



OIG

Office of Inspector General

U.S. Department of State • Broadcasting Board of Governors

AUD-MERO-16-28

Office of Audits

February 2016

Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 — Baghdad Embassy Security Force

MIDDLE EAST REGION OPERATIONS

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OIG HIGHLIGHTS

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UNCLASSIFIED
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Middle East Region Operations

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What OIG Found

Although SOC did not initially meet several contract requirements such as staffing, English language proficiency, and implementing a biometric time and attendance system, SOC executed corrective actions to address the deficiencies. Specifically, Task Order 3 required SOC to meet an initial staffing level of 986 positions, but SOC began performing the contract with less than 70% of the positions filled. The shortages occurred across labor categories including security screeners, static guards, and management positions. During our audit, the Department sent SOC a demand letter to recover \$13.6 million in deferred assessments for staffing shortages. Additionally, although the WPS base contract requires SOC to provide static security guards who meet Level 2 English language proficiency, defined as having a “limited working proficiency,” SOC employed guards who did not meet this requirement. Lastly, the WPS base contract requires SOC to establish a biometric time and attendance tracking and reporting system but SOC failed to do this initially. The Department issued multiple cure notices and deficiency letters requiring SOC to correct the deficiencies.

OIG reviewed all 1,016 invoices totaling \$466.0 million submitted by SOC as of December 31, 2014, and is questioning \$7.2 million of the costs approved by the Contracting Officer’s Representative. Specifically, OIG questions \$652,061 in costs considered unallowable based on the contract terms, applicable laws, or regulation. OIG is also questioning \$6.5 million in costs not adequately supported.

Invoice Category	Unsupported Costs	Unallowable Costs	Total Questioned Costs
Labor	\$2,911,838	\$19,787	\$2,931,625
Training	\$1,476,519	\$37,660	\$1,514,179
Travel	\$1,314,605	\$479,093	\$1,793,698
Other Direct Costs	\$840,227	\$115,521	\$955,748
Total	\$6,543,189	\$652,061	\$7,195,250

What OIG Audited

The Department of State (Department) awarded Task Order 3 under the Worldwide Protective Services (WPS) base contract to SOC, LLC (SOC) on September 29, 2010. The purpose of the task order is to provide static guard and emergency response services for U.S. Embassy Baghdad. The task order’s period of performance is for one base year beginning July 21, 2011, and four option years. The task order is currently valued at approximately \$909 million.

OIG conducted this audit to determine whether the Department is managing and overseeing Task Order 3 in accordance with Federal and Department regulations and guidelines. Specifically, the objective of the audit was to determine the extent to which (1) SOC performed in accordance with the contract terms and conditions; and (2) the Department appropriately reviewed and approved invoices.

What OIG Recommends

OIG made three recommendations to address \$7.2 million in questioned costs and improve the Department’s invoice review process, and one recommendation to recover \$13.6 million in deferred assessments for staffing shortages. OIG made three recommendations to the Bureau of Administration (A) and one to the Bureau of Diplomatic Security (DS). Both bureaus concurred with the recommendations offered. Bureau responses to the recommendations and OIG replies are presented after each recommendation in the Audit Results section of this report. A and DS comments are reprinted in Appendices C and D, respectively.

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OBJECTIVE

The Office of Inspector General (OIG) conducted this audit to determine whether the Department of State (Department) is managing and overseeing the Worldwide Protective Services (WPS) contract Task Order 3 for security services at U.S. Embassy Baghdad in accordance with Federal and Department regulations and guidelines. Specifically, the objective of the audit was to determine the extent to which (1) SOC, LLC (the contractor) carried out its responsibilities in accordance with the contract terms and conditions; and (2) the Department appropriately reviewed and approved invoices.

This audit is the third in a series of audits performed by OIG at the request of the Bureau of Diplomatic Security (DS). These audits, collectively, are designed to evaluate the performance, management, and oversight of the WPS program. OIG previously reported on the WPS Task Order 5 for Baghdad Embassy movement security services,¹ and the WPS Task Order 10 for Kabul Embassy security services.²

BACKGROUND

The WPS contract provides the Department with static guard security services, protective movement security services, and other specialized emergency services for diplomatic missions worldwide, primarily in high threat areas. Awarded in September 2010, the WPS contract consolidated the Department's requirements from the previous Worldwide Personal Protective Services contract and individual local guard force contracts for security services. The WPS contract requires the contractor to plan, manage, and provide static guard security services, protective movement security services, emergency response teams, and explosive detection security services when tasked. The contractor is also required to plan, manage, and provide logistics support services when needed. The WPS contract is a multi-billion dollar, indefinite delivery, indefinite quantity contract awarded to eight contractors:

1. Aegis Defense Services, LLC
2. DynCorp International
3. EOD Technology, Inc.
4. Global Integrated Security (USA), Inc.
5. International Development Solutions
6. SOC, LLC
7. Torres International
8. Triple Canopy, Inc.

¹ *Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract-Task Order 5 for Baghdad Movement Security* (AUD-MERO-13-25, March 2013).

² *Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract-Task Order 10 Kabul Embassy Security Force* (AUD-MERO-15-03, October 2014).

These eight contractors bid for task orders under the WPS base contract to provide specific security services. As of October 2015, the contracting officer (CO) had awarded 13 task orders under the contract. This audit report specifically pertains to WPS Task Order 3 for security services at U.S. Embassy Baghdad.

Worldwide Protective Services Contract Task Order 3

The Department awarded WPS Task Order 3 to SOC, LLC on September 29, 2010, to provide static guard and emergency response team services for U.S. Embassy Baghdad. The embassy requires these security services in order to deter and protect against unauthorized, illegal, or potentially life-threatening activities targeting the embassy. The task order is for one base year (July 21, 2011, through July 20, 2012) and four option years. Task Order 3 is currently in its fourth, and final, option year.

The contract value of Task Order 3, including the base year and four option years, is approximately \$909 million. As of August 19, 2015, the Department had obligated approximately \$707 million and expended \$529 million on the task order. Table 1 shows the task order value, obligated amounts, and expended amounts.

Table 1: Task Order 3 Value, Obligations, and Expenditures

Contract Period	Contract Value*	Obligated	Expended
Base Year (7/21/2011-7/20/2012)	\$207,274,254	\$180,087,120	\$158,608,707
Option Year 1 (7/21/2012-7/20/2013)	\$170,310,725	\$160,399,785	\$130,923,527
Option Year 2 (7/21/2013-7/20/2014)	\$182,063,787	\$134,000,000	\$124,904,690
Option Year 3 (7/21/2014-7/20/2015)	\$170,222,755	\$132,639,546	\$114,812,578
Option Year 4 (7/21/2015-7/20/2016)	\$178,983,271	\$100,000,000	-
Total	\$908,854,792	\$707,126,451	\$529,249,502

* Numbers are rounded to nearest dollar.

Source: OIG analysis of financial data gleaned from the Department's Global Financial Management System, August 19, 2015.

The initial staffing requirement for Task Order 3 specified 986 positions staffed by contractor personnel, including 809 to conduct static guard security, 104 to provide emergency response services, 66 to provide administrative and logistical support, and 7 to provide management support. The contract statement of work further specifies these positions by nationality including 252 U.S. citizens, 698 third-country nationals (TCN), and 36 local nationals. Staffing levels have fluctuated during the task order based upon changing security conditions.

