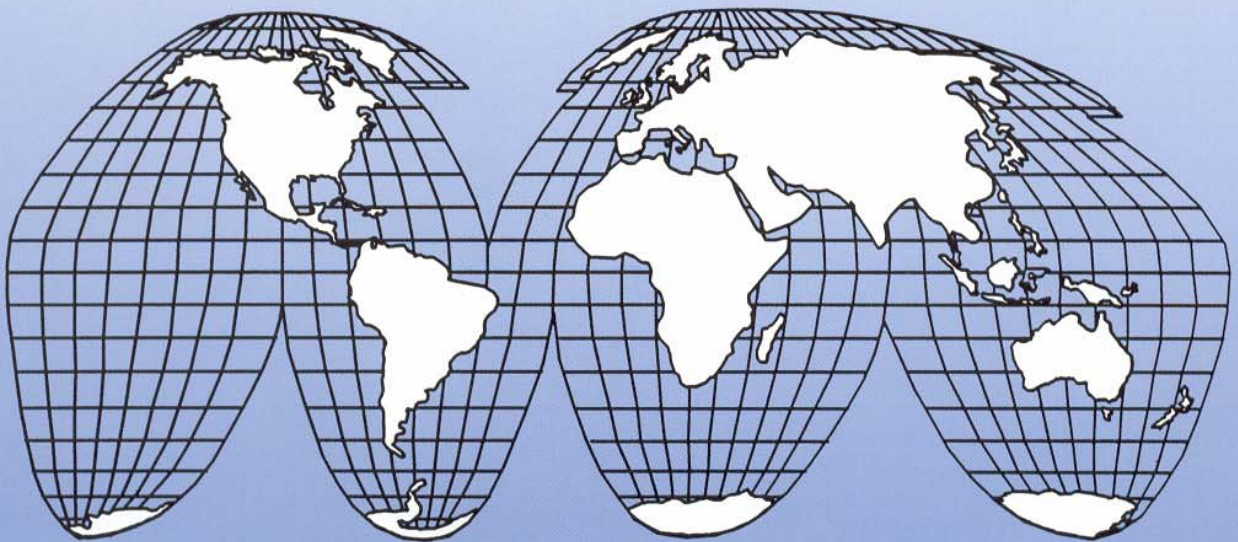
# USAID

## OFFICE OF INSPECTOR GENERAL

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

**Audit Report No. B-176-04-002-P**



**U.S. Agency for International Development  
Budapest, Hungary**



November 20, 2003

## MEMORANDUM

**FOR:** USAID/Central Asian Republics, Regional Mission Director,  
George Deikun

**FROM:** Regional Inspector General/Budapest, Nancy J. Lawton /s/

**SUBJECT:** Audit of USAID/CAR's Training, Use and Accountability of  
Cognizant Technical Officers (CTOs)  
(Report No. B-176-04-002-P)

This is our final report on the subject audit. We reviewed your comments to our draft report and included them in Appendix II to this report

This report recommends that USAID/CAR (1) evaluate the need for additional training based on the requirements identified by individual CTOs, (2) only permit certified CTOs to serve as alternates in the absence of the primary CTO, (3) incorporate CTO duties and responsibilities into the position descriptions, work objectives, and statements of work of each individual designated to serve as a CTO, and (4) require supervisors to evaluate CTO performance against work objectives or statements of work and solicit comments from the contracting office personnel and other pertinent sources, on each CTO's performance.

Based on your comments to our draft report, we consider that a management decision has been reached on Recommendation Nos. 1, 2, 3, and 4. Please notify the Bureau for Management's Office of Management Planning and Innovation as final action is completed for each recommendation.

I appreciate the cooperation and courtesy extended to my staff during the audit.

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## Summary of Results

An important member of any USAID acquisition and assistance team is its Cognizant Technical Officer (CTO). It is the CTO's responsibility to ensure, through liaison with the contractor or grant recipient, that the terms and conditions of the acquisition and assistance instrument are accomplished. (See Background, this page.)

As part of the Office of Inspector General's multi-year strategy for auditing USAID procurement activities, the Regional Inspector General/Budapest conducted this audit to determine whether USAID/Central Asian Republics' Regional Mission (USAID/CAR) provided adequate training and guidance to its CTOs and held them accountable for performing their CTO responsibilities. (See page 6.)

Although USAID/CAR has been pro-active in providing training to ensure that its CTOs acquired the necessary core competencies, the Regional Mission should provide additional training to meet individualized CTO needs (see page 7), only permit certified CTOs to serve as alternates (see page 9), and develop documented work performance criteria and objectives by which to assess and hold CTOs accountable for assigned CTO duties. (See page 10.)

This report includes four recommendations to help USAID/CAR adopt practices to improve its CTO training as well as to hold its CTOs accountable for the performance of their tasks. (See page 9, 10, and 13.)

