



**Office of Inspector General**  
United States Department of State

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Office of Audits

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**Audit of Mission Turkey and  
Embassy Beirut Fuel Oversight and  
Payment Process**

MIDDLE EAST REGION OPERATIONS



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

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## What OIG Audited

To aid in carrying out its mission, Mission Turkey and Embassy Beirut, Lebanon, procure fuel for the operation of motor vehicles and generators. Diesel fuel and gasoline are both procured through contracts awarded by Contracting Officers (COs) at these posts. From October 1, 2013, to September 30, 2018, Mission Turkey paid approximately \$1.3 million for fuel for use at Embassy Ankara, Consulate General Istanbul, and Consulate Adana. Embassy Beirut paid approximately \$2.2 million for gasoline and diesel fuel over the same period of time.

In May 2019 and July 2019, the Office of Inspector General (OIG) issued reports related to controls over fuel storage and distribution at Mission Turkey and Embassy Beirut, respectively. For this report, OIG's objective was to determine whether Department of State (Department) oversight officials implemented adequate controls to ensure that the contractor-provided fuel met contract terms and conformed to Federal regulations and Department guidance.

## What OIG Recommends

OIG made 33 recommendations to Mission Turkey and 11 recommendations to Embassy Beirut to improve contract oversight and payment procedures and to safeguard against improper payments. On the basis of Mission Turkey's response to a draft of this report, OIG considers 33 recommendations resolved pending further action. Because Embassy Beirut did not respond timely to a draft of this report, OIG considers 11 recommendations unresolved and will closely monitor management's actions during the audit compliance process. A synopsis of management's comments and OIG's reply follow each recommendation in the Audit Results section of this report. Mission Turkey's response to a draft of this report is reprinted in its entirety in Appendix B.

January 2020

OFFICE OF AUDITS

MIDDLE EAST REGION OPERATIONS

## Audit of Mission Turkey and Embassy Beirut Fuel Oversight and Payment Process

## What OIG Found

Oversight of fuel contractors at Mission Turkey and Embassy Beirut needs improvement to ensure compliance with contract terms. Specifically, OIG found that COs did not (1) always appoint Contracting Officer's Representatives (CORs) to oversee fuel contracts, (2) implement proper procedures to accept fuel from the contractors, (3) develop and implement quality surveillance assurance plans to ensure that contractual requirements were met, and (4) maintain complete contract and COR files. These deficiencies occurred because the COs and the COR did not follow Federal Acquisition Regulation requirements and Department guidance when performing oversight of the fuel contracts. As a result, Mission Turkey and Embassy Beirut could not be certain that the fuel received met fuel quality standards set forth in the contract and may have paid for fuel they did not receive.

OIG also found that Mission Turkey and Embassy Beirut oversight officials did not conform with Federal regulations and guidance concerning fuel payments. Specifically, oversight officials did not (1) verify that invoices included all of the required information to make them proper or to certify them for payment and (2) always verify that prices complied with contract terms. These deficiencies occurred, in part, because the Financial Management Offices at Mission Turkey and Embassy Beirut did not implement effective internal controls to ensure that contractor-submitted invoices included all elements of a proper invoice prior to authorizing payment or track the dates that invoices were received and paid. In addition, the assigned COs and the COR did not establish and implement invoice review procedures to ensure that invoices were accurate and supported. Further, the COs and COR allowed unauthorized officials to approve invoices on their behalf. OIG is therefore questioning \$1.2 million paid by Mission Turkey and \$2.2 million paid by Embassy Beirut for fuel from October 1, 2013, through September 30, 2018.

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## OBJECTIVE

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The Office of Inspector General (OIG) conducted this audit to determine whether Mission Turkey and Embassy Beirut adhered to applicable safety and security standards in safeguarding fuel storage and distribution and whether Department of State (Department) oversight officials implemented internal controls to ensure that the contractor-provided fuel met contract terms and conformed to Federal regulations and Department guidance.

In May 2019 and July 2019, OIG issued two Management Assistance Reports<sup>1</sup> that addressed the first objective of this audit. This current report communicates OIG's findings and recommendations regarding the second objective. See Appendix A for the purpose, scope, and methodology of this audit.

## BACKGROUND

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Mission Turkey operates from five diplomatic facilities located in Turkey: Embassy Ankara, Consulate General Istanbul, Consulate Adana, the Embassy Branch office in Gaziantep, and the Consular Agency and Foreign Commercial Service Office in Izmir. For this audit, OIG limited its review of fuel contract oversight and administration to three diplomatic facilities in Mission Turkey: Embassy Ankara, Consulate General Istanbul, and Consulate Adana.

To assist in carrying out its mission, Mission Turkey procures fuel for the operation of motor vehicles that are used for official business and generators that are used in the event of a power outage. Diesel fuel and gasoline are both procured through contracts awarded by Contracting Officers (COs) at these posts. From fiscal year (FY) 2014 through FY 2018, Mission Turkey used purchase orders to procure fuel directly from a single contractor, Petrol Ofisi, for which it paid approximately \$1.3 million.<sup>2</sup>

Also, from FY 2014 through FY 2018, Embassy Beirut paid approximately \$2.2 million for gasoline and diesel fuel that was purchased from the contractor Medco to operate generators for residential heating and vehicles at the embassy motor pool. The embassy purchased fuel using two indefinite-delivery/indefinite-quantity<sup>3</sup> contracts, as shown in Table 1.

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<sup>1</sup> *Management Assistance Report: Mission Turkey Safety and Security Infractions Require Immediate Attention* (AUD-MERO-19-26, May 2019) and *Management Assistance Report: Safety and Security Infractions at Embassy Beirut, Lebanon Require Immediate Attention* (AUD-MERO-19-34, July 2019). Both reports are classified.

<sup>2</sup> Federal Acquisition Regulation (FAR) 13.302-1(a),(b), "General," describes a purchase order as an order for commercial items that is generally issued on a fixed-price basis and that specifies the quantity of supplies and a determinable date for the delivery of supplies.

<sup>3</sup> FAR 16.501-1, "Definitions," defines a delivery order as a "contract for supplies that does not procure or specify a firm quantity of supplies . . . and that provides for the issuance of orders for the delivery of supplies during the period of the contract."

