

OFFICE OF INSPECTOR GENERAL



March 1, 2004

The Honorable Chuck Hagel  
Chairman  
Committee on International Economic Policy,  
Export and Trade Promotion  
Committee on Foreign Relations  
United States Senate  
450 Dirksen Senate Office Building  
Washington, D.C. 20510-6225

Dear Mr. Chairman:

Thank you for the opportunity to testify on USAID contracting policies before your subcommittee on February 25, 2004.

This letter responds to two items. The first item is additional testimony, which I offered to provide for the record, regarding USAID performance data. The second item was submitted by the Committee through the USAID Legislative and Public Affairs Office. That question concerned the failure to comply with contracting requirements to notify losing bidders in writing within the time required.

Item 1: USAID Performance Measurement

I would like to provide the following information for the record to elaborate on the statement in the OIG's *Standards for Success Accomplishment Report* for fiscal year 2003 that USAID does not yet have a performance measurement process that verifies and validates the reliability of information in the annual reports of individual USAID operating units.

USAID requires that, for all data submitted in annual reports, the operating units must have conducted data quality assessments within the last three years. However, two recent OIG audits indicated that performance monitoring plans developed by USAID missions did not consistently describe assessment procedures for data quality, a condition that could lead to assessments not being performed as required (*Audit of Selected USAID Operating Units' Monitoring of the Performance of Their HIV/AIDS Programs*, Audit Report No. 9-000-03-004-P dated

February 3, 2003, and *Audit of USAID-Financed Human Rights Activities in Colombia*, Audit Report No. 1-514-03-002-P dated December 13, 2002). In fact, the OIG's *Audit of Selected USAID Operating Units' Monitoring of the Performance of Their HIV/AIDS Programs* (Audit Report No. 9-000-03-004-P dated February 3, 2003) reported that, of 23 HIV/AIDS indicators reported by 8 operating units, data quality assessments were performed for only 6 indicators reported by 2 operating units. Similarly, the OIG's *Survey of USAID-Financed Assistance to the Democratic Republic of the Congo* (Report No. 7-660-03-001-S dated October 1, 2002) found that the Mission had not conducted data quality assessments for its program.

In FY 2004, the OIG plans to perform an audit of USAID operating units' performance monitoring for indicators appearing in their annual reports. In addition, the OIG plans to perform nine audits in FY 2004 at the mission level concerning programs such as democracy, basic education, population and health, and water resources management. It is expected that these audits will include work on the reliability of data reported on these programs.

Item 2: Regarding certain contracting procedures:  
As submitted to me from USAID/LPA on behalf of the Committee:

**Question:** Mr. Mosley testified that the OIG review of the first phase Bechtel contract in Iraq indicated that for this contract ... "USAID did not provide one offeror with timely notification that an award had been made and did not provide timely debriefings to three unsuccessful offerors..." which resulted in USAID being in "non-compliance with acquisition regulations." Mr. Beans testified that the Procurement Office did not see this as a violation of Federal Procurement Rules, but that it was a difference of interpretation with the OIG. How does USAID respond to what the OIG determines as a violation of Federal Procurement Rules as merely a difference of opinion?

**Response:** I would also like to provide you with additional information regarding notification of the contract award to Bechtel National, Inc. and debriefings for the unsuccessful offerors, which your subcommittee addressed through a question for the record to Mr. Beans.

FAR 15.503(b)(1) provides that:

Within 3 days after the date of the contract award, the contracting officer shall provide written notification to each offeror whose proposal was in the competitive range but was not selected for award . . . ."

No written notification of award was in fact provided to the unsuccessful offerors.

FAR 15.506(a)(1) and (2) provide that:  
An offeror, upon its written request received by the agency within 3 days after the date on which that offeror has received notification of contract award in accordance with 15.503(b), shall be debriefed and furnished the basis for the selection decision and contract award.

To the maximum extent practicable, the debriefing should occur within 5 days after receipt of the written request. Offerors that requested a postaward debriefing in lieu of a preaward debriefing, or whose debriefing was delayed for compelling reasons beyond contract award, also should be debriefed within this time period.

USAID provided debriefings to the unsuccessful offerors, but not within the timeframe in FAR 15.506(a)(2). The debriefings were provided to the three unsuccessful offerors 8, 13, and 15 days after the timeframe in FAR 15.506(a)(2). According to the Contracting Officer, the debriefings were delayed by higher priority contract administration functions which focused on immediately placing Bechtel personnel in the field.

If you would like any additional information, please contact me (202) 712-1150.

Sincerely,

Everett L. Mosley  
Inspector General

cc: The Honorable Paul S. Sarbanes  
Ranking Member