Positions staffed under Task Order 3 are classified as either hourly or daily, depending on how time is reported. Hourly positions are primarily guards and security screeners, and are generally TCNs and local nationals. Their time is reported on the actual hours worked, and staff in these positions must log in and out at the beginning and end of their shifts using a biometric time and attendance system required by the contract. Daily positions, such as project managers, firearms

instructors, and kennel masters, report their time as a full day worked rather than on the hours worked. They log both on and off the biometric timekeeping system at the beginning of their shift to record their presence. These are primarily positions occupied by U.S. citizens. Staffing for all positions is for 12-hour shifts 6 days a week.

Contract Management and Oversight

The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) is responsible for awarding and administering the WPS base contract and task orders. The WPS contracting officer in A/LM/AQM is responsible for awarding, negotiating, administering, modifying, terminating, and making related contract determinations and findings on behalf of the U.S. Government. Furthermore, the WPS CO appoints additional contracting officers to oversee individual task orders, including Task Order 3.

The Bureau of Diplomatic Security, Office of Overseas Protective Operations, Worldwide Protective Services (DS/OPO/WPS) is responsible for implementing the WPS program including providing management, oversight, operational guidance, and funding. The WPS CO appointed the DS/OPO/WPS division chief, located in Virginia, as the Contracting Officer's Representative (COR) for the WPS base contract. The Task Order 3 CO is responsible for providing the overall management, oversight, and guidance, and possesses sole authority to enter into or modify a contract on behalf of the U.S. Government. The Task Order 3 CO may delegate specific authorities to one or more technically qualified persons to serve as CORs. The CORs are responsible for providing task order oversight, including inspecting and accepting contract services, providing technical advice to the contractor, monitoring the contractor's performance, and reviewing and approving the contractor's invoices and supporting documentation. The Task Order 3 CO appointed the Baghdad Embassy security force branch chief, located in Virginia, as the COR for Task Order 3. The Task Order 3 COR is assisted by the Regional Security Officer (RSO) and his staff who together act as the on-site COR, alternate CORs, and government technical monitors in Baghdad.³ In addition, desk officers and acquisition management analysts in Virginia assist the CORs with oversight and program management.

AUDIT RESULTS

Finding A: The Department Took Actions to Address SOC's Performance Deficiencies With Staffing, English Language Proficiency, and Time and Attendance Reporting

Insufficient Staffing

Task Order 3 required that SOC meet the initial staffing level of 986 positions. The Department noted in a deficiency letter on July 28, 2011, that SOC failed to meet the required staffing level. According to the Department's performance review of SOC for July 2011 through July 2012, SOC

³ The WPS Task Order 3 CO appoints these task order oversight personnel in Baghdad.

started with less than 70 percent of the required initial staffing level. The shortages occurred across many labor categories including security screeners, static guards, and management positions. For example, the Department noted that site supervisors and explosive detection dog handler positions were never staffed at 100 percent during the base year. The Department also noted that SOC did not meet contract requirements for security screeners.

SOC similarly experienced problems in staffing key personnel positions, such as the project manager position in Baghdad, which SOC had to fill twice during the task order. This resulted in the Department issuing a cure notice in January 2012 for failure to maintain personnel in key positions. The cure notice stated that “[o]f the five Key Personnel categories SOC is required to have on Task Order 3, SOC currently has two category positions unmanned and one position manned with a person scheduled for termination....” The Department considered SOC’s failure to properly maintain key personnel a condition that jeopardized contract performance. Thus, it required a corrective action plan from SOC identifying how and when it planned to fill these key positions. In its response to the Department’s cure notice, SOC noted that “the visa process in Iraq [was] hampering our ability to deploy individuals into Iraq” and indicated that the time the Department takes to grant security clearances also hampered its ability to meet the required staffing levels. To mitigate staffing shortages, SOC recruited and hired staff from Triple Canopy, the previous security services contractor for U.S. Embassy Baghdad.

In addition to the deficiency letters and cure notices, the Department’s February 2012 on-site Program Management Review (PMR)⁴ of Task Order 3 also noted SOC’s staffing shortage. Specifically, the PMR review team noted that SOC still needed 350 additional TCN guards, 100 additional U.S. personnel, and did not have an on-site project manager since December 2011. In addition, the PMR found that SOC employees had to work beyond the 12-hour daily and the 6-day weekly limits stated in the WPS contract. (The contract requires that employees do not work more than a 72-hour workweek.) The PMR team noted that this was a result of staffing shortages.

To address the problem, the task order CO issued two deficiency letters⁵ to SOC, one in July 2011 and the other in March 2012. In the July 2011 letter, the Department directed SOC to provide a corrective action plan within 5 days that would identify the steps SOC would take to ensure that employees work no more than 12 hours a day. In its response, SOC laid out an action plan explaining that staffing shortages were due in part to delays getting visas and other required deployment documents. However, they also stated that “at no time has SOC employed

⁴ The Foreign Affairs Manual, 12 FAM 280, specifies that DS/OPO/WPS conduct Program Management Reviews (PMRs) of each task order, including reviewing RSO management of the program and contract compliance to determine if the operational needs of the U.S. foreign mission are being met by the current WPS program deployment.

⁵ The CO may send a deficiency letter if there is an issue with the contractor not following, or potentially not following the terms and conditions of the contract. A deficiency letter states the performance problem, and gives the contractor a first notice to correct the problem. If the problem is not corrected and/or endangers performance, the CO may issue a cure notice. The CO can issue a cure notice when a contractor’s actions result in a condition that endangers the performance of the contract. If the condition is not resolved within 10 days after receipt of notice, the U.S. Government may terminate the contract.

guards beyond the 12-hour daily limit.” Due to the security risk posed by unstaffed positions, the WPS base contract states that the Department may assess deductions to payments for labor invoices for failure to provide 100 percent staffing. Because SOC failed to provide sufficient number of staff in accordance with the terms and conditions of the task order, the Department deducted \$25.6 million from SOC’s labor invoices. SOC asked the Department to defer the deductions because of the financial impact to its operations. The Department agreed. Based upon a May 2012 settlement agreement with SOC, the Department waived collection of \$12 million in deferred deductions. OIG raised the issue of recovering outstanding deferred deductions from SOC with the task order CO, who told us that the original strategy was to use the remaining deferred assessment to offset requests for equitable adjustments.⁶ Subsequent to our discussions with the CO, the Department sent SOC a demand letter in August 2015 to recover the remaining \$13.6 million in deferred deductions.

OIG found that SOC staffing levels improved between July 2012 and July 2013. OIG analyzed the 2013 monthly muster reports submitted by SOC for both hourly and daily employees working at U.S. Embassy Baghdad. Muster reports are a WPS contract-required deliverable that contain a list of contract staff names showing days or hours worked by labor category for each month, the required staffing for each type of employee (hourly and daily), and the actual staffing SOC provided. OIG compared the number of employees required by the task order with the number of employees SOC provided each month and found that from January through July 2013, SOC provided 96 percent of the required hourly workforce and 99 percent of the required daily workforce. OIG therefore concludes that corrective action taken by SOC to meet required staffing levels was effective.

Although SOC remedied issues identified previously with staffing levels, recovering the \$13.6 million in deferred assessments remained open at the time our audit fieldwork concluded. Consequently, OIG is recommending that the \$13.6 million in deferred assessments be recovered and will monitor this matter during our audit compliance process.

Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, recover the \$13.6 million in deferred assessments from SOC.

A/LM/AQM Response: A/LM/AQM concurred with the recommendation.

OIG Reply: OIG considers this recommendation resolved. This recommendation will be closed when OIG receives and accepts documentation demonstrating that the \$13.6 million in deferred assessments have been recovered from SOC.