**Table 1: Fuel Contracts Awarded by Embassy Beirut for Diesel Fuel and Gasoline**

Contract Number	Fuel Type	Award Date	Expiration Date	Maximum Quantity (liters)	Maximum Costs <sup>a</sup>
SLE20012D0001	Diesel & Gasoline 95 Octane	12/01/2011	11/30/2016 <sup>b</sup>	3,850,000	\$3,863,711
SLE20017D0001	Diesel & Gasoline 95 Octane	06/01/2017	05/31/2022	5,000,000	\$3,073,922

<sup>a</sup> The contracts were awarded in Lebanese Pounds and converted to U.S. currency by OIG.

<sup>b</sup> This contract was extended through May 31, 2017.

**Source:** Generated by OIG from fuel cost data provided by Embassy Beirut.

## Contract Administration and Oversight Responsibilities

The Office of the Procurement Executive is responsible for appointing COs who award and administer contracts at post. For the invoices paid from October 1, 2013, through September 30, 2018, COs awarded and administered two indefinite-delivery/indefinite-quantity contracts and multiple purchase and delivery orders for the diesel fuel and gasoline required by Mission Turkey and Embassy Beirut. According to the Office of the Procurement Executive's Overseas Contracting and Simplified Acquisition Guidebook (Guidebook), the CO is the Department's authorized agent for working with contractors and has sole authority to solicit proposals and to negotiate, award, administer, modify, or terminate contracts.<sup>4</sup> The Procurement Executive in the Bureau of Administration, Office of the Procurement Executive, provides all COs in the Department with a contracting "warrant," which contains signature authority dollar limits that are specific to each overseas post. COs are required to complete the General Services Officer class (or equivalent) at the Foreign Service Institute to obtain a contracting warrant and are also required to complete 16 hours of additional training every 3 years to maintain their warrants.<sup>5</sup>

The CO may designate a Contracting Officer's Representative (COR) to act as an authorized representative to assist in the technical monitoring or administration of a contract. Specifically, CORs serve as the eyes and ears of the CO to ensure that the Department receives high-quality supplies and services on time, for the agreed-upon price, and in accordance with all contract requirements. In addition, a CO may designate a Government Technical Monitor to assist the COR in performing oversight duties. CORs and Government Technical Monitors are required to

<sup>4</sup> Office of the Procurement Executive, Overseas Contracting and Simplified Acquisition Guidebook – Twentieth Edition, "Chapter 1 – Introduction," "Part II. Roles and Responsibilities in the Acquisition Process," "Section B. Responsibilities of the Contracting Officer," 12 (December 2018). The Guidebook provides guidance on how to award and administer contracts and simplified acquisitions within the Department. Guidebook, "Chapter 1 – Introduction," "Part I. Goals and Objectives," "Section C. Objectives of the Cookbook," 6.

<sup>5</sup> The Guidebook states that COs receiving a standard name warrant must complete the Foreign Service Institute's "[General Services Office] Course Acquisitions Module (PA 221 ACQ) or equivalent (may include correspondence course or training from other agencies); this course must be the version revised in 1993 or later, which has been accredited by the Procurement Executive." Guidebook, "Chapter 1 – Introduction," "Part III. Contracting Rules and Authority," "Section C.1.b. Standard Name Warrants," 19.

obtain pertinent certifications<sup>6</sup> and possess technical expertise<sup>7</sup> on the subject matter of the contract to perform effective oversight.

## **Management Control Procedures for Fuel Contract Administration and Oversight**

According to the Foreign Affairs Manual (FAM), 2 FAM 020, “Management Controls,” “Management control programs must be designed to provide reasonable assurance regarding the prevention of or prompt detection of errors, irregularities, and mismanagement.”<sup>8</sup> The FAM further states that as required by the Federal Managers’ Financial Integrity Act, managers must (1) evaluate the internal control system on an ongoing basis, (2) perform risk assessments at a minimum every 5 years, and (3) review and report on the adequacy of the internal control system annually.<sup>9</sup> In addition, the FAM states that such documentation must be “current and permanently on file” to describe management control methods and measures, as well as to assist in the review of the management controls and their functioning.<sup>10</sup>

## **AUDIT RESULTS**

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### **Finding A: Oversight of Fuel Contractors Needs Improvement**

OIG found that oversight of fuel contractors at Mission Turkey and Embassy Beirut needs improvement to ensure compliance with contract terms. Specifically, OIG found that COs did not (1) always appoint CORs to oversee fuel contracts, (2) implement proper procedures to accept fuel from the contractors, (3) develop and implement quality surveillance assurance plans to ensure contractual requirements were met, and (4) maintain complete contract and COR files. These deficiencies occurred because COs and CORs did not follow Federal Acquisition Regulation (FAR) requirements and Department guidance when performing oversight of the fuel contracts. As a result, Mission Turkey and Embassy Beirut could not be certain that the fuel they received met fuel quality standards set forth in the contract and may have paid for fuel they did not receive.

#### ***CORs Were Not Always Appointed To Oversee All Fuel Contracts***

The FAR requires the CO to designate a COR in writing to assist in the administration of a contract, unless the CO retains and executes the COR duties.<sup>11</sup> OIG found that the COs of fuel contracts at Mission Turkey (Embassy Ankara, Consulate General Istanbul, and Consulate

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<sup>6</sup> See Office of Management and Budget, Office of Federal Procurement Policy, “Revisions to the Federal Acquisition Certification for Contracting Officer’s Representatives (FAC-COR)” (September 6, 2011).

<sup>7</sup> According to 14 FAH-2 H-113(a), “Qualifying as a COR: Federal Acquisition Certification: Contracting Officer’s Representative (FAC-COR),” CORs are required to have sufficient technical expertise in the contract subject matter to be able to provide technical direction and to determine whether the contractor is providing conforming goods and services.

<sup>8</sup> 2 FAM 021.1(b), “Policy and Scope.”

<sup>9</sup> 2 FAM 021.1(c), “Policy and Scope.”

<sup>10</sup> 2 FAM 021.3, “Definitions.”

