

WRITTEN TESTIMONY

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**Ensuring Contractor Accountability:
Past Performance and Suspension & Debarments**

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Thank you, Chairman Thibault, Chairman Shays, and members of the Commission. I appreciate the opportunity to appear before you this morning, representing USAID on the topic of today's hearing, "Contractor Accountability: Past Performance and Suspension and Debarment." As the Chief Acquisition Officer and Senior Procurement Executive for USAID, I am responsible for USAID's acquisition and assistance (A&A) policies and the integrity of the Agency's A&A process in Washington and in our field missions throughout the world. I am also the Agency's suspension and debarment official and well recognize the importance of accountability in the delivery of development assistance. I thank the Commission for its attention to this topic.

USAID's mission is an important one. Through our humanitarian and development work, we are assisting other countries in building stronger economies, more stable democracies, and improving the livelihoods and living conditions of the citizens in the countries in which we work. Our efforts contribute in a fundamental way to our national security through the investments we make in our programs. USAID is working with host governments, local organizations, other U.S. Government departments and agencies, and our implementing partners—our contractors and grantees—to achieve these goals.

Moving USAID Forward

At the core of the USAID mission is a commitment to sustainability and investing U.S. taxpayer funds wisely. The Agency embraces the Administration's cost savings plan, as described by my fellow panelist, Mr. Daniel Gordon, and at USAID, we recognize that accountability must begin at the inception of an idea for a development program. From the point of identifying development needs in consultation with host country officials, beneficiaries, and other donors, through program design, A&A planning, the competitive process, and award administration, USAID strives to effectively invest U.S. taxpayer funds at each phase of the process so our activities will yield sustainable, long-term results. USAID works with contractors and grantees as development partners to achieve these results from our programs. Partner performance and accountability is therefore critical to achieving successful development.

The challenges USAID has faced since the mid 1990's are well documented in numerous reports from USAID's Office of Inspector General (IG), the Government Accountability Office (GAO), the Special Inspector General for Iraq Reconstruction (SIGIR), the Special Inspector General for Afghanistan Reconstruction (SIGAR), and the HELP Commission, as well as from the Commission's own recent work assessing the Agency's performance in contingency contracting arenas. We have suffered from reduced operating expenses, which have not kept proportional pace with our increased programmatic scope. However, I believe we have turned a corner in that regard.

Under the leadership of our Administrator, Dr. Rajiv Shah, USAID has embarked on an ambitious path to shape itself into a modern, efficient, and effective development enterprise. We commonly refer to this path as USAID Forward. Implementation and Procurement Reform

(IPR) is one of the key initiatives under USAID Forward. IPR is a commitment by the Agency leadership and our employees to improve the planning, delivery, and effectiveness of our development programs. At the heart of the reforms is a greater sense of accountability, focus on sustainability, and desire to achieve efficiencies in the delivery of humanitarian and development assistance. These reforms are focused both on implementing measures designed to create internal improvements within USAID as well as implementation of measures designed to improve the performance of our development partners.

From within USAID, we are changing the way we do things to promote greater Agency oversight of programs and more accountability for the programs in the field. A stronger acquisition workforce and better systems are recognized priorities under IPR and USAID Forward. In the past, USAID, like other Government agencies, suffered from a shrinking pool of qualified procurement professionals—both Contracting Officers (CO) and the Contracting Officer's Technical Representatives (COTRs). In the past, our investments in human resources, systems, and training did not keep pace as our program budgets grew. That has changed. For the first time in over a decade, USAID is hiring above attrition through the Development Leadership Initiative (DLI). We are thankful to Congress for the DLI program. In order for us to continue this needed progress in improving our contract management and oversight, it is critical that this crucial program receive support.

Later this year, we will complete worldwide deployment of our Global Acquisition and Assistance System (GLAAS), a web-based integrated management tool. GLAAS brings workload efficiencies and consistency to the A&A process, as well as real time, uniform reporting capabilities. With the establishment of the Bureau for Policy, Planning and Learning in 2010, USAID is improving its development investments through greater reliance on evidence

based results. This includes establishing a robust program monitoring and evaluation policy to track effectiveness in achieving sustainable results in our development programs—another USAID Forward initiative.

These initiatives truly are moving us forward into the 21st century in a positive way. It's an exciting time to be a development professional in USAID. The renewed energy and commitment of our staff is evident throughout the Agency. This commitment and energy will help us realize our common goals of greater accountability and oversight of our programs.