USAID/CAR agreed with three recommendations and suggested a change for Recommendation No. 2. We agreed that the Regional Mission's proposed recommendation would achieve the same desired outcome and we modified the recommendation. Based on the Regional Mission's response to our draft report, we determined that a management decision has been made on all four recommendations. (See page 15.)

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## Background

As a practical matter, contracting officers rarely have sufficient time or the necessary expertise in critical technical or program areas to single-handedly ensure successful contract/grant completion. Contracting officers, therefore, designate a properly trained individual to serve as the CTO<sup>1</sup> for each contract or grant award. CTOs serve as an important member of any acquisition or assistance team. It is the CTO's responsibility to ensure, through liaison with the contractor or grant recipient, that the terms and conditions of the acquisition and assistance

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<sup>1</sup> As defined within the Office of Procurement's Desk Guide, the term, CTO, is used by USAID in lieu of the other federal terms such as "Contracting Officer's Technical Representative (COTR)" or "Contracting Officer's Representative (COR)" and denotes that CTOs can be responsible for grants as well as contracts. When acting within the scope of the delegated authority, the CTO binds the U.S. Government as surely as the contracting or grant officer does.

instruments are accomplished. A formal designation letter,<sup>2</sup> which may follow a standard format, delineates the specific actions the CTO can perform with respect to the award and is effective for the life of the instrument, unless rescinded in writing by the contracting officer.

At USAID/CAR, individuals were selected by the SO Team Leader to serve as the CTO because of their technical knowledge of the program. Selected individuals then received designation letters from the contracting officer that detailed the specific CTO tasks that they were authorized to perform. Although these letters used a standard format, they were modified slightly for the type of assistance award and the position of the person serving as the CTO. At USAID/CAR, CTOs usually work on one to three awards at a time.

As of April 2003, USAID/CAR had 35 designated CTOs. The majority of these CTOs reside in USAID/CAR’s headquarters office in Almaty, Kazakhstan, with a small number residing in the country offices of Kyrgyzstan, Uzbekistan, and Tajikistan. The country office in Turkmenistan currently has no designated CTOs. According to unaudited information provided by the Regional Mission’s contracting office, these CTOs were responsible for managing contracts, grants, and cooperative agreements valued at an estimated \$483 million, of which \$299 million had been obligated. Of the 19 CTOs interviewed, 3 were U. S. Foreign Service officers, 10 were U.S. personal services contractors (PSC), and 6 were local national PSCs. Table 1 shows the CTO distribution in the region and the total award obligations.

**Table 1: Distribution of USAID/CAR CTOs (unaudited)**

	<b>Kazakhstan Regional Mission</b>	<b>Uzbekistan</b>	<b>Kyrgyzstan</b>	<b>Tajikistan</b>	<b>Total</b>
Number of CTOS	26	5	2	2	35
Dollars Obligated (in millions)	\$267.9	\$24.5	\$1.5	\$4.8	\$298.7
Percent of Total Dollars	89.7%	8.2%	0.5%	1.6%	100%

**Audit Objectives**

This audit was conducted as part of a worldwide audit and as part of the Office of Inspector General's multi-year strategy for auditing USAID’s procurement activities.

The audit was conducted to answer the following questions:

<sup>2</sup> Per ADS202.3.4.3 (c) For grants and cooperative agreements, the agreement officer names the nominated candidate in the award itself and may or may not issue a designation memorandum to the CTO that discusses the responsibilities of this role.

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- Did USAID/CAR 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/CAR 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 scope and methodology.

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## **Audit Findings**

### **Did USAID/CAR 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/CAR was proactive in providing training and guidance to its CTOs to ensure that they were capable of performing their responsibilities. As a result, 30 of 35, or 86 percent, of primary CTOs received the required acquisition and assistance training necessary for CTO certification. However, some CTOs believed that additional training is still needed to help them fulfill their duties.

Furthermore, the acquisition and assistance training required for certification was not provided or required for the majority of the Regional Mission's alternate CTOs. At USAID/CAR, the alternate CTO is usually the SO Team Leader and the designated CTO's supervisor. The need for the Regional Mission to provide more training for primary CTOs and to only permit certified CTOs to serve as alternate CTOs is discussed below.

### **USAID/CAR Should Provide Additional Training To Primary CTOs**

Although USAID/CAR did provide training for most of its CTOs to meet the certification requirements, the audit showed that some individuals needed additional training. Many CTOs are new to the Agency and have little experience in USAID's acquisition and assistance processes. The lack of experience and adequate training could result in inadequate management and oversight of USAID awards.