<sup>11</sup> FAR 1.602-2(d), “[Contracting officer] Responsibilities.”

Adana) did not designate CORs to oversee the contracts. As previously discussed, CORs serve as the eyes and ears of the CO to ensure that the Department receives high-quality supplies and services on time, for the agreed-upon price, and in accordance with all contract requirements. From FY 2014 through FY 2018, Mission Turkey paid approximately \$1.3 million for diesel fuel and gasoline. A COR who is knowledgeable about the contract specifications and has the technical qualifications to accept fuel should be assigned to verify that the fuel received meets the quality standards outlined in the contract. With respect to Embassy Beirut, a COR was designated in July 2017 to oversee the fuel contract. However, between FY 2014 and July 2017, a COR had not been designated. Similar to Mission Turkey, it is imperative that a technically qualified COR be assigned at Embassy Beirut—which paid approximately \$2.2 million for fuel from FY 2014 through 2018—to ensure that fuel meets the contract specifications and that the embassy is paying for fuel it received.

Officials from the General Services Office at Mission Turkey stated that they did not know why CORs were not designated to the fuel contracts, and Embassy Beirut officials also did not have an explanation for the lack of COR designation prior to July 2017. This lapse in contract management significantly weakened the control environment related to the procurement, receipt, and payment of fuel deliveries. For example, an effective control environment should separate the authority to order fuel, receive fuel, and approve payments under multiple officials; however, not having this structure at these posts by way of proper COR designations placed these fuel contracts at risk for fraud, waste, abuse, and mismanagement. OIG is therefore offering the following recommendations to address COR designation deficiencies identified.

**Recommendation 1:** OIG recommends that Embassy Ankara, Turkey, require its Contracting Officer to appoint a Contracting Officer's Representative to its fuel contracts who has the authority to inspect and accept fuel on behalf of the Government and approve vendor invoices.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Embassy Ankara already switched to a contract with the Defense Logistics Agency, a mandatory source for fuel required by the FAR. Mission Turkey further stated that the Defense Logistics Agency “now provides all compound fuel and gas for official vehicles via a local Turkish fuel vendor” and that the embassy will assign a COR or CORs “to ensure it is following FAR guidelines and maintaining of contract records.”

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Ankara required its CO to appoint a COR to its fuel contracts who has the authority to inspect and accept fuel on behalf of the Government and approve vendor invoices.

**Recommendation 2:** OIG recommends that Consulate General Istanbul, Turkey, require its Contracting Officer to appoint a Contracting Officer's Representative to its fuel



contracts who has the authority to inspect and accept fuel on behalf of the Government and approve vendor invoices.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate General Istanbul already switched to a contract with the Defense Logistics Agency, a mandatory source for fuel required by the FAR. Mission Turkey further stated that the Defense Logistics Agency “now provides all compound fuel and gas for official vehicles via a local Turkish fuel vendor” and that the consulate general will assign a COR or CORs “to ensure it is following FAR guidelines and maintaining of contract records.”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate General Istanbul required its CO to appoint a COR to its fuel contracts who has the authority to inspect and accept fuel on behalf of the Government and approve vendor invoices.

**Recommendation 3:** OIG recommends that Consulate Adana, Turkey, require its Contracting Officer to appoint a Contracting Officer’s Representative to its fuel contracts who has the authority to inspect and accept fuel on behalf of the Government and approve vendor invoices.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate Adana already switched to a contract with the Defense Logistics Agency, a mandatory source for fuel required by the FAR. Mission Turkey further stated that the Defense Logistics Agency “now provides all compound fuel and gas for official vehicles via a local Turkish fuel vendor” and that the consulate will assign a COR or CORs “to ensure it is following FAR guidelines and maintaining of contract records.”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate Adana required its CO to appoint a COR to its fuel contracts who has the authority to inspect and accept fuel on behalf of the Government and approve vendor invoices.

### ***Unauthorized Officials Accepted Fuel at Mission Turkey and Embassy Beirut***

OIG found that fuel deliveries at Mission Turkey and Embassy Beirut were accepted by officials who were not authorized in accordance with FAR requirements. According to the FAR, accepting supplies is the responsibility of the CO unless the authority is delegated.<sup>12</sup> At Mission

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<sup>12</sup> FAR 46.501, “General,” states, “Acceptance constitutes acknowledgment that the supplies or services conform with applicable contract quality and quantity requirements.” FAR 46.502, “Responsibility for acceptance,” further states that the acceptance of supplies or services is the responsibility of the CO. FAR 1.602-2(d), “Responsibilities,” states the Contracting Officers may designate and authorize a contracting officer’s representative.



Turkey, the COs were required to accept fuel because that responsibility was not delegated to a designated COR. At Embassy Beirut, the responsibility to accept fuel was delegated to a designated COR; however, the COR did not accept fuel deliveries. Instead, facilities and other personnel accepted fuel deliveries on behalf of the embassy.<sup>13</sup> Neither Mission Turkey nor Embassy Beirut could explain why those individuals without delegated acceptance authority were accepting fuel. Specifically, OIG reviewed fuel receiving documents from contractors' invoice packages and found that, for 351 of 351 (100 percent) invoice packages at Mission Turkey and 203 of 203 (100 percent) invoice packages at Embassy Beirut, someone other than the CO or the designated COR accepted the fuel. Instead, fuel deliveries were generally accepted by staff members who were not delegated acceptance authority by the CO rather than by authorized or delegated officials.

Unauthorized fuel acceptance occurred because fuel acceptance procedures at each post did not adhere to FAR requirements nor did post procedures ensure that fuel receiving documents were routed to an individual who had acceptance authority, such as the CO or the COR, when the CO or the COR could not be present. OIG is therefore offering the following recommendations to address the fuel acceptance deficiencies identified.

**Recommendation 4:** OIG recommends that Embassy Ankara, Turkey, establish and implement fuel receiving procedures in accordance with the Federal Acquisition Regulation requirements that require Contracting Officers or Contracting Officer's Representatives to accept fuel on behalf of the Government.