Third Country Nationals Did Not Meet English Language Requirements

The WPS base contract requires SOC to provide static security guards who meet a Level 2 English proficiency requirement. The base contract defines Level 2 as having a “limited working

⁶ According to the Federal Acquisition Regulation (FAR) §43.204, an equitable adjustment is pricing associated with a contract change order that is not already priced.

proficiency," Level 1 as having an "elementary proficiency," and Level 0 as having "no proficiency" of the English language. The Department found that SOC employed TCN guards who did not meet the Level 2 English proficiency requirement. Subsequently, the task order CO issued two deficiency letters (December 2011 and June 2012) asking SOC to address the problem. In September 2012, the CO issued a cure notice after receiving test results (from testing conducted in August) showing more than one third (86 of 230) of TCN guards still did not meet the Level 2 English proficiency requirement. The cure notice directed SOC to provide a corrective action plan to alleviate the problem. In response to the cure notice, SOC submitted three corrective action plans.

1. In the corrective action plan submitted on September 21, 2012, SOC stated that it would send home the 86 guards who did not score Level 2 on the previous test, and test all remaining guards. SOC would remove those who did not meet Level 2 proficiency.
2. In the corrective action plan submitted on October 8, 2012, SOC stated that it would test a minimum of 15 TCN guards each day, 5 days a week, for a total of 300 TCN guards each month. TCN guards who tested at Level 0 would be sent home immediately.
3. In the corrective action plan submitted on October 18, 2012, SOC stated that it would remove each TCN testing at Level 0 on the language proficiency test as soon as qualified replacement personnel became available, and provide the Department weekly status updates.

The task order CO rejected the first two corrective action plans because of the impact they would have on the embassy's security operations, but accepted the third corrective action plan. During our audit fieldwork in Baghdad, OIG interviewed 68 TCN personnel and reviewed their personnel and training files to determine the extent to which SOC complied with contract requirements. The interviews included discussions regarding recruitment, training, weapons qualification, time and attendance procedures, life support services, and English language proficiency. OIG found that all the personnel and training files had certifications with at least Level 2 English language proficiency. Further, we did not have difficulties communicating with the TCNs during the interviews. OIG therefore concludes that corrective action taken by SOC to meet the English language requirement was effective.

Non-Functional Biometric Time and Attendance System

The WPS base contract requires SOC to establish a fully functional biometric time and attendance tracking and reporting system.⁷ The system not only provides the Department a more accurate verification of contractor personnel's time and attendance, but the records (in electronic format) are used to generate the monthly muster sheet. However, during the Task Order 3 base year, SOC failed to implement a biometric time and attendance system. SOC explained its failure to implement the system was due to the austere operating environment.

⁷ In Baghdad, SOC uses identification cards coupled with fingerprints to track duty hours and guard post location by individual.

After learning that SOC had not implemented a functional biometric time and attendance system, the task order CO issued a cure notice in January 2012. The cure notice stated that SOC's "failure to establish a fully functional Biometric Time and Attendance System (to ensure accurate accounting of time worked by contractor personnel) ... is endangering contract performance." In the cure notice, the CO directed SOC to submit a corrective action plan outlining the steps to be undertaken to launch the biometric time and attendance system, including a timeline for completion.

In response to the cure notice, SOC submitted a corrective action plan in February 2012 stating that it would take actions including upgrade the biometric system and equipment in-country to enhance functionality, provide full training for all guard force personnel, and produce daily muster sheets from the system for supporting labor invoice billing. The task order CO accepted this corrective action and considers the issue resolved. During our audit fieldwork in Baghdad in March 2015, OIG observed SOC employees using the biometric system without difficulties. OIG also interviewed 103 SOC employees including 68 TCN guards to assess the level of competency in the use of the biometric system. Based upon our interviews with the CO, DS and SOC staff in Baghdad, and observations, OIG concluded that the corrective action taken by SOC to employ a fully functional biometric time and attendance tracking and reporting system was effective.

Finding B: The Contracting Officer's Representative Approved Invoices That Contained Nearly \$7.2 Million in Questioned Costs

OIG reviewed all 1,016 invoices under Task Order 3, totaling \$466.0 million, submitted by SOC from the award of the contract through December 31, 2014. Of the \$466.0 million that SOC invoiced, OIG questions nearly \$7.2 million (1.5 percent) paid on 193 invoices (19.0 percent).⁸ The questioned costs include \$6.5 million that OIG considers unsupported (costs not supported with adequate documentation or that did not have required approval as stated in the contract) and \$652,060 that are unallowable (costs that are prohibited by the contract, applicable laws, or regulations). The COR approved these invoices because, in part, he relied on the desk officers review of invoices and supporting documentation, although they only review 10-20 percent of the supporting documentation because of time constraints. Table 2 shows the questioned costs by invoice category.

⁸ The methodology OIG used to review all invoices is contained in Appendix A and the listing of invoices reviewed is in Appendix B.

Table 2: WPS Task Order 3: Questioned Costs by Invoice Category

Invoice Category	# of Invoices Reviewed	# of Questioned Invoices	Unsupported Costs*	Unallowable Costs	Total Questioned Costs
Labor	109	12	\$2,911,838	\$19,787	\$2,931,625
Training	217	15	\$1,476,519	\$37,660	\$1,514,179
Travel	190	130	\$1,314,605	\$479,093	\$1,793,698
Other Direct Costs	500	36	\$840,227	\$115,521	\$955,748
Total	1,016	193	\$6,543,189	\$652,061	\$7,195,250

* Numbers are rounded to nearest dollar.

Source: OIG analysis of invoices and documentation provided by Bureau of Diplomatic Security.

Questioned Labor Invoices

OIG questions more than \$2.9 million on 12 labor invoices that the COR approved, of which \$19,787 were unallowable and \$2,911,838 were unsupported. OIG determined that some labor costs were unallowable because SOC invoiced for more hours than was allowed by the contract for some labor categories. Specifically, the WPS contract requires SOC to submit labor invoices that have the number of days or hours worked and the approved rate for each labor category. The labor invoices must be supported by muster sheets showing the daily or hourly requirements for each labor category and the quantity the contractor provided each month. According to the contract, the RSO or his designee at the embassy must sign the muster sheets. In reviewing labor invoices, OIG analyzed the quantity provided on the muster sheet and the quantity invoiced to see if either exceeded what the contract allowed. Of the 109 labor invoices, OIG found 9 invoices that contained more labor hours than allowed by the contract.

OIG also determined that \$2,911,838 in labor costs were unsupported because of insufficient or inadequate documentation to support the costs. Specifically, documentation for four labor invoices either did not include muster sheets or included muster sheets that were not signed by the RSO or designee as required by the WPS contract.⁹

Questioned Training Invoices

OIG questions \$1.5 million in training costs, of which \$37,660 were unallowable and \$1,476,519 were unsupported. The \$37,660 in unallowable costs were found on two invoices. On one invoice, SOC included \$43,506 for an individual but the training completion certificate for that individual was for a course that cost less, resulting in \$30,099 in unallowable costs. On the second invoice, SOC invoiced for an agreed-upon adjustment to a previously submitted invoice for static guard course training costs. Although the COR disallowed costs for an individual's training course on the initial invoice because training records indicate that the individual did not take the course,¹⁰ the COR approved the adjustment invoice in full including the adjustment for

⁹ Section G5 of the WPS Base Contract requires labor invoices be supported by muster sheets, and Section F.3.1 (item 10) requires that muster sheets be signed by the RSO, the Deputy RSO (DRSO), or a designee.