During its FY 2002 Federal Managers' Financial Integrity Act review, the Regional Mission recognized the need to provide training to its CTOs. In order to train the new hires as quickly and economically as possible, USAID/CAR officials took the initiative to become a training hub. As a positive result, USAID/CAR has provided acquisition and assistance training for the majority—86 percent—of its primary CTOs and trained six potential CTOs as of June 2003. The remaining five primary CTOs had received some CTO-related training but lacked some of the required courses for certification. Although USAID/CAR did provide training for most of its CTOs to meet the certification requirements, the audit showed that some individuals



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needed additional training. In addition to the training, USAID/CAR provided adequate guidance for CTOs to perform their assigned tasks. CTOs relied on numerous sources of information to assist them in performing their job satisfactorily. These included the CTO designation letter, direct verbal communication with the contracting officer (CO), the USAID CTO Guidebook for Managers, the specific contract or agreement, and co-workers.

The Office of Federal Procurement Policy (OFPP) 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 a mandatory education, training and experience requirements to ensure that individual members of the workforce possess the core competencies required of the position. According to the OFPP, the acquisition workforce includes contracting and purchasing officers, contracting officer representatives (CORs), and contracting officer technical representatives (COTRs), which are comparable to USAID's CTO. Core competencies are defined as those in the Federal Acquisition Institute's COR/COTR Workbook.

ADS 202.3.4.3(c) states, "There may be situations where it is necessary to nominate an individual to be designated as CTO who does not have the mandatory certification required by the OFPP Policy Letter 97-1, based on the competencies that the Agency requires. In these cases, the Operating Unit will 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."

New hires that function as CTOs at USAID/CAR are often technical experts in professional disciplines such as economics or health. These technical experts perform CTO duties that require knowledge of a specific subject area. Although USAID/CAR Regional Mission officials hired the staff based on specific subject matter expertise, some of the CTOs indicated that additional training could help them to better perform their responsibilities.

Since 2001 USAID/CAR increased its staffing by approximately 40 percent—from 175 positions to 243 positions—adding 68 new positions.<sup>3</sup> Many CTOs are new to the Agency and have little experience in USAID's acquisition and assistance processes. As of June 2003, the Regional Mission had provided acquisition and assistance training for 30 out of 35—or 86 percent—of its primary designated CTOs. While the Regional Mission had been proactive in providing the required training that was necessary for CTO certification, some CTOs desired additional training in specific disciplines such as financial management, leadership, and conflict management. (See Appendix IV.)

Over half of the 32 USAID/CAR CTOs responding to an Office of Inspector General questionnaire at the onset of this audit indicated that they needed additional training specific to certain core competencies. (See Appendix III.) The customer satisfaction survey conducted after the June 2003 CTO training showed that a majority of the CTOs believe they had been adequately trained in the core

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<sup>3</sup> The 68 new positions include 16 Centers for Disease Control positions.

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competencies. However, some of them believed that additional training would be beneficial in areas not covered or not fully covered during their CTO course instruction. Moreover, in customer satisfaction course surveys of the CTO classes, course participants cited financial management most frequently as additional training desired. (See Appendix IV and V.)

In its FY 2003 training plan, USAID/CAR indicated five CTO staff members were scheduled to receive some financial management training during the fiscal year. However, in the latest CTO training customer service satisfaction survey, 14 CTOs indicated a desire for financial management training. While the FY 2003 training plan is a good start, the customer satisfaction survey indicates a greater demand for this type and other related training. USAID/CAR has begun to address the CTOs' desire for additional training, but further evaluation is needed to ensure that individualized training requirements are met. The lack of training and experience could result in inadequate management and oversight of USAID awards. Therefore, we are making the following recommendation:

**Recommendation No. 1: We recommend that USAID/Central Asian Republics evaluate the need for additional training based on the requirements identified by individual Cognizant Technical Officers.**

#### **USAID/CAR Should Allow Only Certified CTOs To Serve As Alternate CTOs**

USAID/CAR has not required its alternate CTOs to meet the training requirements for certification that the Agency requires for the primary CTO. The Regional Mission has not required the alternate CTOs to take the training because of the limited availability and the small capacity of the classes. In most cases, the Regional Mission has authorized the CTOs' supervisor to serve as CTO in the absence of the designated CTO. In many cases, these supervisors serve as alternate to three or more CTOs, greatly increasing the likelihood that they will need to serve in the CTOs' absence. Unless the alternates receive appropriate training, USAID/CAR cannot be assured they will possess the critical knowledge to properly fulfill their CTO responsibilities when acting in lieu of the primary designated CTO.

Although USAID/CAR does not require its alternate CTOs to be certified, alternate CTOs have the full authority granted to the primary designated CTOs. These duties include, among other things, the authority to approve or disapprove vouchers, certify acceptance of goods or services, and provide written technical interpretations of technical requirements.

The Office of Federal Procurement Policy (OFPP) Letter No. 97-01, dated September 12, 1997, requires agencies to develop a mandatory education, training and experience requirements to ensure that individual members of the workforce possess the core competencies required of the position. The acquisition workforce

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includes the contracting officer technical representatives (COTRs), which are comparable to USAID's CTOs.

