

GAO

Report to the Committee on Oversight
and Government Reform, House of
Representatives

September 2008

USAID ACQUISITION AND ASSISTANCE

Actions Needed to Develop and Implement a Strategic Workforce Plan





Highlights of [GAO-08-1059](#), a report to the Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

The U.S. Agency for International Development (USAID) over the years has shifted from conducting its own activities to managing acquisition and assistance (A&A) instruments—contracts, grants, and cooperative agreements—awarded to and implemented by mainly nongovernmental entities. For fiscal years 2002 through 2007, USAID's A&A obligations doubled from about \$5 billion to \$10 billion. A&A staff—contracting officers (CO) and A&A specialists—are primarily responsible for managing A&A instruments. GAO was asked to examine (1) USAID's capacity to develop and implement a strategic A&A workforce plan and (2) the extent to which USAID has implemented a mechanism to evaluate its A&A function. GAO analyzed USAID documents and data, interviewed officials, visited missions in seven countries, and administered a survey to A&A staff.

What GAO Recommends

GAO recommends 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 recommends that the strategic A&A workforce plan includes a process to collect, analyze, and maintain sufficiently reliable and up-to-date data on USAID's A&A staff levels, and comprehensive information on the competencies of the A&A staff. GAO received written comments from USAID acknowledging that improvements are needed in the areas recommended.

To view the full product, including the scope and methodology, click on [GAO-08-1059](#). For more information, contact Thomas Melito at (202) 512-9601 or melitot@gao.gov.

USAID ACQUISITION AND ASSISTANCE

Actions Needed to Develop and Implement a Strategic Workforce Plan

What GAO Found

USAID lacks the capacity to develop and implement a strategic A&A workforce plan because it is missing two key 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 number of overseas A&A specialists collected by two USAID offices—the Office of Acquisition and Assistance (OAA) and the Office of Human Resources (OHR)—are 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. In addition, USAID has not collected comprehensive competency information on its overseas A&A specialists. GAO's model of strategic human capital planning notes the importance of these data in developing a strategic A&A workforce plan that could enable the agency to better match staff levels to changing workloads. At the missions GAO visited, GAO found that the numbers and competencies of A&A staff did not match A&A workloads. The number of A&A staff with the necessary competencies was less than adequate at some missions, while at others it was more than adequate, according to agency officials. For example, officials at the mission in Mali said they have delayed time-sensitive projects because key A&A staff were not available when needed to approve contracts, while officials at the mission in Indonesia said the current number of A&A staff may be more than adequate. Most of the A&A survey respondents overseas also reported difficulty in altering staffing patterns to meet A&A workload demands. Although USAID has made some efforts to address its A&A workforce issues, these efforts 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. OAA's Evaluation Division is responsible for providing oversight to ensure that A&A operations follow USAID policies, primarily by assessing the agency's A&A operations worldwide. However, for fiscal years 2003 through 2005, it conducted on-site evaluations at only 9 of its targeted 85 missions. In fiscal year 2007, the Evaluation Division developed a new evaluation mechanism that is expected to use scorecard evaluations, in which COs self-assess their A&A operations, and a risk-based approach to determine locations for further on-site visits. The division has completed piloting these scorecard evaluations at four missions and identified weaknesses in A&A operations. For example, the division found that 1 mission lacked resources to adequately monitor contractor performance. The division's goal is to implement this evaluation mechanism, including on-site visits to at least 5 missions, within 2 years. However, agency officials informed GAO that the Evaluation Division currently does not have the staff level needed to fully implement this evaluation mechanism. Without implementing the evaluation mechanism, USAID cannot certify the overall adequacy and effectiveness of management controls for the A&A function.

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Abbreviations

A&A	acquisition and assistance
CO	contracting officer
CTO	cognizant technical officer
GLAAS	Global Acquisition and Assistance System
NGO	nongovernmental organization
OAA	Office of Acquisition and Assistance
OHR	Office of Human Resources
OIG	Office of Inspector General
USAID	U.S. Agency for International Development

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United States Government Accountability Office
Washington, DC 20548

September 26, 2008

The Honorable Henry A. Waxman
Chairman
The Honorable Tom Davis
Ranking Member
Committee on Oversight and Government Reform
House of Representatives

The U.S. Agency for International Development (USAID) is primarily responsible for managing U.S. humanitarian and development assistance efforts worldwide. 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 acquisition and assistance (A&A) instruments,¹ which are awarded to and implemented by mainly nongovernmental organizations (NGO).² For fiscal years 2002 through 2007, USAID's total annual A&A instruments increased from about 6,000 to about 11,000, while obligations for the instruments doubled from about \$5 billion to about \$10 billion. 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, policies, and sound business practices.³ Effective oversight within the agency is key to ensuring that USAID staff are carrying out their responsibilities.

¹Acquisition instruments are contracts for goods and services, while assistance instruments include grants and cooperative agreements.

²A nongovernmental organization (NGO) is any nongovernmental organization or entity, whether nonprofit or profit-making, receiving or providing USAID-funded assistance under an A&A instrument.

³Federal regulations and agency policy directives and procedures provide guidance for managing these A&A instruments. Federal regulations include the Federal Acquisition Regulation and USAID Acquisition Regulation, while policy directives and procedures include the Automated Directives System and A&A Policy Directives.

USAID's A&A staff, including contracting officers (CO) assisted by A&A specialists,⁴ 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,⁵ also design and manage assistance activities. They also share some of the responsibility of managing A&A instruments.⁶

Several GAO and USAID Office of Inspector General (OIG) reports have emphasized the importance of strategic workforce planning to ensure that an agency's workforce is adequately supporting the agency's mission.⁷ For example, a strategic workforce plan should include a definition of the critical skills and competencies needed to meet the agency's strategic program goals, and top management should ensure that the agency has sufficient financial and staff resources to accomplish these goals. 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.

⁴For the purposes of this report, we use the term "contracting officers" (CO) to mean both contracting officers and agreement officers who are responsible for awarding and managing USAID acquisition and assistance instruments. We use the term "A&A specialists" to mean specialists in headquarters and at overseas missions who assist COs. We use the term "A&A staff" to include both COs and A&A specialists.