¹⁰ The WPS list of contract deliverables includes a training records submission in addition to the requirements to support training invoices.

the disallowed cost. OIG determined that an adjustment to a previously disallowed cost is also unallowable.

OIG found that \$1,476,519 in training costs on 14 invoices were unsupported. The WPS base contract requires that SOC submit a completion certificate for each training course invoiced, as well as information about the trained individual such as deployment date, work location, and biometric data showing that the individual deployed to the work location. In reviewing 217 training invoices, OIG found 14 training invoices (6.5 percent) that had inadequate supporting documentation. Specifically, the documentation provided did not include biometric data records or training completion certificates, both of which are required based on the contract terms and conditions.¹¹

Questioned Travel Invoices

OIG questions \$1.8 million on 130 travel invoices, of which \$479,093 were unallowable and \$1,314,605 were unsupported. The \$479,093 in unallowable costs are associated with 78 travel invoices (60 percent of the total travel invoices reviewed). SOC submitted, and the COR approved, 48 invoices that contained \$367,511 in airfare service fees and related SOC administrative fees. OIG determined that these costs were unallowable because SOC's pricing proposal did not indicate the service fees charged by a subcontractor for travel services, which SOC would pass on the subcontractor's service fees to the Department, or that SOC would add its own administrative fee to the subcontractor's service fee when submitting travel invoices to the Department.

SOC subcontracted with Comprehensive Logistic Services for charter flights to and from Baghdad at a fixed price. However, OIG found that SOC used Comprehensive Logistic Services for both charter and commercial air travel services, and Comprehensive Logistic Services charged SOC a service fee of 5 percent of the air travel cost.¹² SOC submitted travel invoices that included the airfare, Comprehensive Logistic Services' 5 percent service fee, and SOC's [REDACTED] (b) (4) percent administrative fee added to the total. The pricing proposal SOC submitted included per trip airfare, per bag excess baggage fees, and per day employee travel pay. The proposal also stated that travel invoices would include SOC's administrative fees on airfare and excess baggage costs. However, the pricing proposal did not indicate that travel costs included subcontractor service fees. The task order CO was not aware that SOC's travel invoices included the Comprehensive Logistic Services service fee as well as the administrative fee SOC added and he told OIG that subcontractor service fees are unallowable if the subcontract was not approved by AQM.

¹¹ Section G5 of the WPS Base Contract requires that training invoices be supported by specific information about the trainee, training course completion certificate, and biometric data record at task order place of performance.

¹² Neither the task order CO nor SOC could produce documentation that SOC had disclosed its intended use of Comprehensive Logistic Services as a subcontractor. Although the FAR does not require disclosure of all subcontractors, it allows the CO to determine if specific consent to subcontract is required and whether the CO needs to be involved in determining whether the subcontractor has adequate financial resources to perform, and has a record of integrity and business ethics. The CO also needs to know about the subcontractor in order to ensure that no suspension or debarment actions have been taken against the subcontractor.

For the remaining travel invoices, OIG found 20 that contained duplicate costs, which are unallowable. OIG also found 14 invoices that contained costs exceeding the amounts on the supporting documentation.

OIG determined that \$1.3 million in travel invoice costs were unsupported. The WPS base contract requires specific supporting documentation for travel costs. For example, lodging must be supported with a zero-balance receipt from a hotel, showing line-by-line charges for each occupied night. In reviewing travel invoices and supporting documentation, OIG found 105 SOC travel invoices included \$1,089,997 in hotel costs that lacked the required zero-balance hotel receipts. Instead, SOC only provided spreadsheets of travelers' names, hotel names, check-in dates, and prices with its travel invoice submissions. Furthermore, OIG found that SOC received refunds for travelers from its subcontractor on 25 travel invoices but did not include those refunds in its invoices to the Department.

Other Direct Cost Invoices Questioned

OIG questions \$955,748 on 36¹³ invoices for direct costs other than labor, training, and travel, of which \$115,521 were unallowable and \$840,227 were unsupported. Specifically, OIG found 11 invoices contained \$115,521 in unallowable costs. For example, SOC submitted an invoice for contractor-acquired property that included \$71,495 in medical supplies. The COR paid the initial invoice even though medical supplies are not allowed to be invoiced as contractor-acquired property. OIG also found two invoices containing \$1,544 in unallowable costs because the invoices included an administrative fee of ██████████ (b) (4) percent but the contract included an administrative fee of ██████████ (b) (4) percent. Furthermore, OIG found that SOC submitted two invoices that included shipping costs for more items than SOC included on the invoice, and three invoices containing \$36,119 in duplicate costs.

OIG determined that 26 invoices for other direct costs included \$840,227 in unsupported costs. For example, OIG found 12 invoices containing \$785,514 in costs that did not have supporting documentation. OIG also found six invoices with \$37,910 in travel costs for employees of SOC's biometric system vendor that provided no supporting receipts for airfare, taxi, or hotels, which is a requirement of the WPS base contract. Furthermore, SOC submitted eight invoices under the Communications contract line item for telephone service that included \$16,803 in "toll charges" and associated SOC administrative fees that are supported only by a number on a spreadsheet and not attributable to either SOC or a vendor.

Insufficient COR Review of Contractor Invoices

Although OIG identified questioned costs, the Department paid these costs on SOC's invoices. The questioned costs were paid, in part, because the COR approved the invoices without adequately verifying SOC's invoices against the supporting documentation. WPS invoice review procedures¹⁴ state that the compliance team within the Acquisition Innovation and Program

¹³ One invoice contains both unallowed and unsupported costs.

¹⁴ *Invoice Processing for the WPS Program*, Acquisition Innovation and Program Management Branch, within the DS OPO Operational Support Division, revised September 25, 2014.

Management Branch of the Operational Support Division¹⁵ is responsible for ensuring that invoices and supporting documentation are in compliance with contract invoicing requirements. The desk officers within the WPS Division are responsible for in-depth review of invoices and supporting documentation; the task order COR is responsible for the second review of invoices and supporting documentation; and the WPS COR is responsible for final approval. Therefore, the compliance team review is designed to determine whether the invoice is complete, while the desk officers' review is designed to determine that the costs are fully supported.

However, the desk officers told OIG that they do not have enough time to conduct a 100 percent review of all supporting documentation because of the short timeframe allowed in order to meet Prompt Payment Act requirements.¹⁶ The desk officers said they spend 40-50 percent of their time on invoice reviews, but review only about 10-20 percent of supporting documentation. Both the WPS COR and task order COR stated that their reviews consist of checking math accuracy on invoices and ensuring that funds are available prior to approving invoices.

Although the CO is ultimately responsible for inspection and acceptance of services under the WPS base contract, the contract states that the COR will review invoices and supporting documentation. The task order CO told OIG that he does not participate in invoice review, except to answer questions that arise in the review process. While the standard operating procedure for invoice processing for the WPS program provides guidance for the compliance team to follow, and includes checklists of what should be included with invoices, there is no guidance or standardization on how the in-depth review of invoices and supporting documentation should be conducted.

Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine the allowability of and recover, as appropriate, the \$652,061 in unallowed costs identified in this report.

A/LM/AQM Response: A/LM/AQM concurred with the recommendation, stating that it will take the necessary steps to review the OIG findings, make a contracting officer determination as necessary on questioned costs, and seek to recover any unallowed costs.

OIG Reply: Although A/LM/AQM concurred with this recommendation, OIG considers this recommendation unresolved until a final determination is made.¹⁷ This recommendation will be considered resolved when OIG receives and accepts A/LM/AQM's determination regarding the allowability of \$652,061 in questioned costs. This recommendation will be closed when OIG receives and accepts documentation demonstrating that all costs determined to be unallowable have been recovered from SOC.