Before the conclusion of our fieldwork in July 2003, one USAID/CAR official stated that not all alternate CTOs had taken the courses to meet certification requirements because the training classes had a limited number of openings for participants for which all USAID CTOs had been competing. The official believed that the limited number of classes was due to the fact that USAID/M/HR/LS hired only one training course provider<sup>4</sup>. Moreover, one USAID/Washington/M/HR/LS CTO Training Program official stated that, although alternate CTOs had not been required to meet the training requirements, training the alternate CTOs would be preferable. Furthermore, the official indicated that training for alternate CTOs may become mandatory after all primary designated CTOs are trained.

CTOs are required to have knowledge of various disciplines to assist in the performance of the critical duties and the oversight of millions of dollars in USAID/CAR awards. Their appointed alternates are required to assume CTO duties during the primary CTO's absence. USAID staff assigned as alternate CTOs should meet the same certification requirements as primary CTOs. Certified CTOs receive training in the core competencies required of the position and therefore are expected to adequately perform their job responsibilities. If alternate CTOs are not certified, USAID/CAR cannot be assured that its CTOs understand their roles and responsibilities to properly oversee procurement awards efficiently and effectively, which could result in unauthorized actions. To protect USAID/CAR from this risk we are making the following recommendation:

**Recommendation No. 2: We recommend that USAID/Central Asian Republics only permit certified Cognizant Technical Officers to serve as alternates in the absence of the primary Cognizant Technical Officer.**

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

USAID/CAR did not hold the majority of its CTOs accountable for performing their CTO-related responsibilities. In most instances position descriptions, annual work plans, or annual work objectives did not include an employee's CTO duties and responsibilities. As a result, CTOs were not always evaluated on how well they performed their duties. In addition, supervisors responsible for assessing USPSC performance often did not adequately document their assessment of staff performance against work objectives. Furthermore, the Mission did not ensure that office chiefs, or others who evaluated the performance of individual CTOs,

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<sup>4</sup> USAID's Office of Management/Human Resources/Learning Support (M/HR/LS) in Washington contracted with Professional Resources Group Intl (PRGI) to provide the CTO training.

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requested input from contract officers regarding the CTOs' performance. The importance of accountability in the evaluation process is discussed below.

### **USAID/CAR Needs to Evaluate CTO Performance**

Even though CTOs play a critical role in the acquisition and assistance process, USAID/CAR did not always include a description of CTO responsibilities in the work objectives, position descriptions or contractual statements of work. Also, annual U.S. Personnel Service Contract (USPSC) evaluations, which are performed to allow for a three percent annual increase in the contract, generally stated only that the CTO had satisfactorily performed their job. The Foreign Affairs Handbook and USAID Acquisition Regulation Appendix D require the evaluation of employee and personal services contractor performance. A Regional Mission official stated that the increased staffing levels had resulted in a backlog of subordinate staff work objectives that needed to be updated.

USAID/CAR lacked accountability in evaluating CTOs by not always including CTO responsibilities in the position descriptions, work objectives, or contractual statements of work for Foreign Service National (FSN) and USPSC employees. Further, supervisors responsible for assessing USPSC performance, generally did not adequately document their assessment of satisfactory staff performance against work objectives.

USAID policies require the performance of employees and personal services contractors to be evaluated.

- The Foreign Affairs Handbook, 3-FAH-2 H-130, requires USAID to prepare position descriptions for Foreign Service National employees, which will serve as the basis for performance evaluations.
- USAID Acquisition Regulation Appendix D – Direct USAID Contracts with A U.S. Citizen or U.S. Resident Alien for Personal Services Abroad, states that, “PSC contracts written for more than one year should provide for a 3% annual increase based on satisfactory performance documented in their annual written evaluations.”

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

A USAID/CAR official stated that Mission supervisors have not been able to update subordinate staff work objectives to keep pace with staffing increases. As a result, many of the region's CTOs do not have work objectives that have been updated with their CTO responsibilities. Furthermore, USAID/CAR officials believed that an email stating that the employee satisfactorily performed their job met the written annual evaluation requirement in order for USPSCs to receive an annual 3 percent salary increase.

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. Unless USAID/CAR consistently evaluates the performance of CTOs—and holds them accountable for their actions—USAID/CAR increases the risk of poor CTO performance. This may result in grantee and contractor non-compliance with contract provisions and increase U.S. Government liabilities.

Of the 19 CTO files that we reviewed, 12 of the CTOs did not have a position description, work objectives or contractual statement of work that mentioned their responsibilities as a CTO. As shown in Table 2, these 12 CTOs were responsible for more than 67 percent of the award dollars in our sample.