⁵USAID's three functional bureaus are (1) Economic Growth, Agriculture, and Trade; (2) Democracy, Conflict, and Humanitarian Assistance; and (3) Global Health; in support of USAID's strategic goals. USAID's five geographic bureaus are (1) sub-Saharan Africa, (2) Asia, (3) Latin America and the Caribbean, (4) Europe and Eurasia, and (5) the Middle East. Overseas mission staff are responsible for assistance activities in support of USAID's strategic objectives.

⁶CTOs' responsibilities include verifying that the activities conform to the terms and conditions of the instrument, administering financial management responsibilities, and monitoring the performance of the A&A instrument through site visits and report reviews.

⁷For example, see GAO, *Foreign Assistance: Strategic Workforce Planning Can Help USAID Address Current and Future Challenges*, [GAO-03-946](#) (Washington, D.C.: Aug. 22, 2003); GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003); and USAID Office of Inspector General, *Audit of USAID's Workforce Planning for Procurement Officers*, Audit Report Number 9-000-03-001-P (Washington, D.C.: Nov. 13, 2002).

You asked us to assess USAID’s management of its A&A function.⁸ Specifically, we examined (1) USAID’s capacity to develop and implement a strategic A&A workforce plan and (2) the extent to which USAID has implemented a mechanism to evaluate its A&A function.

To address these objectives, we focused on USAID’s administration of the A&A process. We analyzed USAID’s staffing, planning, workload, strategy, training, and agency evaluation documents related to the A&A function. We also reviewed assessments of USAID A&A workforce and evaluation efforts, including prior GAO and USAID OIG reports. In addition, we reviewed GAO’s Key Principles for Effective Strategic Workforce Planning,⁹ and Standards for Internal Controls in the Federal Government.¹⁰ We 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. We selected these countries to obtain geographic diversity and ensure representation of various A&A processes and organizational structures for the A&A function. We met with USAID officials at all of these locations, and officials from organizations that implement USAID activities under A&A instruments in some of the locations. Furthermore, to obtain the views of USAID staff with key A&A responsibilities, we administered a survey to all USAID COs in headquarters and overseas, as well as A&A specialists in headquarters. We received a response rate of 95 percent—150 respondents out of a total of 158. Given the high response rate and no indications of nonresponse bias, we considered estimates from this survey to be generalizable to the population surveyed.

We conducted this performance audit from February 2007 to September 2008 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings

⁸This report focuses on the A&A function to implement USAID’s foreign assistance activities and does not include activities that support the agency’s internal operations, whether funded from USAID’s operating expense account or program accounts, such as personal services contracts.

⁹[GAO-04-39](#).

¹⁰GAO, *Standards for Internal Controls in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

and conclusions based on our audit objectives. Appendix I contains a more detailed description of our scope and methodology.

Results in Brief

USAID lacks the capacity to develop and implement a strategic A&A workforce plan because it is missing two key 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. Although two offices within USAID—the Office of Acquisition and Assistance (OAA) and the Office of Human Resources (OHR)—have separately collected A&A staffing data, the data on the number of overseas A&A specialists are either unreliable or out of date. We found significant discrepancies between OAA’s and OHR’s end of fiscal year 2005 overseas A&A staff level data (the most current data made available to us by OAA). Agency officials also acknowledged that the agency does not systematically collect reliable and up-to-date A&A staff level data. In addition, USAID has not collected information on the competencies, including knowledge, skills, abilities, and experience levels, of its overseas A&A specialists. GAO’s model of strategic human capital planning notes the importance of these data in developing a strategic A&A workforce plan that could enable the agency to better match staff levels to changing workloads. During fieldwork, we found that the numbers and competencies of A&A staff did not match A&A workloads. Agency officials at some missions told us they did not receive adequate and timely A&A support at times—in part because the numbers of A&A staff were insufficient or because the A&A staff lacked necessary competencies—whereas agency officials at other missions told us that the numbers and competencies of A&A staff were more than adequate. For example, officials at the mission in Mali told us that they have delayed time-sensitive projects because key A&A staff were not available when needed to approve contracts, while officials at the mission in Indonesia said the current number of A&A staff may be more than adequate. Furthermore, about 70 percent of our A&A survey respondents at overseas locations reported difficulty in altering staffing patterns to meet A&A workload demands. Although USAID has made some efforts to address its A&A workforce issues, these efforts 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 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. USAID's OIG reported in 2006 that for fiscal years 2003 through 2005, the Evaluation Division did not meet its target of evaluating A&A operations at USAID missions every 3 fiscal years, conducting evaluations at only 9 out of approximately 85 missions. According to the OIG report, resource constraints and the increased number of A&A operations adversely impacted the division's ability to meet its target. In addition, about 40 percent of the A&A staff who responded to our survey reported that there is insufficient oversight to assure the quality of the A&A process. In fiscal year 2007, in view of past resource constraints, 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 Evaluation Division was to review the scorecard evaluations and use a risk-based approach to determine locations for further on-site visits. The Evaluation Division has finished piloting the 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 evaluation mechanism, including on-site visits to at least 5 missions, within a 2-year period. However, agency officials informed us that the Evaluation Division currently does not have the staff needed to fully implement the evaluation mechanism. In addition, officials told us that the agency currently lacks a system that contains all 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.

To improve the agency's management and oversight of its A&A function, we are recommending 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 recommend 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.

Commenting on this report, USAID acknowledged that it needs to rebuild core A&A management capacity in key areas such as workforce planning and evaluation in order to sustain effective management of A&A functions (see app. III). In addition, USAID noted several agency-wide initiatives to

identify staffing needs and increase staff resources to meet the agency's goals. USAID also stated that enhancements must be made to the evaluation function that could strengthen the oversight of its A&A function. Furthermore, USAID provided technical comments, which we incorporated as appropriate.

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.¹¹ Its activities include technical assistance, research, policy advice, and infrastructure assistance.

USAID's Organizational Structure for Designing and Managing Its Assistance Activities

In headquarters, USAID is organized into three functional and five geographic bureaus. The functional bureaus are aligned with the agency's three strategic goals—(1) economic growth and trade, (2) democracy and governance, and (3) global health. The bureaus design and manage activities that support their specific strategic goal. However, each activity is typically implemented in multiple countries around the world. The five geographic bureaus are responsible for oversight of overseas missions that design and manage activities that support USAID's strategic goals.