For our partner community, just as we are holding ourselves more accountable, we expect the same from our contractors and grantees. We expect our implementing-development partners to act in the spirit of partnership and be good stewards of taxpayer funds in delivering effective and sustainable development solutions to the beneficiaries in more than 100 countries worldwide. We expect development contractors to take all steps necessary to ensure integrity within their organization, systems, and personnel so the performance and finances of the contractor meet—at a minimum—the compliance standards of the U.S. government. We expect our contractors to meet the terms of our agreements. And we are holding them accountable to USAID and the U.S. taxpayers if they fall short.

Overall, we are taking serious steps to ensure that we strengthen our systems for contractor compliance, oversight, and accountability. In Iraq and Afghanistan, USAID has made great progress, including better coordination with the military and improved oversight plans. We are encouraged by the coordination we see in the field to meet the oversight demands on our acquisition workforce. Task Force 2010 in Afghanistan, for example, is just one area where we work with our interagency colleagues to bring our lessons learned to the table to ensure a better oversight process.

In my own office, I see the results of these improvements and we continue to spearhead many other options for continued improvement. I look forward to sharing with you today some of the details of our new efforts related to past performance and suspension and debarment, in particular. I will say frankly, USAID needed to do better. And we still do, specifically as it relates to past performance reporting.

Improving Past Performance Reporting

In discussing past performance, we have one success story and one area where we need much improvement. On the positive side, USAID consistently uses past performance as an evaluation factor in our new procurements. For procurements over \$25 million, our Contract Review Board reviews these awards to ensure compliance with this mandate. In addition to checking the Past Performance Information Retrieval System (PPIRS) and the Excluded Parties List System (EPLS), USAID employees frequently solicit references for similar programs as part of the solicitation package.

When it comes to documenting the performance of our contractors, we have not been as successful. The time constraints and workload conflicts COs face between making new awards and ongoing administration plays itself out most fully in the past performance arena. As of 2008, we estimated that 10 percent of the contracts requiring past performance reports were completed. USAID, like many of our interagency colleagues who work in Afghanistan and Iraq, face numerous challenges in implementing new systems or fulfilling reporting requirements given challenges with staffing shortages, staff turnover, competing urgent demands, and changing requirements. Despite these challenges, USAID recognizes that we must do a better job with official past performance reporting.

The good news is that the shift from the National Institute for Health's Contractor Performance System (CPS) to the Contractor Performance Assessment Reporting System (CPARS) in October 2010, brought with it opportunities to improve our performance in this area.

In June 2010, USAID conducted mandatory worldwide training for our COs and specialists that included a session devoted to past performance reporting and new systems, CPARS, PPIRS, and the new Federal Awardee Performance and Integrity Information System (FAPIIS). Analysis revealed that many reports were started by COs but were never completed by the COTRs. Through a joint effort between the Office of Acquisition and Assistance and USAID's Human Resources (HR) Training Unit, our COTR training now has expanded coverage of past performance requirements.

I must say we find CPARS to be a more useful and improved system, although we are still undergoing a transition period. Training on CPARS can be problematic for our overseas staff in Afghanistan and Iraq. Naval Seas Systems Command (NAVSEA) offers CPARS training but time zone constraints and limited online vehicles have delayed trainings. One request we have is for expanded training options for CPARS with more flexibility in schedules, locations, and/or time zones, to benefit our overseas officers. Our intention is to make this a mandatory course for all COs and COTRs.

In order to reach our past performance goals, we have invested resources to focus on administration and compliance. Investing in skilled manpower dedicated to this issue and updating policies are both critical components for USAID to be successful in proactively tracking and identifying past performance issues. For instance, we have dramatically increased the number of contracting officers assigned to Kabul from three (3) Contracting Officers in 2007 to nine (9) in 2010. During my most recent trip to Afghanistan, we recognized the need for even

more personnel. Working with HR, the Office for Afghanistan and Pakistan Affairs (OAPA), and the USAID/Afghanistan mission, we established eight (8) additional CO positions—Administrative Contracting Officer (ACO) positions. These ACOs will focus their attention exclusively on post-award administration and monitoring contractor performance. Recruitment is ongoing for these new positions. Additionally, on the ground in Afghanistan, USAID has increased its certified COTRs from 92 to 105 in just two years.

Finally, I am happy to announce that a newly established Compliance and Oversight of Partner Performance Division under my supervision will take over the management of past performance reporting, region by region, and will monitor contractor financial and performance trends. This Division has been given the mandate to track past performance compliance and to hold our staff accountable for completion of past performance reports.