**Table 2: Sample of CTO Files Reviewed**

Category	Number of CTOs in Sample	50 Percent or more of Time on CTO Duties	Total Sample Dollars Responsible (millions)	Percent of Sample Dollars Responsible	Type of Staff (Sample)
CTO Duties Not described	12	9	\$ 172.9	67.4	1 USDH <sup>5</sup> 6 USPSC 5 FSN PSC
CTO Duties described	7	2	83.8	32.6	2 USDH 4 USPSC 1 FSN PSC
<b>Total</b>	<b>19</b>	<b>11</b>	<b>\$256.7</b>	<b>100%</b>	<b>19</b>

USAID/CAR’s Mission Order No. 103-3 requires Country Officers to ensure that a staff member designated as a CTO be held accountable for the performance of that role and that such accountability is reflected in their work objectives and/or annual evaluation. However, this Mission Order does not cover the Regional Mission<sup>6</sup> where 26 designated CTOs work. One Mission official stated that a memo that will apply to the Regional Mission is currently being drafted.

Additionally, USAID/CAR did not ensure that individuals who prepared performance evaluations for CTOs solicited comments from individuals who were most likely to be knowledgeable about the performance of CTO tasks—staff in the contracting office. Supervisors were not specifically required to and rarely solicited comments related to the performance of CTO tasks from contracting office staff. Without soliciting feedback on critical CTO job requirements from contracting office staff who are most knowledgeable about the individual performance, the annual evaluation may not accurately reflect the CTO’s actual performance.

<sup>5</sup> U.S. Direct Hire employee.

<sup>6</sup> USAID/CAR country offices bound by this mission order are in Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan.

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According to the Office of Personnel Management,<sup>7</sup> 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.

Presenters at a recent USAID/CAR supervisory training course for CTOs encouraged regional managers to obtain 360-degree feedback for CTOs from the contracting officer as well as relevant contractor or grantee representatives. In addition, the presenters stressed that in every case, the contracting officer is an essential 360-degree feedback source.

While the contracting staff works closely with CTOs, USAID/CAR managers rarely solicited feedback from the contracting officer or the staff of acquisition specialists regarding CTO performance because they were not specifically required to do so. As a result, a specific CTO's annual evaluation may not accurately reflect actual job performance because some of the most knowledgeable staff—contracting office staff—were not contacted for feedback and comment. Because the CTOs play a significant role in the successful and efficient implementation of the contracts and grants through which USAID achieves its program goals, it is important that CTOs are not only aware of and qualified to perform their CTO tasks, but also held accountable for the execution of these tasks. As a result, we are making the following recommendations:

**Recommendation No. 3: We recommend that USAID/Central Asian Republics 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/Central Asian Republics require supervisors to evaluate Cognizant Technical Officer performance against work objectives or statements of work and solicit comments from the contracting office personnel and other pertinent sources, on each Cognizant Technical Officer's performance, as a part of the periodic performance evaluation.**

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<sup>7</sup> A Handbook Measuring Employee Performance, revised January 2001.

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**Management  
Comments and  
Our Evaluation**

In response to our draft audit report, USAID/CAR provided written comments that are included in their entirety as Appendix II.

USAID/CAR stated that it concurred with Recommendation Nos. 1, 3, and 4. For these recommendations USAID/CAR summarized planned actions to implement them and provided target dates for completion. The Regional Mission proposed slight changes to the wording of Recommendation Nos. 3 and 4; we evaluated the suggested rewording and modified both recommendations accordingly.

With regard to Recommendation No. 2, the Regional Mission did not agree because there no such official category of personnel as “designated alternate Cognizant Technical Officers.” USAID/CAR suggested changing our recommendation to “only permit certified CTOs to serve as alternate Cognizant Technical Officers in the primary CTO’s absence.” We evaluated and accepted USAID/CAR’s suggested revision because it should achieve the same desired outcome—that of having a sufficient number of trained individuals to serve as alternate CTOs. The Regional Mission also stated that it will continue its aggressive CTO training program this fiscal year by once again hosting the CTO series of courses.

Based on the USAID/CAR’s comments, we consider that a management decision has been reached on Recommendation Nos. 1, 2, 3, and 4.



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**Scope and  
Methodology****Scope**

The Regional Inspector General/Budapest conducted this audit in accordance with generally accepted government auditing standards. This audit was designed to answer the following questions: (1) Did USAID/CAR 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/CAR hold its Cognizant Technical Officers accountable for performing their responsibilities in accordance with USAID policies and regulations?

In planning and performing the audit, we assessed management controls related to management review, proper execution of transactions and events, and review of performance measures and indicators. Specifically, we obtained an understanding and evaluated (1) the tasks to be performed by CTOs, (2) the identification of training needed by CTOs, (3) legal interpretations related to CTO actions, (4) the establishment of work objectives and performance measures for CTOs, and (5) the evaluation of CTO performance. We also conducted interviews with key USAID/CAR personnel and implementing partners. In addition, we reviewed pertinent employee-related documentation such as individual training plans covering fiscal year 2003 and selected employee evaluations for their most recent rating period.