Overseas, USAID designs and manages its foreign assistance activities and A&A instruments at several types of missions. These include

- bilateral missions that design and manage assistance activities and A&A instruments in the countries in which they are located, such as the mission in Indonesia;
- regional missions that design and manage assistance activities and A&A instruments in the countries in which they are located and also for other countries in the region, such as the mission in Kazakhstan; and

¹¹These foreign policy goals, outlined in the State Department and USAID Strategic Plan for fiscal years 2007-2012, include achieving peace and security, governing justly and democratically, investing in people, promoting economic growth and prosperity, providing humanitarian assistance, promoting international understanding, and strengthening consular and management capabilities.

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- regional missions that provide administrative support, such as acquisition and assistance, legal and financial, to missions in their region, such as the mission in Thailand.

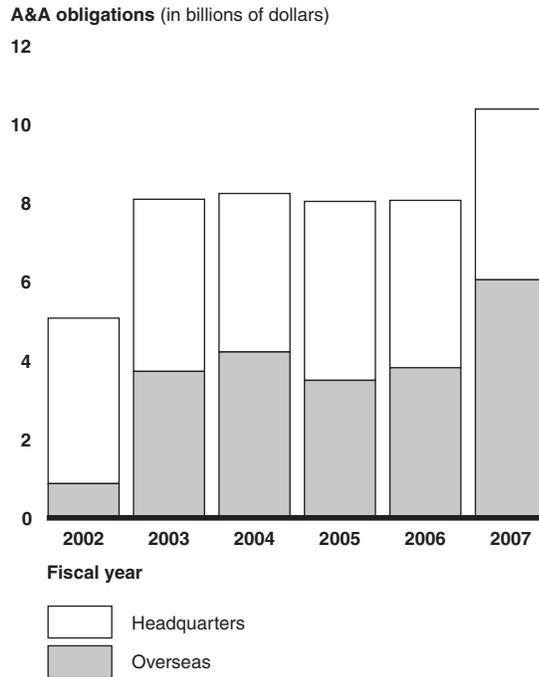
USAID's Office of Acquisition and Assistance (OAA) has overall responsibility for the administration of A&A instruments in headquarters. Its A&A staff provide professional advisory and technical support to USAID's functional and geographic bureaus for developing and managing A&A instruments. OAA also provides periodic guidance to A&A staff at overseas missions. OAA is located within USAID's Management Bureau, and its director reports to the Deputy Assistant Administrator of the Management Bureau.

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 contracting officer (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 all of 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. Appendix II lists missions with authorized on-site COs as of July 2008, as reported by OAA.

A&A Workload Trends for Fiscal Years 2002 through 2007

USAID's total obligations for A&A instruments doubled from about \$5 billion to about \$10 billion from fiscal year 2002 through fiscal year 2007. While total A&A obligations and number of A&A instruments increased only slightly at headquarters over this time period, A&A obligations overseas increased by nearly 600 percent, from about \$1 billion in fiscal year 2002 to about \$6 billion in fiscal year 2007. In fiscal year 2007, A&A obligations managed by overseas missions made up the majority—nearly 60 percent—of total A&A obligations. Figure 1 illustrates the A&A obligations managed by OAA headquarters and overseas missions for fiscal years 2002 through 2007.

Figure 1: Total A&A Obligations Managed by OAA Headquarters and Overseas Missions, Fiscal Years 2002 through 2007



Source: USAID.

USAID's total number of A&A instruments from fiscal years 2002 through 2007 also increased substantially, from about 6,000 to about 11,000. In fiscal year 2007, around 71 percent of the total number of A&A instruments was managed by overseas missions.

USAID Lacks Human Capital Data Needed for a Strategic A&A Workforce Plan That Could Help Address Its Overseas Workload Imbalances

Key Elements of a Strategic A&A Workforce Plan

GAO has developed a model of strategic human capital planning to help agency leaders effectively use their personnel and determine how well they integrate human capital considerations into daily decision making and planning for the program results they seek to achieve. Under the principles of effective workforce planning, an agency should determine the critical skills and competencies that will be needed to achieve current and future programmatic results. Then, the agency should develop strategies tailored to address gaps in number, deployment, and alignment of human capital approaches for enabling and sustaining the contributions of all critical skills and competencies.

USAID lacks the capacity to develop and implement a strategic A&A workforce plan because it lacks two key elements: (1) sufficiently reliable and up-to-date overseas A&A staff level data and (2) comprehensive information on the competencies of its overseas A&A specialists, who play a critical role in assisting COs and CTOs in overseas missions. During our fieldwork, we found that the numbers of A&A staff with the necessary competencies did not match A&A workload. Although various USAID has launched some ad hoc attempts to address the agency's A&A workforce issues, these efforts lack critical elements of a strategic A&A workforce plan, particularly comprehensive information on its A&A specialists overseas.

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

Although USAID's Office of Human Resources (OHR) systematically collects data on A&A specialists' staff levels, these data are not sufficiently reliable. OHR officials acknowledged they had concerns about the reliability and accuracy of the overseas A&A staff level data, particularly with regard to the number of overseas A&A specialists. These officials stated that they receive staffing data from missions but do not know whether mission staff validate the data.¹² In addition, they told us that mission staff who prepare these data may not receive adequate guidance for classification of different overseas staff positions, and as a result, misclassification and inaccurate reporting of A&A staff levels may occur.

¹²To send these data to OHR, overseas missions use the Post Personnel System, a State Department system that tracks U.S. and local staff who work for the U.S. government overseas.

Furthermore, OHR officials do not validate or confirm the data they collect from missions, according to these officials.