¹⁵ The Operational Support Division within DS/OPO provides the WPS division with acquisition and financial support.

¹⁶ The *Prompt Payment Act* (31 U.S.C. § 3903) requires that payment for items or services are to be paid 30 days after a proper invoice is received.

¹⁷ Inspector General Act, as amended, Pub. L. No. 95-452 § 5(a)(8).

Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine whether unsupported costs are allowable and recover, as appropriate, the \$6.5 million in unsupported costs identified in this report.

A/LM/AQM Response: A/LM/AQM concurred with the recommendation, stating that AQM will take the necessary steps to review the OIG findings, make a contracting officer determination as necessary on questioned costs, and seek to recover any unallowed costs.

OIG Reply: Although A/LM/AQM concurred with this recommendation, OIG considers this recommendation unresolved until a final determination is made. This recommendation will be considered resolved when OIG receives and accepts A/LM/AQM's determination regarding the allowability of \$6.5 million in questioned costs. This recommendation will be closed when OIG receives and accepts documentation demonstrating that all costs determined to be unallowable have been recovered from SOC.

Recommendation 4: OIG recommends that the Bureau of Diplomatic Security, Overseas Protective Operations, Worldwide Protective Services Division, in conjunction with the Bureau of Administration, Office of Logistics Management, Office of Acquisition Management, review the duties of desk officers and, as necessary, adjust duties or dedicate additional resources to prioritize and ensure a thorough review of all invoices and supporting documentation.

DS Response: DS concurred with the recommendation. DS officials stated that after conducting an acquisition and program assessment of the Worldwide Protective Services Division's (DS/OPO/WPS) invoice and contract modification procedure, an outside consultant provided the division a draft desk officer guide that included a framework for standard operating procedures (SOP) concerning the invoice and contract modification process. DS officials added that once approved by the Office of Overseas Protective Operations (DS/IP/OPO) and the Office of Acquisitions Management (A/LM/AQM), DS/OPO/WPS will complete a comprehensive desk officer guide and SOP that outlines roles and responsibilities for DS/IP/OPO personnel. DS/OPO/WPS anticipates completing the guide no later than April 15, 2016.

OIG Reply: OIG considers this recommendation resolved. This recommendation will be closed when OIG receives DS/OPO/WPS's new desk officer guide and SOP and determines that the invoice review process ensures a thorough review of all invoices and supporting documentation.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, recover the \$13.6 million in deferred assessments from SOC.

Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine the allowability of and recover, as appropriate, the \$652,061 in unallowed costs identified in this report.

Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine whether unsupported costs are allowable and recover, as appropriate, the \$6.5 million in unsupported costs identified in this report.

Recommendation 4: OIG recommends that the Bureau of Diplomatic Security, Overseas Protective Operations, Worldwide Protective Services Division, in conjunction with the Bureau of Administration, Office of Logistics Management, Office of Acquisition Management, review the duties of desk officers and, as necessary, adjust duties or dedicate additional resources to prioritize and ensure a thorough review of all invoices and supporting documentation.

APPENDIX A: SCOPE AND METHODOLOGY

The Office of Inspector General (OIG) conducted this audit to determine whether the Department of State (Department) is managing and overseeing the World Protective Service (WPS) Task Order 3 in accordance with Federal and Department regulations and guidelines. Specifically, the objective of the audit was to determine the extent to which (1) SOC, LLC (the contractor) carried out its responsibilities in accordance with the contract terms and conditions; and (2) the Department appropriately reviewed and approved invoices.

To determine the extent to which SOC carried out its responsibilities in accordance with the contract terms and conditions, OIG reviewed the WPS base contract, Task Order 3, modifications to the base contract and the task order, Department reviews of SOC's performance (documented in the Contractor Performance Assessment Reporting System and elsewhere), incident reports, and cure and deficiency notices. In Virginia, OIG met with officials from the Bureau of Diplomatic Security and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) to discuss their monitoring and oversight efforts. OIG also met with SOC officials to discuss its performance. In Baghdad, Iraq, OIG met with the on-site contracting officer's representatives, government technical monitors, and SOC staff to obtain information on how well SOC was performing on Task Order 3. Specifically, OIG interviewed 103 SOC employees to obtain information including their English language proficiency and use of the biometric time and attendance system. In addition, OIG reviewed the Federal Acquisition Regulation and the Department's Foreign Affairs Manual to determine criteria for contract management and oversight. OIG limited the audit scope for the first objective to the period from July 21, 2011 (Task Order 3 start date) through August 31, 2015.

To determine the extent to which the Department appropriately reviewed and approved invoices, OIG reviewed all 1,016 invoices (100 percent) that SOC submitted through December 31, 2014. For each invoice, OIG reviewed each cost to ensure that all costs met contract requirements for proper support. For example, the contract requires training costs be supported by course completion certificates and biometric data records at the task order place of performance. OIG compared quantities of labor hours and items purchased with contract requirements to ensure that all costs were allowable. For example, some labor invoices included costs for more days or hours than the contract required for that month. OIG also recalculated labor and training costs to ensure that the invoice costs were mathematically correct, and compared training and labor costs with applicable pricing to ensure that the invoices reflected proper rates.

The Office of Audits conducted fieldwork from January 2015 to October 2015 in Arlington and Chantilly, Virginia, and at U.S. Embassy Baghdad, Iraq. OIG conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. We believe that

the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

Prior Reports

OIG reviewed prior Government Accountability Office and OIG audit and inspection reports to identify information previously reported relating to the WPS program. OIG performed the following WPS audits and reviews:

- In 2011, OIG conducted an audit of the award process of the WPS contract and the Kabul Embassy security force (KESF) task order (*Audit of the Department of State Process To Award the Worldwide Protective Services Contract and Kabul Embassy Security Force Task Order*, AUD/SI-12-17, December 2011). The OIG report found that the Department's process to award the WPS contract and the KESF task order included required procedures to assess contractor responsibility, technical merit, and past performance. The contracting officer reviewed the panel's recommendations, conducted a determination of responsibility to ensure that only responsible contractors received the awards, and submitted the award recommendations to the source selection authority. The source selection authority made the final award decisions for both the WPS contract and the KESF task order.
- In 2012, OIG conducted an audit of WPS Task Order 5 for Baghdad, Iraq, protective movement security services provided by Triple Canopy, Inc. (*Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract – Task Order 5 for Baghdad Movement Security*, AUD-MERO-13-25, March 2013). The audit found that the contractor staffing requirements for WPS Task Order 5 exceeded the staffing needs for the Baghdad movement security missions. During the audit, the Department took action to reduce overstaffing including descoping the contract, resulting in \$362 million in estimated cost savings over the life of the task order. In addition, OIG found contractor invoices with unallowable, unsupported, and erroneous costs totaling \$1.7 million.
- In 2014, OIG conducted an audit of WPS Task Order 10 for Kabul, Afghanistan, static security services provided by Aegis Defense Services (*Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 10 Kabul Embassy Security Force*, AUD-MERO-15-03, October 2014). The audit found issues with Department oversight over Aegis' maintenance of personnel and payroll records and compliance with the requirements of Procurement Information Bulletin No. 2012-10 for the prevention of trafficking in persons. The audit also found that 25 of 333 files reviewed were missing required personnel, training, or investigation records; and identified \$8.6 million in questioned costs due to unallowable or unsupported labor costs.