We conducted the audit at USAID/CAR located in Almaty, Kazakhstan. The audit fieldwork was conducted from May 27 through July 18, 2003.

**Methodology**

To answer both audit objectives we reviewed applicable laws and regulations as well as USAID policy and procedures. In addition, we administered a questionnaire to gather information from the CTOs in USAID/CAR. Through the questionnaire, we obtained information on the CTOs' background, training, and experience performing CTO tasks. As of May 2003, USAID/CAR had 35 individuals designated as CTOs. The questionnaire was distributed to all 35 CTOs and 32 responded. We did not develop materiality thresholds for the audit objectives.

In addition to distributing the questionnaire and analyzing the resulting responses, we interviewed CTOs, CTO supervisors, implementing partners, and personnel from the contracting office. We judgmentally selected 19 CTOs and four implementing partners to interview. The interviews provided us with an understanding of how CTOs performed their tasks and their level of understanding of what was expected of them.

To answer the second objective, we reviewed pertinent employee evaluation documents. We reviewed position descriptions, work objectives, and statements

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of work for the 19 CTOs interviewed. 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.

**Management  
Comments**

**UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT  
REGIONAL MISSION FOR CENTRAL ASIA**



Office of the Director

November 4, 2003

**MEMORANDUM**

**TO:** Regional Inspector General/Budapest, Nancy J. Lawton

**FROM:** USAID/Central Asia Republics, Acting Regional Director, Michael Fritz /s/

**SUBJECT:** Draft Report on Audit of USAID/CAR Training, Use, and Accountability of Cognizant Technical Officers (Report No. B-176-03-XXX-P)

The USAID/CAR Mission appreciates the opportunity to share its comments on the subject draft audit report and, as requested, we have outlined our position with regard to each of the recommendations in the discussion below.

First of all, however, I would like to thank the auditors for recognizing that this Mission has been extremely proactive in getting its designated Cognizant Technical Officers (CTOs) the training they need to effectively carry out their duties. Even though we have not yet reached the stage where every CTO is certified, as the auditors note, 86 percent of our CTOs have completed the Agency's mandatory training program. This is a tremendous percentage given our isolated location and our success is due to the efforts of many to make the USAID/CAR Mission a regional training hub.

During this current fiscal year, we plan to once again host the CTO training series, as well as host courses in Financial Management, Project Management, and the Planning, Achieving, and Learning Course. During October, we also conducted a one-day CTO/Activity Management "Stop-Gap" training workshop that brought together all of our CTOs and Activity Managers within the region to strengthen their knowledge base and results orientation.

While the General Accounting Office's recent report on USAID workforce planning stated, "With fewer and less experienced staff managing more programs in more countries, USAID's ability to oversee the delivery of foreign assistance is becoming increasingly difficult," this Mission remains committed to ensuring that this will not be the case in Central Asia. We will continue to proactively address our training needs and take whatever steps are needed to ensure we can effectively manage our programs throughout Central Asia.

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**Recommendation No. 1:** We recommend that USAID/Central Asian Republics evaluate the need for additional CTO training based on the requirements identified by individual CTOs.

The Mission concurs with this recommendation and, in addition to taking steps to further evaluate the need for training, has already addressed some of the competencies identified by CTOs in our “Stop-Gap” CTO/Activity Management training workshop. The Mission also plans to re-survey its CTOs in order to rank-order the competencies described in your Table 1. This will permit the Mission to focus development of additional training on the most critical areas. The planned target date for completion of the survey is December 31, 2003.

**Recommendation No. 2:** We recommend that USAID/Central Asian Republics provide training to meet certification requirements for designated alternate Cognizant Technical Officers.

The Mission does not agree with this recommendation because there is no such official category of personnel as “designated alternate Cognizant Technical Officers.” For example, the CTO designation letter simply states that in the CTO’s absence, the CTO may “designate someone to serve as CTO in your place. However, such action to direct an individual to act in your stead shall immediately be communicated to the Contractor and the Contracting Officer.” The word “someone” in this statement means that the designation is “ad-hoc” in nature and just about anyone in the Mission can be asked to serve as an alternate CTO.

Therefore, a better recommendation and one easier for the Mission to correct would be to say, “*We recommend that USAID/Central Asian Republics only permit certified CTOs to serve as alternate Cognizant Technical Officers in the primary CTO’s absence.*” With the current recommendation, the Mission cannot completely ensure that every possible person who might be designated an alternate CTO can be trained prior to being designated; however, with the revised recommendation, the Mission can ensure that only qualified personnel will be designated an alternate CTO immediately. If the change in recommendation is acceptable, the Mission will close this recommendation by issuing a Mission Notice to all CTOs to follow this requirement and, to further control the requirement, the Contracting Office can deny the CTO’s request to designate another person to act in his/her stead if that person is not certified. The planned target date for closing the revised recommendation is November 30, 2003.