The Office of Acquisition and Assistance (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 Office of Human Resources (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 (the most current data made available to us by OAA) revealed substantial discrepancies. For example, comparing the two sets of data showed that OAA's reported total overseas A&A staff levels for that year were more than 78 percent higher than those reported by OHR—OAA reported 264 overseas A&A staff, and 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 Office of Human Resources' 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

Although A&A obligations have increased significantly at overseas missions, USAID has not collected comprehensive information on the competencies, including knowledge, skills, abilities, and experience levels, of its overseas A&A staff. According to the principles of effective workforce planning, an agency should determine the critical skills and competencies needed to achieve current and future programmatic results. In May 2008, the Office of Acquisition and Assistance (OAA) and the Office of Human Resources (OHR) jointly conducted competency assessments for A&A staff in headquarters and COs in overseas missions as part of an

effort to implement the President's Management Agenda.¹³ However, these assessments did not include A&A specialists at overseas locations. For staff included in this effort, OAA and OHR conducted a capability assessment that identified key A&A staff competencies, such as decision making and written communication skills; assessed competency levels; identified competency gaps; and established strategies to reduce staff vacancies and skill gaps through recruitment, retention, and training. According to OHR officials, USAID expects to implement a similar assessment for A&A specialists overseas but 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

At the USAID missions we visited, we found that the numbers and competencies of A&A staff did not match A&A workload. While at some missions the numbers of A&A staff with the necessary competencies were considerably less than adequate, 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 their A&A staff at times 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—where three COs manage A&A activities in 12 countries—stated that she sometimes could not address some missions' needs in a timely manner because of competing workload demands. Staff at one of the missions for which the regional mission provides A&A support—Cambodia—told us that while their A&A workload has increased, they have at times not received adequate A&A support. These staff attributed this lack of support to a decline in A&A specialist staff levels from three in 2007 to one at the time of our visit, as

¹³Started in 2001, the President's Management Agenda is a strategy for improving the management and performance of the federal government, and strategic human capital management is one of its five governmentwide areas of focus. USAID has designated the acquisition profession as a mission-critical occupation.

well as the inexperience of the mission's one remaining on-site A&A specialist. This A&A specialist only works on A&A activities part-time because she has other responsibilities. The mission director told us that as a result, she has had to perform tasks that are normally considered 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 the four missions that do not have on-site A&A specialists. Staff at one such mission, in the Kyrgyz Republic, noted that when they needed A&A staff on site to provide more guidance to their less experienced CTOs, the A&A staff were not available. Officials noted that without such guidance from A&A staff, CTOs may be more likely to incorrectly manage A&A instruments. A&A staff in Kazakhstan told us their ability to visit and support A&A activities at such missions was hindered by a heavy workload and competing demands from the other missions in the region.
- Officials at the mission in Mali, which had two on-site A&A specialists and 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.

In contrast, officials at the other two missions we visited—Peru and Indonesia—told us they had more than adequate numbers of A&A staff with the necessary competencies to manage their workload. Some staff even indicated that these missions may not need all of their assigned COs to adequately manage their A&A work. For example, one CO who will soon be leaving the mission in Indonesia may not need to be replaced, according to some A&A mission staff. 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.

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.

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

In recent years, USAID has launched some ad hoc attempts to address the agency's 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. The model does not, however, incorporate data on either the current A&A staffing levels or the competencies of existing A&A staff.

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 developing and implementing 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 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. In 2006, USAID's OIG found that the division had not met its previously set target of conducting on-site evaluations of A&A operations at all missions within a 3-year period, due to resource constraints within the division.¹⁴ The division has since developed a new evaluation mechanism, the scorecard evaluation, that relies on COs' annual self-assessments of A&A operations and is followed by on-site reviews at selected missions, conducted by division staff. However, the division has yet to implement this evaluation mechanism.

OAA's Evaluation Division Is Responsible for Evaluating the A&A Function but Did Not Meet Its Previous Target for A&A Evaluations

Among other responsibilities, OAA's Evaluation Division is to conduct evaluations of worldwide A&A operations to ensure USAID's compliance with an executive order and certify the effectiveness of USAID's A&A function.¹⁵ GAO's internal control standards state that evaluations—whether in the form of self-assessments or other means—are necessary to ensure an agency's operational effectiveness and compliance with applicable policies. Furthermore, the President's fiscal year 1995 Executive Order on Federal Procurement Reform¹⁶ included a requirement that every U.S. agency evaluates its A&A function against the agency's approved criteria. To comply with the order, OAA developed an evaluation program to assess USAID's A&A function. This evaluation program was also designed to enable USAID's Management Bureau to annually certify the adequacy and effectiveness of management controls for the A&A function, as required by USAID directives.

Prior to fiscal year 2007, the evaluation program required Evaluation Division staff to make on-site visits to assess A&A operations at OAA offices in headquarters and missions. Evaluations were designed to be performed at each mission by teams of two Evaluation Division staff over a period of about 2 or 3 weeks. After each team had completed its fieldwork, the OAA director reported to the mission director on

¹⁴USAID Office of Inspector General, *Audit of USAID's Procurement Evaluation Program*, Audit Report Number 9-000-06-007-P (Washington, D.C.: May 11, 2006).

¹⁵OAA's Evaluation Division has other responsibilities, including administering USAID's Procurement Management Certification Program.

¹⁶Executive Order 12931 (Federal Procurement Reform); 10/13/1994.

deficiencies that the team had identified in the mission's A&A operations and provided recommendations to address those deficiencies.

In fiscal year 2006, the OIG found that OAA's Evaluation Division had not met its target of conducting evaluations of all A&A operations to ensure that the agency had responded to the executive order on federal procurement reform. Although the division had set a goal of conducting evaluations at all of the approximately 85 missions every 3 years, the OIG found that for fiscal years 2003 through 2005, the division had evaluated A&A operations at only 9 missions—about 11 percent of the number of missions at the time. The OIG report noted that a staffing shortage, as well as a significant increase in USAID's A&A operations in Iraq and Afghanistan, had adversely impacted the division's ability to meet its target during that time frame. OAA's Evaluation Division was unable to certify to the Management Bureau the overall adequacy and effectiveness of management controls at the missions on the basis of such a small number of completed evaluations. The division also could not provide reasonable assurance that USAID was effectively implementing the executive order. As a result, the OIG recommended in 2006 that the director of OAA develop a plan for verifying and ensuring that the agency was effectively implementing the executive order.

New Evaluation Mechanism Relies on COs' Self-Assessment of A&A Operations

In fiscal year 2007, in view of the resource constraints that had hampered its ability to meet its prior evaluation targets, OAA's Evaluation Division developed a Web-based self-reporting mechanism for evaluating the A&A function, referred to as the scorecard evaluation. According to Evaluation Division officials, the division previously lacked a mechanism to review all locations every year for systemic problems in A&A operations. With the scorecard evaluation, all USAID COs who manage A&A offices are to assess their own operations and thereby assist OAA in identifying areas of vulnerability in headquarters and missions each year. The scorecard methodology follows GAO's Standards of Internal Control to achieve effectiveness and efficiency of acquisition operations; ensure fiscal integrity of the agency's acquisition system; and ensure that applicable acquisition laws, regulations, guidance, and principles are being followed. Areas identified in the scorecard are to include COs' reporting of staffing patterns, assessment of the A&A operations' management systems, and the extent to which A&A award solicitations, negotiations, and administration comply with USAID guidelines.