**Management Response:** Mission Turkey concurred with the recommendation, stating that "Embassy Ankara will establish and implement fuel receiving procedures in accordance with FAR requirements that require [COs] or CORs to accept fuel on behalf of the Government."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Ankara established and implemented fuel receiving procedures in accordance with FAR requirements that require COs or CORs to accept fuel on behalf of the Government.

**Recommendation 5:** OIG recommends that Consulate General Istanbul, Turkey, establish and implement fuel receiving procedures in accordance with the Federal Acquisition Regulation requirements that require Contracting Officers or Contracting Officer's Representatives to accept fuel on behalf of the Government.

**Management Response:** Mission Turkey concurred with the recommendation, stating that "Consulate General Istanbul will establish and implement fuel receiving procedures

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<sup>13</sup> Embassy Beirut appointed a backup CO as the COR on Contract SLE20017D0001 from November 28, 2016, through December 27, 2018. In this case, the COR has the same authority as the CO up to his \$100,000 limit.

in accordance with FAR requirements that require [COs] or CORs to accept fuel on behalf of the Government.”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate General Istanbul established and implemented fuel receiving procedures in accordance with FAR requirements that require COs or CORs to accept fuel on behalf of the Government.

**Recommendation 6:** OIG recommends that Consulate Adana, Turkey, establish and implement fuel receiving procedures in accordance with the Federal Acquisition Regulation requirements that require Contracting Officers or Contracting Officer’s Representatives to accept fuel on behalf of the Government.

**Management Response:** Mission Turkey concurred with the recommendation, stating that “Consulate Adana will establish and implement fuel receiving procedures in accordance with FAR requirements that require [COs] or CORs to accept fuel on behalf of the Government.”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate Adana established and implemented fuel receiving procedures in accordance with FAR requirements that require COs or CORs to accept fuel on behalf of the Government.

**Recommendation 7:** OIG recommends that Embassy Beirut, Lebanon, establish and implement fuel receiving procedures in accordance with the Federal Acquisition Regulation requirements that require Contracting Officers or Contracting Officer’s Representatives to accept fuel on behalf of the Government.

**Management Response:** On December 18, 2019, OIG provided Embassy Beirut a draft of this report and requested management’s comments for each recommendation addressed to it within 14 days. In addition, OIG granted a 9-day extension to the comment deadline to facilitate management’s response. However, OIG did not receive comments within the time allotted.

**OIG Reply:** Because Embassy Beirut did not respond in a timely manner to a draft of this report, OIG considers this recommendation unresolved and will closely monitor its implementation during the audit compliance process. The recommendation will be considered resolved when Embassy Beirut agrees to implement the recommendation or provides an acceptable alternative that meets the recommendation’s intent, which is to improve fuel receiving procedures. The recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Beirut has

implemented fuel receiving procedures in accordance with FAR requirements that require COs or CORs to accept fuel on behalf of the Government.

***Mission Turkey and Embassy Beirut Did Not Have Quality Assurance Surveillance Plans***

The quality assurance surveillance plan should detail how, when, and by whom the Department will survey, observe, test, evaluate, and document the results of contractor performance. According to the FAR, the quality assurance surveillance plan should be prepared in conjunction with the contract's performance work statement.<sup>14</sup> The performance work statement explains the contract's purpose and intended goals so that the Department can effectively monitor and evaluate the progress and final outcome of the contract. Developing the quality assurance surveillance plan in conjunction with the performance work statement also ensures that the Department assigns sufficient numbers of staff and that those individuals have the proper certifications and technical expertise to effectively monitor the contract. In addition, the Foreign Affairs Handbook (FAH) states that the COR "is responsible for developing quality assurance procedures, verifying whether the supplies or services conform to contract quality requirements, and maintaining quality assurance records."<sup>15</sup>

Quality assurance surveillance plans should be treated as living documents and should be periodically reviewed to ensure that they efficiently and effectively measure whether the contractor's performance meets contract requirements.<sup>16</sup> Quality assurance surveillance plans also assist with the transition from one COR to another by providing the incoming COR with a record of the activities that were performed by the preceding COR and ensuring that the incoming COR will better understand the oversight activities that should be performed.

***Mission Turkey and Embassy Beirut Did Not Establish Quality Assurance Surveillance Plans or Require Fuel Quality Inspections***

Mission Turkey and Embassy Beirut did not develop quality assurance surveillance plans<sup>17</sup> for their fuel contracts, in part because the COs did not designate CORs who are typically responsible for developing these plans. By not having quality assurance surveillance plans, Mission Turkey and Embassy Beirut could not verify the quality of the fuel they received or safeguard against fuel containing water content or fuel impurities.<sup>18</sup> For example, a method of testing fuel for water is to place a long stick coated with indicator paste into the fuel truck; the paste changes color when it comes in contact with water. If fuel is not tested for water or if water is not removed from the top of a fuel tank, the water can seep into the tank, thereby contaminating the fuel. Sediment can be tested by obtaining a fuel sample from the bottom of the tank and visually inspecting the fuel for sediment after the fuel has settled. Furthermore, in

<sup>14</sup> FAR 46.401(a), "[Government Contract Quality Assurance] General."

<sup>15</sup> 14 FAH-2 H-523(b), "Quality Assurance."

<sup>16</sup> Department of Defense, Defense Contingency COR Handbook, Version 2, 152-53 (September 2012).

<sup>17</sup> Contract SLE20017D0001 for fuel at Embassy Beirut includes a quality assurance surveillance plan, but the plan did not state how, when, and by whom the Department would survey, observe, test, evaluate, and document the results of contractor performance.

<sup>18</sup> Embassy Beirut tested fuel for water but did not test fuel to protect against fuel impurities or confirm the volume of fuel received.

the case of gasoline at Embassy Beirut, receiving officials did not obtain documentation from the contractor certifying that the gasoline was 95 Octane, as required by the contract. Figures 1 and 2 show water discovered by OIG on top of the diesel storage tank at Embassy Ankara and sediment in diesel fuel extracted from a generator at the same location.