Work Related to Internal Controls

OIG performed steps to assess the adequacy of internal controls related to management and oversight of Task Order 3, including reviewing policies, procedures, and processes applicable to

the areas audited. As noted above, OIG performed tests of internal controls including a review of the contract documentation regarding the contractor's performance, the Department's oversight, and invoice review and approval. OIG summarized internal control deficiencies and weaknesses found from the invoice review under the Audit Results section of this report.

Use of Computer-Processed Data

Computer-processed data was used in the determination of the universe of WPS Task Order 3 invoices. This universe was obtained electronically from the Department's Global Financial Management System (obtained universe). To verify the completeness of the obtained universe, OIG requested an independent list of WPS Task Order 3 invoices from the Bureau of Diplomatic Security, Overseas Protective Operations, Worldwide Protective Services Division. OIG compared both lists and found no material differences. From this analysis, OIG concluded that the obtained universe was complete.

The conclusions presented in this report are based on a 100 percent review of the obtained universe using source documentation. OIG did not rely on computer-processed data to support the findings, conclusions, or the recommendations presented in this report. Given the intended purposes of the computer-processed data, a data reliability assessment was not required.

Detailed Sampling Methodology

For contractor performance, OIG selected a random sample of SOC personnel working under Task Order 3 to test contractor compliance for 13 contract parameters. OIG obtained a listing of contractor personnel (as of March 7, 2015) and generated the sample using the following parameters:

Confidence Level:	95.0%
Population:	1,063
Expected Error Rate:	5.0%
Precision:	4.0%
Sample Size:	103

The sample was generated with replacements, of which two were used. We selected 103 out of 1,063 SOC employees from the list for actual testing.

For the invoice review, no sampling was used as OIG reviewed 100 percent (1,016) of the invoices that SOC submitted through December 31, 2014. The findings, by invoice, are summarized in Appendix B, Tables B.1 through B.4.

APPENDIX B: INVOICES WITH QUESTIONED COSTS

Table B.1: Questioned Labor Costs

Item Number	Invoice Number	Questioned Cost	Unsupported	Unallowed
1	TO003-103SUP6SEP	\$54,531.58	\$54,531.58	
2	TO003-43R1FEB	\$1,146.73		\$1,146.73
3	TO003-76SUP2MAR	\$1,221,740.08	\$1,221,740.08	
4	TO003-77SUBAPR	\$814,364.10	\$814,364.10	
5	TO003-89JUN	\$824,510.74	\$821,201.88	\$3,308.86
6	TO003-138JAN	\$751.41		\$751.41
7	TO003-160APR	\$464.82		\$464.82
8	TO003-198AUG	\$641.79		\$641.79
9	TO003-212SEP	\$9,830.32		\$9,830.32
10	TO003-219OCT	\$1,431.60		\$1,431.60
11	TO003-267APR	\$1,248.28		\$1,248.28
12	TO003-324SEP	\$962.93		\$962.93
Totals		\$2,931,624.38	\$2,911,837.64	\$19,786.74

Source: OIG-generated based upon WPS Task Order 3 invoices and supporting documentation.

Table B.2: Questioned Training Costs

Item Number	Invoice Number	Questioned Cost	Unsupported	Unallowed
1	TO003-13	\$146,973.14	\$146,973.14	
2	TO003-13SUP.2	\$6,311.28	\$6,311.28	
3	TO003-18SUP4	\$13,872.21	\$13,872.21	
4	TO003-31SUP3DEC	\$9,848.37	\$9,848.37	
5	TO003-31SUP4DEC	\$37,592.79	\$37,592.79	
6	TO003-85APR	\$22,266.63	\$22,266.63	
7	TO003-10R11SUP	\$7,560.93		\$7,560.93
8	TO003-10R12	\$6,311.28	\$6,311.28	
9	TO003-10R12SUP	\$1,614.75	\$1,614.75	
10	TO003-110SUP1AUG	\$27,744.42	\$27,744.42	
11	TO003-111SUP3OCT	\$10,143.82	\$10,143.82	
12	TO003-10RSUP7JUL	\$57,636.27	\$57,636.27	
13	TO003-10SUP1R	\$653,082.18	\$622,983.52	\$30,098.66
14	TO003-10SUP2R	\$499,348.69	\$499,348.69	
15	TO003-10SUP5	\$13,872.21	\$13,872.21	
Totals		\$1,514,178.97	\$1,476,519.38	\$37,659.59

Source: OIG-generated based upon WPS Task Order 3 invoices and supporting documentation.

Table B.3: Questioned Travel Costs

Item Number	Invoice Number	Questioned Cost	Unsupported	Unallowed
1	T0003-54SUP2JAN	\$5,460.97	\$2,268.36	\$3,192.61
2	TO 003-35RJUL	\$17,629.89	\$17,608.89	\$21.00
3	TO 003-66RSEP	\$3,119.09	\$3,119.09	
4	TO003-112FEB	\$13,532.30	\$12,759.77	\$772.53
5	TO003-112SUP1FEB	\$992.43	\$992.43	
6	TO003-112SUPFEBDS	\$4,219.05	\$4,219.05	
7	TO003-118MAR	\$19,087.39	\$19,087.39	
8	TO003-118SUP1MAR	\$703.83	\$499.04	\$204.79
9	TO003-118SUPMAR	\$3,513.12	\$3,513.12	
10	TO003-119RAPR	\$3,208.36	\$3,208.36	
11	TO003-119SUP1APR	\$3,242.49	\$3,242.49	
12	TO003-119SUP2APR	\$2,665.31	\$2,665.31	
13	TO003-119SUPAPR	\$2,108.28	\$2,108.28	
14	TO003-127MAY	\$41,693.44	\$38,335.95	\$3,357.49
15	TO003-127SUP4MAY	\$5,583.91	\$1,425.12	\$4,158.79
16	TO003-127SUP6MAY	\$493.02		\$493.02
17	TO003-127SUPMAY	\$16,549.56	\$16,374.18	\$175.38
18	TO003-128JUN	\$18,659.31	\$13,658.05	\$5,001.26
19	TO003-128SUPJUN	\$2,137.61	\$2,074.60	\$63.01
20	TO003-142SUP10JUL	\$5,285.73	\$655.92	\$4,629.81
21	TO003-142SUP11JUL	\$472.58	\$472.58	
22	TO003-142SUP12JUL	\$198.49		\$198.49
23	TO003-142SUP1JUL	\$6,589.76	\$6,589.76	
24	TO003-142SUP2JUL	\$5,387.38	\$5,387.38	
25	TO003-142SUP3JUL	\$6,990.98	\$6,234.84	\$756.14
26	TO003-142SUP4JUL	\$3,323.84	\$3,323.84	
27	TO003-142SUP8JUL	\$110.26	\$110.26	
28	TO003-144JAN	\$4,064.27	\$4,064.27	
29	TO003-144SUP1JAN	\$317.69		\$317.69
30	TO003-144SUP2JAN	\$30,389.74	\$16,610.67	\$13,779.07
31	TO003-144SUP3JAN	\$10,884.92		\$10,884.92
32	TO003-144SUPJAN	\$14,109.44	\$13,537.08	\$572.36
33	TO003-147AUG	\$9,873.98	\$9,873.98	
34	TO003-147SUP1AUG	\$199.54	\$199.54	
35	TO003-147SUP2AUG	\$399.08	\$399.08	