The Evaluation Division is expected to follow up on the scorecard evaluations with on-site reviews of a risk-based selection of offices and

missions, followed by evaluation reports that make recommendations for mitigating risks associated with A&A operations at these locations. After reviewing the COs' submitted scorecards—certified by the appropriate mission director or other management official—the Evaluation Division is to determine the risk levels associated with all A&A activities in the COs' self-reported scorecard evaluation responses. Next, the division expects to select certain missions for on-site visits, using a risk-based approach based on the scorecard evaluation results and informal, internally generated criteria, such as COs' reliance upon less-experienced COs, number of years lapsed since the last evaluation at the location, high funding levels, and country-specific issues that might raise concerns in the division about A&A operations. During the on-site visits, which are expected to last approximately 1 week, the Evaluation Division staff will conduct a hands-on review of mission documents—including the CO's work products and all supporting documents in the A&A file—hold discussions with mission staff to verify the submitted scorecard responses, and follow up on any issues mentioned in the scorecards. Finally, on the basis of its findings from the scorecards and the on-site reviews, OAA is expected to develop an evaluation report with recommendations on the missions' A&A operations that missions are required to address prior to the following year.

As of August 2008, the Evaluation Division had completed pilot scorecard evaluations—including on-site visits—at four locations with USAID A&A operations: the East Africa regional mission and missions in Kenya, Peru, and Sudan. In its evaluation reports for these pilot locations, the evaluation team assigned risk levels based on the COs' self-assessments of A&A areas. For example, at various locations, the evaluation team identified the following high-risk issues or weaknesses in A&A operations:

- a mission lacked resources to monitor contractor performance, and the CO could not ensure that contractor performance reports were prepared, as required by USAID policy;
- a regional structure was providing insufficient mentoring and oversight of junior contract officers; and
- a regional mission had experienced a sixfold workload increase in the past 3 years, despite resource constraints.

Evaluation Division Has Not Implemented New Evaluation Mechanism

Although the Evaluation Division has developed the new scorecard evaluation, it has yet to implement it. Approximately 40 percent of the A&A staff who responded to our survey reported that there is insufficient oversight to ensure the quality of the A&A process. According to Evaluation Division staff, in fiscal year 2007 the division set a goal of ensuring a scorecard review of all A&A operations in headquarters offices and all of the approximately 80 missions within a 2-year period, and at least one on-site visit of a mission in each of the five regions of the world. However, agency officials informed us that the Evaluation Division currently lacks the staff level and systems needed to implement the scorecard evaluation to meet its goal. According to Evaluation Division officials, the number of procurement analysts in the division has declined from 12 in fiscal year 1992 to 4 in fiscal year 2008. However, according to these officials, the division needs at least 8 procurement analysts to make the appropriate number of on-site evaluation visits to missions per year. As of August 2008, the Evaluation Division was authorized to hire 3 additional procurement analysts. However, the division has not yet finalized plans for full implementation of the scorecard evaluations based on this increase in staff.

In addition, according to Evaluation Division staff, USAID headquarters and missions lack an electronic A&A data system that would facilitate the evaluation process. Currently, the Evaluation Division reviews the available A&A documents provided by COs worldwide; while some A&A units utilize an electronic filing system, A&A operations in many missions continue to maintain hard-copy A&A documents. Evaluation Division staff told us they would ideally be able to access a digital repository of A&A documents remotely while reviewing COs' completed scorecard evaluations. Such access would allow the Evaluation Division staff to review A&A documents in headquarters and reduce their need to conduct on-site visits, thereby saving resources and time. As of July 2008, USAID was analyzing information technology options for the OAA Evaluation Division to achieve its needs, including the implementation of the Global Acquisition and Assistance System (GLAAS), a new globally accessible system intended to standardize and automate USAID's management of A&A instruments. However, GLAAS has not yet been implemented at all missions, and the Evaluation Division continues to lack the technology to access all A&A files electronically in order to conduct scorecard reviews remotely.

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 its 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. Despite a past USAID OIG recommendation calling for USAID to develop an A&A workforce plan, the agency has yet to analyze the relation of staffing patterns to existing workload with the goal of better matching its staff to its workload. Specifically, the agency currently lacks 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. With these data, which are key elements of federal workforce planning models, USAID could better identify its critical staffing needs and adjust its staffing patterns to meet those needs.

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 \$10 billion worldwide. Although the agency is in the process of hiring additional staff for the division, much time has elapsed since USAID's OIG noted in 2006 that the division's resource constraints hampered its ability to conduct evaluations. Until USAID has the capacity to implement the evaluation mechanism, the agency lacks the ability to ensure that potential weaknesses in the A&A process are quickly identified and corrected.

Recommendations for Executive Action

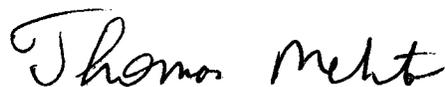
To improve the agency's management and oversight of its A&A function, we are recommending that the Administrator of USAID develop and implement a strategic A&A workforce plan that matches resources to priority needs, such as the evaluation of the A&A function. Specifically, we recommend that the strategic 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.

Agency Comments and Our Evaluation

We requested and received comments on a draft of this report from USAID. These comments are reprinted in appendix III, along with our responses to specific points. USAID did not specifically comment on our recommendations but acknowledged that it needs to rebuild core A&A management capacity in key areas such as workforce planning and evaluation in order to sustain effective management of A&A functions. USAID noted several agencywide initiatives such as the development of a new Human Capital Strategic Plan and Workforce Plan to address the agency's staffing requirements from 2009 to 2013, as well as a competency management system and a Learning Management System to improve staff competency information. In addition, USAID stated that enhancements must be made to the evaluation function that could strengthen the oversight of its A&A function. We acknowledge USAID's agencywide efforts to enhance workforce planning, but maintain that the agency currently lacks sufficiently reliable staff-level data and comprehensive competency information on its overseas A&A specialists, which are key elements of a strategic workforce plan. USAID also provided technical comments, which we incorporated as appropriate.