**Figure 1:** Water on top of the diesel storage tank at Embassy Ankara, Turkey. (OIG photo, Oct. 2018)



**Figure 2:** Sediment in diesel fuel extracted from a generator at Embassy Ankara, Turkey. (OIG photo, Oct. 2018)

### *Fuel Quantity Verification Was Not Performed*

In addition to not testing fuel quality, OIG found that Mission Turkey and Embassy Beirut oversight officials did not independently verify the quantity of diesel fuel and gasoline delivered by the fuel contractors prior to accepting the delivery. Instead, the officials relied on the fuel contractors' flow meters to measure the quantity of fuel received. In some instances, Department officials accepted fuel even though the contractors did not use flow meters to measure the quantity of fuel delivered. In addition, neither Mission Turkey nor Embassy Beirut possessed Department-owned flow meters to verify the quantity of fuel received from the contractors prior to accepting the delivery. Figure 3 shows a flow meter on a contractor fuel truck delivering fuel to Embassy Beirut.

The COs and oversight officials at Mission Turkey and Embassy Beirut should have established and documented a procedure in their quality



**Figure 3:** Flow meter on contractor's delivery truck at Embassy Beirut, Lebanon. (OIG photo, Dec. 2018)

assurance surveillance plans to independently verify the quantity of fuel delivered using Department-owned flow meters. Doing so is important to determine if the contractors' flow meters are reliable and accurate because variances between the contractors' and the Department's flow meters may indicate that the contractors' flow meters are unreliable or, at least, prompt further inquiry. For example, at Embassy Beirut, OIG observed a gasoline delivery in which gasoline, instead of passing through a contractor or Department-owned flow meter, was pumped directly into the embassy's storage tank. To determine the amount of fuel received, embassy officials measured the tank before and after delivery using a dipstick and compared the differences between the gasoline levels to the manufacturer's specifications for each tank. However, according to the FAH, "Tanks and dipsticks are not always properly calibrated, resulting in potentially inaccurate inventory readings."<sup>19</sup> In addition, OIG asked a diesel fuel truck driver to provide certification of the fuel truck's flow meter to show the time the flow meter was last calibrated; the truck driver stated that he did not have a calibration certificate. To ensure reliable readings, flow meters require regular calibration by a qualified service provider. The FAH states that "[because] pumps become less accurate with frequent use, age, and exposure to environmental factors, the pump meter should be calibrated at least every 6 months by a qualified service person."<sup>20</sup> As a result, Embassy Beirut could be relying on inaccurate meter readings and paying for fuel it did not receive.

Mission Turkey and Embassy Beirut officials stated that Department-owned flow meters had not been purchased because they did not understand the risk of relying on contractors' flow meters. Until Department-owned flow meters are used at each location, oversight officials should require fuel truck drivers to provide certification of the contractors' flow meters to attest to the calibration of the meter. In addition, the CORs should incorporate in the quality assurance surveillance plans steps for positioning Department-owned flow meters between the contractor's flow meter on the fuel delivery truck and the point of fuel entry for their underground gasoline storage tanks. Taking these actions should ensure that the contractor's flow meter is reliable. With Department-owned flow meters the CORs can verify that the posts are paying for the correct quantity of fuel received. Figure 4 shows the suggested fuel receiving process using a Department-owned flow meter.

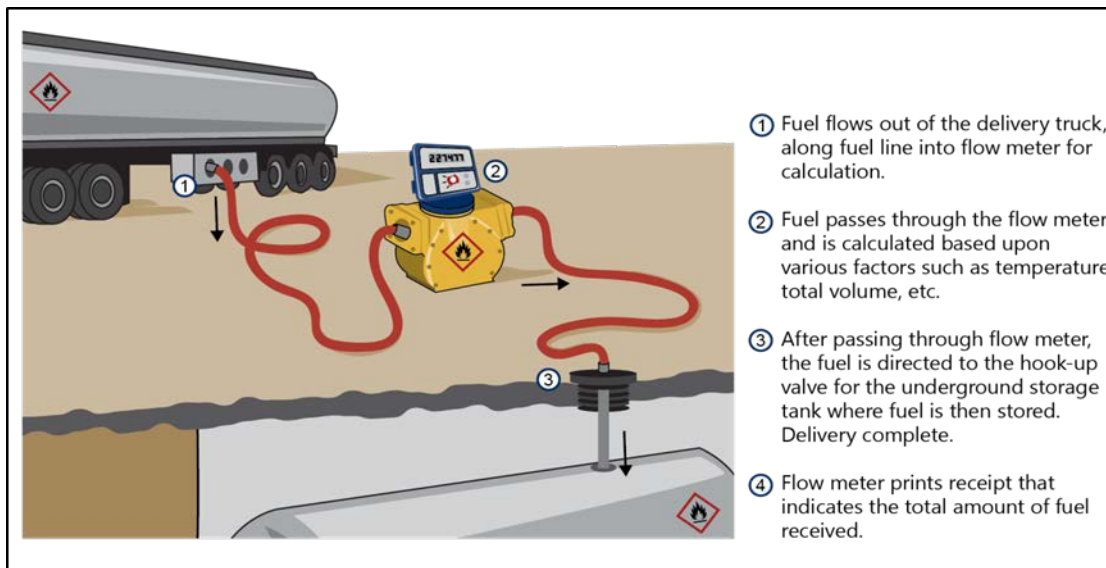
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<sup>19</sup> 14 FAH-1 H-815.4 (c), "Pumps and Tanks." This FAH chapter was retired in September 2019. The information contained therein can now be found in the Bureau of Administration, Office of Logistics Management's *Motor Pool Procedures Overseas* guidance, specifically "Section 3.3: Pumps and Tanks," 10 (September 2019).

<sup>20</sup> 14 FAH-1 H-815.4 (b), "Pumps and Tanks." This FAH chapter was retired in September 2019. The information contained therein can now be found in the Bureau of Administration, Office of Logistics Management's *Motor Pool Procedures Overseas* guidance, specifically "Section 3.3: Pumps and Tanks," 10 (September 2019).



**Figure 4: Suggested Fuel Receiving Process Using Department-Owned Portable Flow Meters**



**Source:** OIG presentation of potential fuel receiving process at Mission Turkey and Embassy Beirut.

**Recommendation 8:** OIG recommends that Embassy Ankara, Turkey, develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test fuel for water content and sediment.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Embassy Ankara would "develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test gasoline for water content and sediment."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Ankara developed and implemented a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporated procedures to test fuel for water content and sediment.