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Item Number	Invoice Number	Questioned Cost	Unsupported	Unallowed
36	TO003-147SUP3AUG	\$5,219.01	\$5,219.01	
37	TO003-147SUP4AUG	\$2,880.27	\$1,453.05	\$1,427.22
38	TO003-147SUP5AUG	\$1,316.43	\$252.05	\$1,064.38
39	TO003-147SUP6AUG	\$31.24		\$31.24
40	TO003-147SUPAUG	\$5,151.22	\$4,993.69	\$157.53
41	TO003-148SEP	\$8,803.47	\$8,802.42	\$1.05
42	TO003-148SUP3SEP	\$820.30	\$820.30	
43	TO003-148SUP4SEP	\$2.10	\$2.10	
44	TO003-148SUP5SEP	\$7,477.34	\$7,477.34	
45	TO003-148SUPSEP	\$3,628.24	\$3,628.24	
46	TO003-149OCT	\$10,281.33	\$10,281.33	
47	TO003-149SUP1OCT	\$2,209.16	\$2,209.16	
48	TO003-149SUP2OCT	\$2,455.37		\$2,455.37
49	TO003-149SUP3OCT	\$2,456.22	\$2,456.22	
50	TO003-149SUP5OCT	\$5,884.27		\$5,884.27
51	TO003-149SUPOCT	\$13,980.11	\$13,355.24	\$624.87
52	TO003-150NOV	\$2,678.67	\$2,678.67	
53	TO003-150SUP1NOV	\$22,074.12	\$21,802.64	\$271.48
54	TO003-150SUP3NOV	\$2.63		\$2.63
55	TO003-150SUPNOV	\$45,076.68	\$45,076.68	
56	TO003-151DEC	\$17,281.04	\$17,281.04	
57	TO003-151SUPDEC	\$684.72	\$425.32	\$259.40
58	TO003-165MAR	\$32,134.44	\$31,528.37	\$606.07
59	TO003-165SUP1MAR	\$3,224.90	\$692.34	\$2,532.56
60	TO003-165SUP2MAR	\$10,724.18	\$1,131.07	\$9,593.11
61	TO003-165SUPMAR	\$3,402.65	\$3,402.65	
62	TO003-166APR	\$29,569.37	\$28,214.61	\$1,354.76
63	TO003-166SUP1APR	\$1,436.35	\$1,436.35	
64	TO003-166SUP2APR	\$12,852.22	\$1,170.11	\$11,682.11
65	TO003-166SUPR3APR	\$2,821.78	\$1,783.66	\$1,038.12
66	TO003-167FEB	\$37,113.54	\$34,757.42	\$2,356.12
67	TO003-167SUP1FEB	\$3,948.75	\$3,948.75	
68	TO003-167SUP3FEB	\$4,908.90	\$3,379.02	\$1,529.88
69	TO003-167SUP4FEB	\$21,120.65	\$4,039.07	\$17,081.58
70	TO003-167SUPFEB	\$2,284.19	\$2,284.19	

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Item Number	Invoice Number	Questioned Cost	Unsupported	Unallowed
71	TO003-170MAY	\$28,198.46	\$25,098.95	\$3,099.51
72	TO003-170SUP1MAY	\$8,817.25	\$4,007.86	\$4,809.39
73	TO003-170SUP2MAY	\$18,401.36	\$1,100.47	\$17,300.89
74	TO003-170SUPMAY	\$547.11	\$547.11	
75	TO003-181JUN	\$13,751.61	\$13,751.61	
76	TO003-181SUP1JUN	\$5,261.57	\$3,264.28	\$1,997.29
77	TO003-181SUP2JUN	\$8,060.55	\$561.33	\$7,499.22
78	TO003-181SUPJUN	\$4,104.18	\$4,104.18	
79	TO003-185JUL	\$21,119.52	\$21,119.52	
80	TO003-185SUP1JUL	\$6,332.71	\$6,332.71	
81	TO003-185SUP2JUL	\$7,348.77	\$7,348.77	
82	TO003-185SUP5JUL	\$2,903.28	\$2,803.25	\$100.03
83	TO003-185SUP6JUL	\$786.60	\$294.06	\$492.54
84	TO003-185SUP7JUL	\$9,207.66	\$474.69	\$8,732.97
85	TO003-185SUP8JUL	\$5,931.73	\$479.29	\$5,452.44
86	TO003-185SUPJUL	\$892.67	\$892.67	
87	TO003-208AUG	\$26,638.32	\$26,002.95	\$635.37
88	TO003-208SUP1AUG	\$20,873.65	\$1,745.96	\$19,127.69
89	TO003-208SUPAUG	\$3,447.27	\$2,770.68	\$676.59
90	TO003-243FEB	\$55,073.82	\$39,813.34	\$15,260.48
91	TO003-244MAR	\$71,376.08	\$53,828.03	\$17,548.05
92	TO003-245SEP	\$41,437.73	\$41,437.73	
93	TO003-245SUP2SEP	\$11,377.08	\$11,377.08	
94	TO003-245SUP3SEP	\$23,605.87	\$2,413.62	\$21,192.25
95	TO003-246SUP2MAY	\$121,104.61	\$106,472.95	\$14,631.66
96	TO003-246SUPR3MAY	\$17,000.84	\$14,975.75	\$2,025.09
97	TO003-248OCT	\$7,938.36	\$5,950.12	\$1,988.24
98	TO003-248SUP2OCT	\$9,105.23		\$9,105.23
99	TO003-248SUP3OCT	\$44,380.87	\$38,189.94	\$6,190.93
100	TO003-254SUP1JAN	\$6,593.52	\$2,483.04	\$4,110.48
101	TO003-255SUP1NOV	\$16,399.48	\$14,487.33	\$1,912.15
102	TO003-255SUP2NOV	\$6,675.59	\$591.26	\$6,084.33
103	TO003-255SUPNOV	\$11,438.26	\$11,325.36	\$112.90
104	TO003-262DEC	\$56,604.99	\$38,435.22	\$18,169.77

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Item Number	Invoice Number	Questioned Cost	Unsupported	Unallowed
105	TO003-262SUP1DEC	\$604.39	\$126.02	\$478.37
106	TO003-262SUP2DEC	\$239.71		\$239.71
107	TO003-308APR	\$36,441.73	\$12,254.05	\$24,187.68
108	TO003-311JUN	\$19,579.46	\$567.11	\$19,012.35
109	TO003-321JUL	\$94,022.46	\$70,606.26	\$23,416.20
110	TO003-321SUPJUL	\$2,025.78		\$2,025.78
111	TO003-325AUG	\$87,839.54	\$65,216.28	\$22,623.26
112	TO003-332SEP	\$24,548.94	\$3,239.40	\$21,309.54
113	TO003-35SUP1JUL	\$7,018.59	\$7,018.59	
114	TO003-35SUP4JUL	\$3,780.94	\$3,780.94	
115	TO003-54	\$23,892.26	\$661.63	\$23,230.63
116	TO003-54SUP1JAN	\$29,525.67	\$29,436.40	\$89.27
117	TO003-54SUPJAN	\$14,631.96	\$14,631.96	
118	TO003-66SUPSEP	\$11,695.59	\$4,764.27	\$6,931.32
119	TO003-74OCT	\$3,462.85	\$3,462.85	
120	TO003-74SUP1OCT	\$12,759.93	\$12,476.38	\$283.55
121	TO003-74SUPOCT	\$9,871.88	\$9,871.88	
122	TO003-79RNOV	\$4,962.20	\$4,962.20	
123	TO003-79SUP1NOV	\$1,983.08	\$1,983.08	
124	TO003-79SUPNOV	\$28,419.46	\$21,266.55	\$7,152.91
125	TO00381R1DEC	\$5,897.57	\$5,235.94	\$661.63
126	TO003-81SUP1DEC	\$68,060.98	\$38,059.16	\$30,001.82
127	TO003-81SUP2DEC	\$661.63		\$661.63
128	TO003-81SUP3DEC	\$13,025.23	\$13,025.23	
129	TO003-84AUG	\$3,376.87	\$3,376.87	
130	TO003-84SUPAUG	\$3,500.03	\$3,500.03	
Totals		\$1,793,698.23	\$1,314,604.98	\$479,093.25

Source: OIG-generated based upon WPS Task Order 3 invoices and supporting documentation.