We are sending copies of this report to interested congressional committees and the Administrator of the U.S. Agency for International Development. We will also make copies available to others on request. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staffs have any questions about this report, please contact me at (202) 512-9601 or melitot@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix IV.



Thomas Melito
Director, International Affairs and Trade

Appendix I: Scope and Methodology

To examine the United States Agency for International Development's (USAID) capacity to develop and implement a strategic acquisition and assistance (A&A) workforce plan, we used GAO's guidance on human capital management¹ and GAO's Framework for Assessing the Acquisition Function at Federal Agencies.² We also reviewed prior assessments of USAID's workforce planning efforts by GAO and USAID's Office of Inspector General (OIG).³ To determine A&A staff levels, we analyzed and compared staffing data that USAID's Office of Acquisition and Assistance (OAA) and the Office of Human Resources (OHR) made available to us. We also interviewed OHR officials to determine the reliability of their data. We obtained and analyzed data on the number of A&A instruments and the obligated amounts of A&A instruments for fiscal years 2002 through 2007. We assessed the reliability of these data by reviewing information about the data and the system that produced them and by interviewing agency officials knowledgeable about the data. We found USAID's data sufficiently reliable for representing the A&A obligations and instruments. To report on USAID's efforts in A&A workforce planning, we reviewed agency documents and interviewed agency officials, as well as evaluated these efforts according to key principles for strategic workforce planning identified in our prior work.

To examine the extent to which USAID has implemented a mechanism to evaluate its A&A function, we analyzed USAID documents and interviewed relevant USAID agency officials. Documents we examined include the President's 1995 Executive Order on Federal Procurement Reform, applicable agency policies and directives, a past OIG report that audited USAID's A&A evaluation program, and documents related to the Global Acquisition and Assistance System (GLAAS). We also analyzed past A&A evaluation reports, documents pertaining to the scorecard evaluation methodology, as well as the scorecard evaluations and on-site evaluation reports conducted for the piloted locations. In addition, we met with

¹GAO, *Human Capital: Key Principles for Effective Strategic Workforce Planning*, [GAO-04-39](#) (Washington, D.C.: Dec. 11, 2003).

²GAO, *Framework for Assessing the Acquisition Function at Federal Agencies*, [GAO-05-218G](#) (Washington, D.C.: September 2005).

³These include GAO, *Foreign Assistance: Strategic Workforce Planning Can Help USAID Address Current and Future Challenges*, [GAO-03-946](#) (Washington, D.C.: Aug. 22, 2003); USAID Office of Inspector General, *Audit of USAID's Workforce Planning for Procurement Officers*, Audit No. 9-000-03-001-P (Washington, D.C., Nov. 13, 2002).

USAID officials in Washington, D.C., to discuss the A&A evaluation mechanism.

To assess the A&A function overseas, we conducted fieldwork in the following seven countries: Cambodia, Indonesia, Kazakhstan, the Kyrgyz Republic, Mali, Peru, and Thailand. We selected these countries to obtain geographic diversity and ensure representation of various A&A processes and organizational structures for the A&A function. In all of these countries, we met with USAID officials. In some of these countries, we also met with representatives of nongovernmental organizations (NGO) that implement A&A activities for USAID under A&A instruments. Although the findings from our fieldwork in each country are not generalizable to the population of USAID A&A activities, we determined that the selection of the countries and activities reviewed was appropriate for our design and objectives.

To obtain views from USAID staff with key A&A responsibilities, we also conducted a survey of USAID's A&A staff between October 2007 and June 2008. The survey was sent to all USAID contracting officers (CO) in headquarters and missions, as well as all A&A specialists in headquarters. The survey contained questions related to work experience, staffing, workload, and the administration of acquisition and assistance instruments. We pretested the survey with three COs.

Our survey of A&A staff received a 95 percent response rate—150 responded out of 158 surveyed. We compared the responding A&A staff with the nonresponding A&A staff and found no significant differences between the two groups on several variables. Based on this analysis and the 95 percent response rate, we assumed that the nonrespondents were missing at random and generated statistical estimates of the population of A&A staff from the 95 percent of respondents. Given the high response rate and no indications of nonresponse bias, we considered estimates from this survey to be generalizable to the population surveyed. Because we treated our respondents as a random sample of A&A staff, our results are estimates of the population and thus are subject to sampling errors that are associated with samples of this size and type. Our confidence in the precision of the results from this sample is expressed in 95 percent confidence intervals, which are expected to include the actual results in 95 percent of the samples of this type. All percentage estimates in this report have a margin of error of no more than plus or minus 3 percent.

We conducted this performance audit from February 2007 through September 2008 in accordance with generally accepted government

auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Overseas Locations with Authorized USAID Contracting Officer Presence as of July 2008

According to USAID's Office of Acquisition and Assistance (OAA), the following bilateral and regional missions were authorized to have at least one on-site contracting officer (CO) present as of July 2008. These missions do not include locations with on-site acquisition and assistance specialists who work with a remotely located CO. Countries are grouped by regions, as determined by OAA.

Table 1: Overseas Locations with Authorized USAID Contracting Officers

Region	Country
Africa	Ethiopia
	Ghana
	Kenya
	Liberia
	Mozambique
	Nigeria
	Senegal
	South Africa
	Sudan
	Tanzania
	Uganda
	Zambia
Asia	Bangladesh
	India
	Indonesia
	Pakistan
	Philippines
	Thailand
Europe and Eurasia	Georgia
	Hungary
	Kazakhstan
	Russia
	Ukraine
Latin America and the Caribbean	Bolivia
	Colombia
	Dominican Republic
	El Salvador
	Haiti
	Peru

**Appendix II: Overseas Locations with
Authorized USAID Contracting Officer
Presence as of July 2008**

Region	Country
Near East	Afghanistan
	Egypt
	Iraq
	Jordan
	West Bank/Gaza

Source: OAA.

Appendix III: Comments from the U.S. Agency for International Development

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



USAID
FROM THE AMERICAN PEOPLE

September 16, 2008

Mr. Thomas Melito, Jr., Director
International Affairs and Trade
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Melito:

I am pleased to provide the U.S. Agency for International Development's (USAID) formal response on the draft GAO report entitled, "USAID Acquisition and Assistance: Actions Needed to Develop and Implement a Strategic Workforce Plan."