**Recommendation 9:** OIG recommends that Consulate General Istanbul, Turkey, develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test fuel for water content and sediment.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate General Istanbul would "develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test fuel for water content and sediment."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate General Istanbul developed and implemented a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporated procedures to test fuel for water content and sediment.

**Recommendation 10:** OIG recommends that Consulate Adana, Turkey, develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test fuel for water content and sediment.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate Adana would "develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test diesel for water content and sediment."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate Adana developed and implemented a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporated procedures to test fuel for water content and sediment.

**Recommendation 11:** OIG recommends that Embassy Beirut, Lebanon, develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to (a) test fuel for water content and sediment and (b) require contractors to certify that delivered gasoline is 95 octane, as required in the contract.

**Management Response:** On December 18, 2019, OIG provided Embassy Beirut a draft of this report and requested management's comments for each recommendation addressed to it within 14 days. In addition, OIG granted a 9-day extension to the comment deadline to facilitate management's response. However, OIG did not receive comments within the time allotted.

**OIG Reply:** Because Embassy Beirut did not respond in a timely manner to a draft of this report, OIG considers this recommendation unresolved and will closely monitor its implementation during the audit compliance process. The recommendation will be considered resolved when Embassy Beirut agrees to implement the recommendation or provides an acceptable alternative that meets the recommendation's intent, which is to improve its quality assurance surveillance plan for fuel contracts. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Beirut developed and implemented a quality assurance surveillance plan for its



fuel contracts based on the contract's performance work statement and incorporated procedures to (a) test fuel for water content and sediment and (b) require contractors to certify that delivered gasoline is 95 octane, as required in the contract.

**Recommendation 12:** OIG recommends that Embassy Ankara, Turkey, purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Embassy Ankara would "purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Ankara purchased and installed a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Recommendation 13:** OIG recommends that Consulate General Istanbul, Turkey, purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate General Istanbul had "already purchased and installed a fuel flow meter . . . used to independently verify the quantity of fuel delivered by the contractor."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and stated actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate General Istanbul purchased and installed a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Recommendation 14:** OIG recommends that Consulate Adana, Turkey, purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate Adana would "purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation

demonstrating that Consulate Adana purchased and installed a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Recommendation 15:** OIG recommends that Embassy Beirut, Lebanon, purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Management Response:** On December 18, 2019, OIG provided Embassy Beirut a draft of this report and requested management's comments for each recommendation addressed to it within 14 days. In addition, OIG granted a 9-day extension to the comment deadline to facilitate management's response. However, OIG did not receive comments within the time allotted.

**OIG Reply:** Because Embassy Beirut did not respond in a timely manner to a draft of this report, OIG considers this recommendation unresolved and will closely monitor its implementation during the audit compliance process. The recommendation will be considered resolved when Embassy Beirut agrees to implement the recommendation or provides an acceptable alternative that meets the recommendation's intent, which is to verify the quantity of fuel delivered by the contractor. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Beirut has purchased and installed a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Recommendation 16:** OIG recommends that Embassy Ankara, Turkey, establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the embassy's flow meters does not match the quantity measured by the contractor's flow meters.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Embassy Ankara would "establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the embassy's flow meters does not match the quantity measured by the contractor's flow meters."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Ankara established and implemented procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department-

owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the embassy's flow meters does not match the quantity measured by the contractor's flow meters.

**Recommendation 17:** OIG recommends that Consulate General Istanbul, Turkey, establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the consulate general's flow meters does not match the quantity measured by the contractor's flow meters.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate General Istanbul would "establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the [consulate general's] flow meters does not match the quantity measured by the contractor's flow meters."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate General Istanbul established and implemented procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the consulate general's flow meters does not match the quantity measured by the contractor's flow meters.

**Recommendation 18:** OIG recommends that Consulate Adana, Turkey, establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the consulate's flow meters does not match the quantity measured by the contractor's flow meters.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate Adana would "establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department-owned flow meters and (b) detail the process that should be followed if fuel does not meet

quality standards or if the volume of fuel measured by the [consulate's] flow meters does not match the quantity measured by the contractor's flow meters."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate Adana established and implemented procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the consulate's flow meters does not match the quantity measured by the contractor's flow meters.

**Recommendation 19:** OIG recommends that Embassy Beirut, Lebanon, establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the embassy's flow meters does not match the quantity measured by the contractor's flow meters.

**Management Response:** On December 18, 2019, OIG provided Embassy Beirut a draft of this report and requested management's comments for each recommendation addressed to it within 14 days. In addition, OIG granted a 9-day extension to the comment deadline to facilitate management's response. However, OIG did not receive comments within the time allotted.

**OIG Reply:** Because Embassy Beirut did not respond in a timely manner to a draft of this report, OIG considers this recommendation unresolved and will closely monitor its implementation during the audit compliance process. The recommendation will be considered resolved when Embassy Beirut agrees to implement the recommendation or provides an acceptable alternative that meets the recommendation's intent, which is to improve oversight of its fuel contracts. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Beirut established and implemented procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the embassy's flow meters does not match the quantity measured by the contractor's flow meters.

***Contract Files and Contracting Officer's Representative Files Were Not Created or Were Incomplete for All Fuel Contracts***

According to the FAR and the FAH, CORs must maintain a file for each contract assigned to them.<sup>21</sup> The purpose of the COR file is to provide easy access to technical contract information and to ease transition to a new COR. The FAH lists the documentation that must be maintained in the COR file, such as copies of the contract, modifications, technical reports, and invoices. To assist CORs in properly maintaining their files, the Office of the Procurement Executive prepared a Contract Files and COR File Checklist,<sup>22</sup> which includes further details and identifies four specific types of documentation to include in the COR file:

- Mandatory Documents – the COR appointment letter and other documents describing the COR's duties and responsibilities.
- Post Award Documents – the contract, task orders, delivery orders and related modifications, and the contractor's proposal.
- Monitoring Contract Performance Documents – acceptability of deliverables, payment log, invoices, reports to the CO, and contract closeout information.
- General Correspondence – records of pertinent email and telephone conversations.