Table B.4: Questioned Other Direct Costs

Item Number	Invoice Number	Questioned Cost	Unsupported	Unallowed
1	TO 003-15R	\$548,100.00	\$548,100.00	
2	TO003-11SUP2	\$2,141.12	\$2,141.12	
3	TO003-14	\$71,495.00		\$71,495.00
4	TO003-247SUP2MAY	\$1,050.20	\$1,050.20	
5	TO1-11-1	\$42,651.83	\$42,651.83	
6	TO003-42SUP4SEP	\$9,697.14		\$9,697.14

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Item Number	Invoice Number	Questioned Cost	Unsupported	Unallowed
7	TO003-44	\$130,701.44	\$130,701.44	
8	TO003-60SUPRFEB	\$2,581.90	\$2,581.90	
9	TO003-61SUPRMAR	\$6,979.89	\$6,979.89	
10	TO003-64SUPJUL	\$5,781.38	\$5,781.38	
11	TO003-68RSEP	\$20,478.90	\$20,478.90	
12	TO003-78NOV	\$12,782.13	\$12,782.13	
13	TO003-92SUPR1FEB	\$19,318.08	\$19,318.08	
14	TO 003-93SUPMAR	\$2,388.15	\$2,388.15	
15	TO003-93SUP2MAR	\$7,362.34	\$7,193.87	\$168.47
16	TO003-125SUP1OCT	\$2,725.90		\$2,725.90
17	TO003-126SUPRNOV	\$173.28	\$173.28	
18	TO003-153SUP1MAR	\$1,620.55	\$1,620.55	
19	TO003-153SUP2MAR	\$2,100.40	\$2,100.40	
20	TO003-163SUP1APR	\$1,050.20	\$1,050.20	
21	TO003-193JUN	\$1,627.76	\$1,627.76	
22	TO003-211SUPOCT	\$2,100.40	\$2,100.40	
23	TO003-204SUP2SEP	\$3,579.08		\$3,579.08
24	TO003-224SUPSEP	\$7,246.38	\$7,246.38	
25	TO003-226SUPOCT	\$9,766.86	\$9,766.86	
26	TO003-225SUP1NOV	\$22,842.96		\$22,842.96
27	TO003-231DEC	\$1,321.65		\$1,321.65
28	TO003-232SUP1NOV	\$1,890.36	\$1,890.36	
29	TO003-233DEC	\$222.75		\$222.75
30	TO003-237SUPNOV	\$3,150.60	\$3,150.60	
31	TO003-243JAN	\$5,251.00	\$5,251.00	
32	TO003-291JUN	\$2,268.43		\$2,268.43
33	TO003-296SUP2JUN	\$1,050.20	\$1,050.20	
34	TO003-297SUP3JUL	\$1,050.20	\$1,050.20	
35	TO003-298SUPJUL	\$420.08		\$420.08
36	TO003-32SUP1JAN	\$779.31		\$779.31
Totals		\$955,747.86	\$840,227.09	\$115,520.77

Source: OIG-generated based upon WPS Task Order 3 invoices and supporting documentation.

APPENDIX C: BUREAU OF ADMINISTRATION RESPONSE TO DRAFT REPORT



United States Department of State

Washington, D.C. 20520

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February 10, 2016

MEMORANDUM

TO: OIG/AUD – Norman P. Brown

FROM: A/LM – Jennifer A. McIntyre *J.A. McIntyre*

SUBJECT: Draft Report on *Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 – Baghdad Embassy Security Force*

Thank you for the opportunity to provide comments on the subject draft audit report, with regard to Recommendations 1, 2, and 3. The points of contact for this response are Mr. Matthew Colantonio who may be reached at 703-875-5848, and Mr. James Moore who may be reached at 703-875-6285.

Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, recover the \$13.6 million in deferred assessments from SOC.

Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine the allowability of and recover, as appropriate, the \$652,060 in unallowed costs identified in this report.

Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, determine whether unsupported costs are allowable and recover, as appropriate, the \$6.5 million in unsupported costs identified in this report.

Management Response – Draft Report (02/10/2016): The Office of Acquisitions Management (AQM) concurs with OIG Recommendations 1-3 and has no comments. AQM will take the necessary steps to review the OIG findings, make a Contracting Officer determination as necessary on questioned costs, and seek to recover any unallowed costs.

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APPENDIX D: BUREAU OF DIPLOMATIC SECURITY RESPONSE TO DRAFT REPORT



United States Department of State


*Assistant Secretary of State
for Diplomatic Security*

Washington, D.C. 20520

SENSITIVE BUT UNCLASSIFIED
(UNCLASSIFIED when separated from attachments)

February 5, 2016

INFORMATION MEMO TO INSPECTOR GENERAL LINICK – OIG

FROM: DS – Gregory B. Starr  FEB 08 2016

SUBJECT: DS Response to Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 - Baghdad Embassy Security Force

Attached is the Bureau of Diplomatic Security's Response to Recommendation 4 of the OIG's Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 - Baghdad Embassy Security Force.

Attachments:
As stated.

SENSITIVE BUT UNCLASSIFIED
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Recommendation 4: OIG recommends that the Bureau of Diplomatic Security, Overseas Protective Operations, Worldwide Protective Services Division, in conjunction with the Bureau of Administration, Office of Logistics Management, Office of Acquisition Management, review the duties of desk officers and, as necessary, adjust duties or dedicate additional resources to prioritize and ensure a thorough review of all invoices and supporting documentation.

DS Response (2/4/2016): The Bureau of Diplomatic Security (DS) concurs with the recommendation. An outside consultant conducted an acquisition and program assessment of the Worldwide Protective Services Division's (DS/OPO/WPS) invoice and modifications procedure. As a result, DS/OPO/WPS was provided a draft desk officer guide that included a framework for standard operating procedures (SOP) concerning the invoice and modification process. Once finalized and approved by the Office of Overseas Protective Operations (DS/IP/OPO) and The Office of Acquisitions Management (A/LM/AQM), the comprehensive desk officer guide and SOP will outline roles and responsibilities for DS/IP/OPO personnel. DS/OPO/WPS anticipates completing the guide no later than April 15, 2016.

Approved: DS – Gregory Starr (ok)

Analyst: DS/MGT/PPD – ASwab ext. 5-9692

Cleared: DSS – BMiller (ok)
DS/EX – SDietz (ok)
DS/EX/MGT – JSchools (ok)
DS/MGT/PPD – MScherger (ok)
DS/MGT/PPD (Policy) – WShishak (acting) (ok)
DS/IP – CSchurman (ok)
DS/IP/OPO – RCatipon (ok)
M – HALto (ok)
A – MAustin (ok)

ABBREVIATIONS

A/LM/AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management
CO	Contracting Officer
COR	Contracting Officer's Representative
DS	Bureau of Diplomatic Security
DS/OPO/WPS	Bureau of Diplomatic Security, Office of Overseas Protective Operations, Worldwide Protective Services
OIG	Office of Inspector General
PMR	Program Management Review
RSO	Regional Security Officer
TCN	third-country national
WPS	Worldwide Protective Services

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