Enclosed is a detailed response to the draft report.

Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff in the conduct of this review.

Sincerely,

A handwritten signature in black ink that reads "Sean Mulvaney". The signature is written in a cursive style.

Sean R. Mulvaney
Assistant Administrator
Bureau for Management

Enclosure: a/s

USAID Response to the Draft GAO Report entitled “USAID Acquisition and Assistance: Actions Needed to Develop and Implement a Strategic Workforce Plan”

We are pleased to receive the recommendations in your report. We provided technical comments to you previously. Our broader comments are set forth below.

I. GENERAL

The report correctly notes that USAID’s business model has evolved over many years to the point that at present, the Agency’s primary means of implementing foreign assistance programs is through the use of Federal contract, grant and cooperative agreement instruments. The report also notes that the Agency’s acquisition and assistance (A&A) workload doubled from FY 2002 to FY 2007. It is significant, for the purposes of this report, that this dramatic expansion of the Agency’s program responsibilities took place without a commensurate increase in the Agency’s staffing or administrative resources. As a result, the staff and resources that were available were prioritized to support the expansion of USAID’s program responsibilities in critical countries (such as Iraq and Afghanistan) and in support of U.S. Government priorities (such as HIV/AIDS programs). On the issue of staffing, we note that efforts initiated by the Office of Acquisition and Assistance (OAA) and the Office of Human Resources (OHR) during the past year are yielding results in terms of increasing A&A staffing levels in Washington. Also, the Development Leadership Initiative (to increase the size of USAID’s Foreign Service workforce) will place additional Contracting Officers in the field in FY 2009 and FY 2010. This report is timely because it highlights the Agency’s need, after a period of notable programmatic growth, to rebuild core A&A management capacity in key areas such as workforce planning and evaluation in order to sustain effective management of A&A functions in support of these greatly expanded responsibilities.

II. SCOPE

In February 2007, when GAO notified USAID that it would conduct an engagement on USAID Management of Procurement Practices, there were four stated objectives of GAO’s review: “Assess the management of the USAID acquisition function by reviewing whether USAID’s acquisition and grant practices are in line with best practices, such as having (1) proper organizational alignment of procurement and leadership, (2) processes for determining whether the agency has effective procurement policies and procedures in place, mechanisms for the periodic monitoring and evaluation of such processes, and processes for the timely implementation of recommendations, (3) strategic human capital practices, and (4) knowledge and information systems for collecting and analyzing procurement data.”

The draft report GAO-08-1059 states the objective of the study to be two-fold: “To examine (1) USAID’s capacity to develop and implement a strategic A&A workforce plan and (2) the extent to which USAID has implemented a mechanism to evaluate it’s A&A function.” USAID notes that the report focuses only on a portion of the originally stated scope. We agree that the Agency’s prior efforts to improve its ability to develop and implement a strategic A&A workforce plan and to evaluate its A&A function have fallen short of what they should be and

See comment 1.

require renewed emphasis, including an appropriate level of resources. We interpret the report's attention to these areas and not the others initially identified for review to permit a conclusion that USAID's A&A function, while requiring actions to rebuild core management capacity in response to unprecedented growth, nonetheless is largely in sound condition as the result of the conscientious work of the Agency's dedicated A&A and technical program management professionals.

III. STRATEGIC WORKFORCE PLANNING

A number of GAO and USAID Office of Inspector General (OIG) reports have emphasized the importance of strategic workforce planning to ensure that an agency's workforce is adequate to support the agency's mission. Accordingly, USAID has aggressively pursued the development of a strategic workforce plan that includes mission critical occupations and competencies needed to meet the agency's strategic program goals. Through its Development Leadership Initiative (DLI), top management is also ensuring that the agency has sufficient financial and staff resources to accomplish these goals. 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. OHR has developed both a new Human Capital Strategic Plan has been approved and Workforce Plan to address the agency's staffing requirements from 2009 to 2013 is pending approval by senior management. The plans are linked to the new Foreign Assistance Framework and Joint State-USAID Strategic Plans.

In addition, in 2003, the Agency began a strategic workforce planning effort and reviewed the critical skills and competencies needed to meet the Agency's programmatic goals. The Agency soon realized that the most urgent requirement was to have the right number of employees in the correct skill areas to be able to then evaluate their competency. The first stage of the Agency's comprehensive workforce planning process was to create an analytical workforce planning model which would provide the optimal demand for all types of personnel: Foreign Service officers, civil service officers, foreign nationals and other American non-direct hires. With such a model, we have been able to convince stakeholders of the need to increase the Agency's operating expense (OE) funds. As a sign of success, the Agency received the largest increase in OE in FY 2008 that it had received in decades. We anticipate an even greater increase in FY 2009. This should allow us to go to the second stage in developing a competency management system which will provide a more detailed analysis and linkages necessary to optimize the competency of our increasing numbers. This work will be supported by the use of the WebPass post personnel system, which tracks information on locally hired staff at post and will assist in making available accurate information on mission staffing, including A&A specialists.

IV. MANAGEMENT OF OVERSEAS STAFF

We agree that the Agency should continue with plans to implement a central data base that will include relevant information on all Agency staff. This data base will provide organization-wide visibility to inform resource and staffing considerations and decisions. However, with regard to the management of A&A staff overseas, it would be useful for the report to specifically

summarize and acknowledge some of the factors that affect the manner in which the Agency staffs and manages its A&A function overseas. The draft report correctly states that USAID's Office of Acquisition and Assistance (OAA) has overall responsibility for the administration of A&A instruments in headquarters. OAA management has direct influence in the assignment of USDH Contracting Officers to overseas missions and has had some success in increasing the number of USDH Contracting Officers overseas. Locally engaged foreign nationals employed in missions overseas make up nearly the entire Agency cadre of A&A specialists overseas. The Agency firmly believes that the benefits derived from using locally hired staff as A&A specialists – knowledge of country culture and business conditions, local language ability, continuity in contrast to rotating Foreign Service Officers, and cost savings – far outweigh the limitations of their use. The main limitation is that making adjustments in the locally hired workforce, especially for professionals such as A&A specialists, is not always as responsive to evolving program needs as we would like. While Contracting Officers in the field are responsible for managing their A&A offices, their budgets are established under the direction of the Mission Director. It is the role of the Mission Director to determine how to best allocate programmatic and operating expense resources provided to the mission. Given that it can take upwards of 5 years and tens of thousands of dollars to train a host country A&A Specialist, there can be periods during which the staffing plan does not precisely match the anticipated workload. OAA management and individual Contracting Officers at the missions actively advise Mission Directors on the resource requirements to operate an efficient acquisition and assistance program. However, overseas programs and funding can change from year to year and mission management can often be hesitant to make abrupt hiring or staff reduction decisions in the short term. While the Agency has had some success recently in making local national A&A specialists available to USAID missions located in other countries, the Agency does not possess the authority to simply transfer locally engaged staff to other missions to meet the demands of missions with greater workloads.