The FAR further states that post award documentation, quality assurance documentation, and general correspondence as listed are records that are normally contained in the contract administration office contract file.<sup>23</sup>

Office of the Procurement Executive guidance states that COs are responsible for determining whether CORs are maintaining records adequate to support contract administration and that the Head of the Contracting Activity is responsible for maintaining the quality of the contract files under their contracting cognizance.<sup>24</sup> The Head of the Contracting Activity at a post is the Management Officer, who should require an annual review of selected post contract files to document quality.<sup>25</sup>

***Oversight Files Were Missing Required Documentation or Did Not Exist***

At Mission Turkey and Embassy Beirut, the COs' contract files did not include contract administration documentation such as acceptance documents, payment logs, or invoices. Mission Turkey officials stated that they did not know why contract files did not include all of the documentation required by the FAR and Department guidance.<sup>26</sup> Similarly, officials at

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<sup>21</sup> FAR 1.604, "Contracting Officer's Representative (COR);" 14 FAH-2 H-517, "Standard Contracting Officer's Representative (COR) Working File."

<sup>22</sup> Office of the Procurement Executive, Procurement Information Bulletin No. 2014-10, "Contract Files and COR File Checklist," 1, 4 (Updated June 4, 2015).

<sup>23</sup> FAR 4.803(b), "Contents of contract files." If a COR is not appointed, then the CO is responsible for maintaining the file.

<sup>24</sup> Office of the Procurement Executive, Procurement Information Bulletin No. 2014-10, "Contract Files and COR File Checklist," 2 (Updated June 4, 2015).

<sup>25</sup> Ibid., 3.

<sup>26</sup> Mission Turkey did not appoint CORs to provide oversight for fuel contracts and therefore did not have any COR files.

Embassy Beirut could not explain why CO files were incomplete, but the COR stated that he did not establish a COR file because he had other priorities. The completeness of the contract and COR files could have been addressed by post officials conducting assessments of the internal controls established by the Department, as required by the FAM.<sup>27</sup> For example, the Management Officers should have conducted an annual review of post contract files, and the COs could have reviewed the COR files for completeness. However, these assessments did not occur. Had each post conducted these reviews, weaknesses in the files might have been identified.

Because Mission Turkey and Embassy Beirut did not maintain proper contracting files or identify these deficiencies by way of annual reviews of post contract files, OIG concluded that the internal control systems at Mission Turkey and Embassy Beirut require improvement. An effective internal control system provides reasonable assurance that the organization will achieve its objectives.<sup>28</sup> However, the lack of documentation in the contracting and COR files do not provide reasonable assurance regarding posts' contracting objectives specific to fuel purchases. As a result, Mission Turkey and Embassy Beirut are not safeguarded against improprieties that could arise when purchasing fuel.

**Recommendation 20:** OIG recommends that Embassy Ankara, Turkey, review the contract files for all current fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implement corrective actions necessary to maintain complete contract files.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Embassy Ankara had already begun to review its Defense Logistics Agency contract files "to assess the file quality" in accordance with Office of the Procurement Executive guidance. Mission Turkey further stated that Embassy Ankara had "likewise begun to implement corrective actions necessary to maintain complete contract files."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and stated actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Ankara reviewed the contract files for all current fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement, Executive Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implemented corrective actions necessary to maintain complete contract files.

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<sup>27</sup> See 2 FAM 020, "Management Controls." Specifically, 2 FAM 021.1(c), "Policy and Scope," which requires internal control systems to be evaluated on an ongoing basis. Additionally, 2 FAM 021.3, "Definitions," requires that management control system documentation "be current and permanently on file."

<sup>28</sup> U.S. Government Accountability Office, Standards for Internal Control in the Federal Government, "Section 3 – Evaluation of an Effective Internal Control System," "Factors of Effective Internal Control," OV3.02, 15 (September 2014).

**Recommendation 21:** OIG recommends that Consulate General Istanbul, Turkey, review the contract files for all fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implement corrective actions necessary to maintain complete contract files.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate General Istanbul would review Defense Logistics Agency contract files "to assess the file quality" in accordance with Office of the Procurement Executive guidance. Mission Turkey further stated that Consulate General Istanbul would "likewise implement corrective actions necessary to maintain complete contract files."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate General Istanbul reviewed the contract files for all fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implemented corrective actions necessary to maintain complete contract files.

**Recommendation 22:** OIG recommends that Consulate Adana, Turkey, review the contract files for all fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implement corrective actions necessary to maintain complete contract files.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate Adana would review Defense Logistics Agency contract files "to assess the file quality" in accordance with Office of the Procurement Executive guidance. Mission Turkey further stated that Consulate Adana would "likewise implement corrective actions necessary to maintain complete contract files."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate Adana reviewed the contract files for all fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implemented corrective actions necessary to maintain complete contract files.

**Recommendation 23:** OIG recommends that Embassy Beirut, Lebanon, review the contract files for all fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information



Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implement corrective actions necessary to maintain complete contract files.

**Management Response:** On December 18, 2019, OIG provided Embassy Beirut a draft of this report and requested management's comments for each recommendation addressed to it within 14 days. In addition, OIG granted a 9-day extension to the comment deadline to facilitate management's response. However, OIG did not receive comments within the time allotted.

**OIG Reply:** Because Embassy Beirut did not respond in a timely manner to a draft of this report, OIG considers this recommendation unresolved and will closely monitor its implementation during the audit compliance process. The recommendation will be considered resolved when Embassy Beirut agrees to implement the recommendation or provides an acceptable alternative that meets the recommendation's intent, which is to improve the maintenance of fuel contract files. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Beirut reviewed the contract files for all fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implemented corrective actions necessary to maintain complete contract files.

**Recommendation 24:** OIG recommends that Embassy Beirut, Lebanon, direct its Contracting Officers to immediately review the Contracting Officer's Representatives' files for gasoline and diesel fuel for completeness and include the results of this review in the contract files.