The change in recommendation would require this section of the report to be modified considerably and the emphasis placed on the need to ensure the use of certified CTOs as alternates when necessary. However, because our goal is to ensure that a sufficient number of trained individuals can serve as alternates, we will continue our aggressive CTO training program this fiscal year by once again hosting the CTO series of courses. Apart from the recommendation, the Mission believes that the third paragraph on page 7 (beginning with the words “ADS 202.3.4.3”) would fit better if placed as the second paragraph on page 6.

**Recommendation No. 3:** We recommend that USAID/Central Asian Republics 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 [and evaluate the performance against those work objectives or statements of work]. (*Brackets added by the Mission*)

The Mission concurs with this recommendation but feels that the last section (enclosed in brackets) would better fit under recommendation no. 4. As well, we would like to see this, and the following recommendation, raised at the Agency level for implementation. At our level, however, if the above mentioned revision is acceptable, USAID/CAR has already begun closing this recommendation. As the EXO commented, “As a direct result of the CTO training conducted, offices and MS/PER immediately began incorporating CTO duties and responsibilities into PDs (*position descriptions*). This is routine for every PD involving CTO duties; about 10 have been done to date.” The Mission proposes to close this recommendation by adding the appropriate language to all contracts and having the EXO and Contracting Officer attest to this fact. The planned target date for closing the truncated recommendation is March 31, 2004.

**Recommendation No. 4:** We recommend that USAID/Central Asian Republics require supervisors to [evaluate CTO performance against work objectives or statements of work and] solicit comments from the contracting office personnel and other pertinent sources, on each Cognizant Technical Officer’s performance, as part of the periodic performance evaluation. (*Brackets added by the Mission*)

The Mission concurs with this recommendation as further described above under recommendation no. 3. We agree with the IG that USAID’s guidance on performance evaluations under different employment categories varies considerably and that, currently, there is no standard, Agency-wide format for USPSC evaluations. That said, USAID/CAR proposes to close this

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recommendation through the issuance of definitive guidance that will spell out what exactly will be required in CTO performance evaluations. For example, the guidance would state what is specifically required in an evaluation and the consequences for not including this information; a proposed standard evaluation report format for USPSCs (all other categories already have an established format); and any other useful information that may result from collaboration with M/OP on the guidance. The planned target date for closing this “expanded” recommendation is March 31, 2004.

If you have any questions about these comments and/or our proposed changes, please do not hesitate to get in touch with Mr. Richard Lawrence, the USAID/CAR Mission Audit Management Officer.

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**Table 1: List Showing Results of Respondents to an OIG Questionnaire Regarding CTO Training<sup>8</sup> Needs. (Prior to the June 2003 Training Courses)**

	No. of CTOs Responding	CTOs Who Said They Needed More Training	
		No.	%
<b>Required Competencies for Contracts</b>			
Knowledge of contracting law and regulations	28	21	75
Knowledge of contracting ethics including conflicts of interest and security of information	27	21	78
Ability to develop contract requirements, conduct market research, and prepare requirements documents and statements of work	28	24	86
Ability to request/assess bid and proposals	28	24	86
Ability to conduct price and cost determinations	28	25	89
Ability to monitor contractor performance	28	22	79
Ability to process contracting actions	28	23	82
Knowledge of documentation requirements including tracking orders, deliverables, timesheets, and other record keeping	27	22	81
Ability to close-out, terminate contract appeals and protests	27	22	81
Ability to administratively approve vouchers for payment	27	21	78
<b>Required Competencies for Grants and Cooperative Agreements</b>			
Knowledge of elements of an award	31	24	77
Knowledge of USAID's policy on competition	31	29	94
Knowledge of types of assistance instruments	31	19	61
Knowledge of USAID Source Origin/Nationality Requirements	31	21	68
Ability to process closeout procedures	31	26	84
Ability to monitor and evaluate recipients' performance	32	24	75
Ability to review and analyze performance and financial reports and verify timely delivery	32	24	75

<sup>8</sup> Choices of additional training in the survey included a small amount, moderate amount, or a lot of training.



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**Table 2: Customer Satisfaction Survey<sup>9</sup> A&A 103 Assistance Management  
USAID/CAR Almaty, June 16-20, 2003**