Proactively Managing Suspension and Debarment

When I took this job in late 2007, the challenges we faced in suspension and debarment were clearly evident, as identified in the 2009 audit by the USAID IG on suspension and debarment practices. This audit covered a FY 2003 to 2007 time frame and showed that the Agency had taken nine (9) suspension and debarment actions during that period. By the time the IG report was issued in October 2009, we had already begun making great strides on this front. In 2008 and 2009 combined, we had 16 suspension and debarment actions. In 2010, we took 10 actions. Since the start of 2011, we have taken suspension or debarment actions against 31 individuals or entities.

Even though we have made great progress, much remains to be done. As a result of the IG's report, we had the opportunity to begin shaping new policies and practices to further

strengthen our system and to invest in our human capital dedicated to this effort. One of the early issues we recognized and one of the recommendations to come from the IG report was to dedicate full-time staff and a dedicated division to suspension and debarment. We agreed.

We have begun staffing up our new division, the USAID Compliance and Oversight for Partner Performance division within the Office of Acquisition and Assistance. As I mentioned, this division will be responsible for identifying past performance trends and help us to reach an improved completion rate. Our main purpose in standing up an independent division which reports directly to the suspension and debarment official, however, is to have a unit solely devoted to accountability in order to more proactively pursue suspensions, debarments, and corrective actions for our development partners who mismanage USAID funds, compromise their integrity and that of our program, or commit fraud, waste, or abuse.

The new compliance and oversight division will:

- Take process actions to suspend and debar individuals and entities who violate U.S. laws or regulations.
- Advise on past performance trends that may need to be investigated for suspension and/or debarment purposes.
- Oversee self-disclosure statements and coordinate corrective administrative actions for contractors.
- Intake new reports of suspicious activities under USAID-funded awards through our hotline and
- Coordinate closely with our General Counsel, Inspector General, and those who oversee the daily performance of USAID partners.

Thanks to this investment, I am happy to report to the Commission that improvements in our suspension and debarment processes are well underway. Much of our success comes through our close coordination with our IG and our General Counsel's office. In fact, one recent action is a result of the IG's willingness to share important and relevant information well in advance of a published investigation report. This is a critical relationship for us to maintain so we have the correct documentation and knowledge in order to take the most appropriate actions

to safeguard U.S. taxpayer funds. We also are looking to independently develop information relating to partner performance and potential issues outside of the IG referral system. For the division to succeed in this, we recently established direct lines for our COs and other Agency personnel to contact staff manning the compliance and oversight division. As a result, our COs will have better and real-time support from central headquarters.

In conclusion, as you can see, we have made great strides but there is more to be done to improve our accountability and oversight of contractors and grantees. Although our past performance numbers are certainly not where they need to be, we do have expert contracting professionals worldwide—especially in Afghanistan and Iraq—who are dedicated to taking the necessary actions in coordination with their technical teams to uncover performance issues of USAID contractors. As the Senior Procurement Executive, I oversee the processes, policy, and management of the acquisition workforce—most specifically, USAID’s COs and support staff. I speak to these officers on a regular basis about issues they have uncovered and collective, corrective measures we will take to ensure contractors are held accountable to deliver the services we procure and the partnership we expect—whether in Afghanistan or Zambia.

We depend upon these COs as well as our COTRs to manage million-dollar contracts, under some of the most trying conditions—even for those of us in development who are used to unstable factors affecting our contracts and our work. I am extremely proud of the dedicated men and women of USAID who are serving in Iraq and Afghanistan. They and their families are making great personal sacrifices because they are development professionals who are committed to making this world a safer place for us all.

As a USAID Foreign Service officer, I have spent more than 15 years overseas, living in Asia, Africa, and Eastern Europe. I have seen first-hand the results we achieve when we provide

capacity building to help a local organization grow into a contributing entity for economic growth. A highlight of my career was building a firm foundation for two local women's organizations that were pioneers in the fight against trafficking of women and children in Bangladesh. I feel a deep responsibility to the beneficiaries of our programs, and as a development professional, I take the mismanagement of U.S. dollars, fraud, waste, or abuse as a serious affront to the mission of our Agency and the trust of the U.S. taxpayer.

I thank you for the opportunity to appear before the Commission today and for your interaction with our staff in Washington D.C. and in Afghanistan and Iraq. We value our dialogue, and I am happy to answer any questions you may have.

Thank you.

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