See comment 2.

The draft report also should acknowledge the formal assignment process for Foreign Service officers, which is governed by the Foreign Affairs Manual and is developed in consultation with HR, the Department of State and the Foreign Service union, AFSA. While the process is managed by HR, OAA actively supports the assignment of Contracting Officers to field posts, seeking to place staff with appropriate experience in the right locations.

See comment 3.

As requested by the field missions, OAA provides routine assistance to missions to provide surge support and fill gaps in A&A support. Indeed, OAA routinely receives requests from the missions for additional assistance in order to meet workload requirements and regularly provides TDY support to the missions. These important facts were not reflected in the draft report. In addition, OAA has utilized the skilled foreign national staff from the missions to assist with end of the fiscal year workload issues in OAA/Washington. OAA is able to do this given that its USDH Contracting Officers regularly communicate to OAA information about the local staff in the missions and their competencies.

The draft report also noted that the A&A workforce plan was missing comprehensive information on the competencies of its overseas A&A staff. Over the last three years, OHR—with the support of OPM—has been developing and implementing a Learning Management System (LMS) that contains robust competency management functionality. To implement this

system for contracting officers, OHR and OAA have teamed to configure the competency management system with OAA's competency definitions. The competency management system allows OAA to define the knowledge, skills, abilities and behavioral anchors needed to assess competencies both in Washington and the field. OHR seeks to use OPM-approved HR Line of Business (HR LOB) automation tools that will synchronize OAA staffing levels between OHR and the field, and better match staffing levels to changing workloads. We acknowledge that much remains to be done to deploy these important tools. We look forward to completing implementation of the competency management and HR LOB tools during FY 2009 and FY 2010.

V. EVALUATION OF THE A&A FUNCTION

As mentioned, the dramatic growth of USAID's A&A workload has not been matched by increases in A&A staffing and as a result areas such as Evaluation have not been given enough priority. Staffing and administrative resource shortages impeded USAID's ability to implement an effective evaluation mechanism to provide oversight of its A&A function. We agree that enhancements must be made to the Evaluation function that will increase the oversight provided. We would note that one such enhancement that has been implemented successfully by USAID is the Contract Review Board (CRB). The CRB, which reviews all major Agency procurements (\$10 million and above) at the solicitation, competitive range and award stages, is an important evaluation tool that has improved the quality of USAID procurements. The CRB deserves mention in the report.

We thank you for the opportunity to respond to the draft report.

09/16/08

See comment 4.

The following are GAO's comments on the U.S. Agency for International Development's letter dated September 16, 2008.

GAO Comments

1. USAID noted that our final reporting objectives differed from the original objectives we provided to the agency when we commenced our review in early 2007. In its comments, the agency misinterpreted our reporting only on certain aspects of the A&A function as an indication that other aspects of the A&A function are largely in sound condition. During the course of GAO engagements, the final reporting objectives and the scope of the review are sometimes refined based upon information obtained during the planning and design phase. For example, we did not report on the proper organizational alignment of USAID's A&A function because USAID officials were unable to adequately demonstrate significant impediments as a result of its placement within USAID's Management Bureau.
2. USAID stated that the agency does not possess the authority to simply transfer locally engaged staff to other missions to meet the demands of missions with greater workloads. It also noted that overseas programs and funding fluctuate and mission management can be hesitant to make abrupt hiring or staff reduction decisions in the short term. We recognize that mission management determines how to allocate resources within missions and some of the staffing decisions pertaining to overseas A&A specialists are made outside of OAA. Our report emphasized that key elements of an agency's strategic workforce plan include determining the critical skills and competencies of its staff, addressing gaps in staff numbers and deployment, and aligning human capital approaches regardless of location. A past OIG report also recommended the development of an A&A workforce plan that includes a mechanism for collecting and analyzing A&A data to allow managers to compare current staffing patterns to developing trends, match staff to workloads, and adjust quickly when unbalanced workloads develop. We maintain that without accurately identifying the number of overseas A&A staff, the agency can neither determine the appropriate levels of staff with requisite competencies to manage missions' A&A workloads, nor explore ways of making necessary adjustments to gaps in mission A&A staff levels and competencies as well as imbalances in workloads.
3. USAID commented that when requested by missions, OAA provides routine assistance such as temporary duty staff for end-of-fiscal-year surges. In our report, we cite several instances of USAID not addressing staffing imbalances at its overseas missions. We maintain

that OAA's approach of providing temporary assistance is not a substitute for strategic workforce planning that includes key elements such as reliable and up-to-date data on the number and competencies of its overseas A&A workforce. Without this information, USAID cannot systematically address its critical staffing needs and adjust its staffing patterns to meet those needs.

4. USAID commented that it had already begun to enhance the evaluation function by establishing the Contract Review Board, which reviews all procurements of \$10 million or more at the solicitation, competitive range, and award stages. Although we agree that this mechanism is an important oversight mechanism during the early phases of the A&A process, our review focused on the oversight of the A&A function at the administration stage, which commences after the awarding of the A&A instrument and entails USAID's monitoring of contractor performance for the A&A instruments.

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Thomas Melito, (202) 512-9601 or melitot@gao.gov

Staff Acknowledgments

In addition to the contact named above, Zina Merritt (Assistant Director), James Ashley, Debbie Chung, Mark Dowling, Joel Grossman, Tracy Guerrero, Clarette Kim, John Krump, Victoria Lin, James Strus, and William Woods made key contributions to this report.

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