	Yes	No	Comments
I understand the required elements of an award to fulfill my CTO duties	27	0	<ul style="list-style-type: none"> <li>• Please add a Financial Management Component.</li> <li>• I don't understand all of them and need practice.</li> </ul>
I understand the laws and regulations applicable to grants and cooperative agreements (such as rules of competition, the types of contracts and when it should be used)	27	0	<ul style="list-style-type: none"> <li>• I need practice.</li> <li>• We manage for results not rules.</li> <li>• I still need a Contracting Officer to assist and advise on laws and regulations.</li> </ul>
I understand the types of assistance instruments and when each should be used	26	0	<ul style="list-style-type: none"> <li>• I need practice</li> </ul>
I understand the USAID Source Origin/ Nationality requirements to fulfill my CTO duties	25	1	<ul style="list-style-type: none"> <li>• I need practice it's still a bit confusing.</li> </ul>
I have the ability to process closeout procedures	24	2	<ul style="list-style-type: none"> <li>• I need practice and more explanation.</li> </ul>
I have the ability to monitor and evaluate recipients' performance to facilitate the attainment of program objectives	26	0	<ul style="list-style-type: none"> <li>• I need practice.</li> <li>• It would be useful if USAID had a specific course on monitoring.</li> </ul>
I have the ability to review and analyze performance and financial reports and verify timely delivery	24	2	<ul style="list-style-type: none"> <li>• I need practice and advice.</li> <li>• I need more training;</li> <li>• I need additional training;</li> <li>• It would be beneficial to review an actual financial report.</li> </ul>
Would you like the coursework to cover any additional CTO related duties (i.e., Financial Management, etc)	22	5	<ul style="list-style-type: none"> <li>• Financial Management(14)</li> <li>• Leadership training</li> <li>• Legal</li> <li>• Conflict Management</li> <li>• Communications</li> <li>• It should cover issues as needed by the group</li> <li>• Please go back to old project Imp. Course. Much more straight forward &amp; would include Finance.</li> </ul>

<sup>9</sup> The survey was administered by the Regional Mission.

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**Table 3: Customer Satisfaction Survey<sup>10</sup> A&A 102 Acquisition Management USAID/CAR  
Almaty, June 9-13, 2003**

	Yes	No	Comments
I have received sufficient training on contracting law and regulations to fulfill my CTO duties	19	1	<ul style="list-style-type: none"> <li>Some details are still not clear.</li> </ul>
I have received adequate knowledge of contracting ethics including conflicts of interest and security of information to fulfill my CTO duties.	20	1	<ul style="list-style-type: none"> <li>The course did not cover security of information.</li> </ul>
I have the ability to develop contract requirements, conduct market research, and prepare requirement documents and statements of work to fulfill my CTO duties	12	6	<ul style="list-style-type: none"> <li>I need training on SOW writing.</li> <li>I need some experience.</li> <li>I need practice but in theory believe I can do it.</li> <li>I could use more training on SOW.</li> </ul>
I have the ability to request/assess bid and proposals	16	4	<ul style="list-style-type: none"> <li>I need some experience.</li> <li>I didn't have enough time to do it.</li> <li>Technical areas of process not covered in course.</li> </ul>
I am able to conduct price and cost analysis to fulfill my CTO duties	14	5	<ul style="list-style-type: none"> <li>This area not included in Course</li> <li>I believe that I can adequately conduct the analysis.</li> <li>I need more instruction on how to conduct the analysis.</li> <li>I need some more training on how to conduct the analysis.</li> </ul>
I am able to monitor contractor performance in line with CTO regulation	20	1	<ul style="list-style-type: none"> <li>This area was not included in course.</li> </ul>
I am able to process contracting actions (task orders, invoices, change actions, modifications)	16	3	<ul style="list-style-type: none"> <li>This area not included in course.</li> <li>Yes, for invoices.</li> <li>CO should do these actions.</li> <li>I can do it with the support of more experienced colleagues.</li> <li>I need more practical exercises</li> </ul>
I have received sufficient training on documentation requirements including tracking orders, deliverables, timesheets to fulfill my CTO duties	12	8	<ul style="list-style-type: none"> <li>This area was not included in course.</li> <li>I need additional training.</li> <li>Course didn't discuss timesheets and tracking orders.</li> <li>I obtain assistance from my supervisor or CO.</li> </ul>
I am able to close-out, terminate contract appeals and protests	15	6	<ul style="list-style-type: none"> <li>This area was not included in the course.</li> <li>I don't believe CTO terminates or works with protests.</li> <li>I can do it with assistance of experienced colleague.</li> <li>I can do it in theory.</li> <li>I need more instruction.</li> <li>I can do it with some assistance from the regional office.</li> <li>I have never done it before but I can perform the duties.</li> </ul>

<sup>10</sup> The survey was administered by the Regional Mission.

	Yes	No	Comments
I understand how to administratively approve vouchers for payment to fulfill my CTO duties	20	1	<ul style="list-style-type: none"> <li>This area was not included in course.</li> </ul>
Would you like the coursework to cover any additional CTO related duties (i.e., Financial Management, etc)	14	4	<ul style="list-style-type: none"> <li>There could be a series of such trainings, as modules under umbrella of CTO training.</li> <li>Financial Management (6)</li> <li>SOW (2)</li> <li>Procurement Code and Regulations</li> <li>It would be good to have separate training. Separate modules for detail work (vouchers, finance) not combined but separate perhaps reference manuals as examples.</li> </ul>