**Management Response:** On December 18, 2019, OIG provided Embassy Beirut a draft of this report and requested management's comments for each recommendation addressed to it within 14 days. In addition, OIG granted a 9-day extension to the comment deadline to facilitate management's response. However, OIG did not receive comments within the time allotted.

**OIG Reply:** Because Embassy Beirut did not respond in a timely manner to a draft of this report, OIG considers this recommendation unresolved and will closely monitor its implementation during the audit compliance process. The recommendation will be considered resolved when Embassy Beirut agrees to implement the recommendation or provides an acceptable alternative that meets the recommendation's intent, which is to ensure contract files for fuel are complete and accurate. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Beirut directed its COs to immediately review the CORs' files for gasoline and diesel fuel for completeness and included the results of this review in the contract files.

**Recommendation 25:** OIG recommends that Embassy Ankara, Turkey, conduct its annual management control review to report on the adequacy of the embassy's internal control system, including the completeness and quality of its contracting files, and ensure that

management control documentation is current and permanently on file in accordance with the Foreign Affairs Manual, 2 FAM 020, "Management Controls."

**Management Response:** Mission Turkey concurred with the recommendation, stating that Embassy Ankara would conduct its annual management control review "to report on the adequacy of the embassy's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file" in accordance with 2 FAM 020.

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Ankara conducted its annual management control review to report on the adequacy of the embassy's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with 2 FAM 020, "Management Controls."

**Recommendation 26:** OIG recommends that Consulate General Istanbul, Turkey, conduct its annual management control review to report on the adequacy of the consulate general's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with the Foreign Affairs Manual, 2 FAM 020, "Management Controls."

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate General Istanbul would conduct its annual management control review "to report on the adequacy of the consulate general's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file" in accordance with 2 FAM 020.

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate General Istanbul conducted its annual management control review to report on the adequacy of the consulate general's internal control system, including the completeness and quality of its contracting files, and ensured that management control documentation is current and permanently on file in accordance with 2 FAM 020, "Management Controls."

**Recommendation 27:** OIG recommends that Consulate Adana, Turkey, conduct its annual management control review to report on the adequacy of the consulate's internal control system, including the completeness and quality of its contracting files, and ensure

that management control documentation is current and permanently on file in accordance with the Foreign Affairs Manual, 2 FAM 020, "Management Controls."

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate Adana would conduct its annual management control review "to report on the adequacy of the consulate's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file" in accordance with 2 FAM 020.

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate Adana conducted its annual management control review to report on the adequacy of the consulate's internal control system, including the completeness and quality of its contracting files, and ensured that management control documentation is current and permanently on file in accordance with 2 FAM 020, "Management Controls."

**Recommendation 28:** OIG recommends that Embassy Beirut, Lebanon, conduct its annual management control review to report on the adequacy of the embassy's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with the Foreign Affairs Manual, 2 FAM 020, "Management Controls."

**Management Response:** On December 18, 2019, OIG provided Embassy Beirut a draft of this report and requested management's comments for each recommendation addressed to it within 14 days. In addition, OIG granted a 9-day extension to the comment deadline to facilitate management's response. However, OIG did not receive comments within the time allotted.

**OIG Reply:** Because Embassy Beirut did not respond in a timely manner to a draft of this report, OIG considers this recommendation unresolved and will closely monitor its implementation during the audit compliance process. The recommendation will be considered resolved when Embassy Beirut agrees to implement the recommendation or provides an acceptable alternative that meets the recommendation's intent, which is to improve the completeness and quality of its contracting files. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Beirut conducted its annual management control review to report on the adequacy of the embassy's internal control system, including the completeness and quality of its contracting files, and ensured that management control documentation is current and permanently on file in accordance with the 2 FAM 020, "Management Controls."

## **Finding B: Lack of Invoice Review Procedures Resulted in \$3.4 Million in Questioned Costs**

OIG found that Mission Turkey and Embassy Beirut oversight officials did not conform with Federal regulations and guidance concerning fuel payments. Specifically, oversight officials did not (1) verify that invoices included all of the required information to make them proper or to certify them for payment and (2) always verify that prices complied with contract terms. These deficiencies occurred, in part, because the Financial Management Offices at Mission Turkey and Embassy Beirut did not implement effective internal controls to ensure that contractor-submitted invoices included all elements of a proper invoice prior to authorizing payment.<sup>29</sup> They also did not track the dates that invoices were received and paid.<sup>30</sup> In addition, the assigned COs and the COR did not establish and implement invoice review procedures to ensure that invoices were accurate and supported.<sup>31</sup> Further, the COs and the COR allowed unauthorized officials to approve invoices on their behalf. OIG is therefore questioning \$1.2 million paid by Mission Turkey and \$2.2 million paid by Embassy Beirut for fuel from October 1, 2013, through September 30, 2018.<sup>32</sup>

### ***The Financial Management Office Did Not Always Ensure That Fuel Invoices Included Required Information***

The FAR states that payment to a contractor is based on receipt of a proper invoice and satisfactory contract performance.<sup>33</sup> A proper invoice includes the contract number (delivery order or purchase order number); line items in the contract that are being billed; description, quantity, unit price, and extended price of supplies delivered; and contractor-specific information. The FAH also requires that the invoice be translated if it is submitted in a language other than English.<sup>34</sup> In addition, the FAM states that “the certifying officer may make payment only after having obtained approval of the voucher from an officer having knowledge of the receipt of the goods.”<sup>35</sup> Finally, the Prompt Payment Act, as codified in 5 Code of Federal Regulations § 1315, requires Government finance offices to date stamp all incoming invoices, make payments no earlier than 23 days and no later than 30 days from the invoice date, take discounts only within the terms offered, and pay interest when payment is late.<sup>36</sup> At Mission Turkey and Embassy Beirut, the Financial Management Office is responsible for verifying that

<sup>29</sup> FAR 32.905(b)(1), “Payment documentation and process,” lists 10 elements of a proper invoice.

<sup>30</sup> According to 5 Code of Federal Regulations § 1315.4(f), (g)(1)(iv), “Prompt Payment,” invoices are required to be paid within 30 days after receipt and acceptance of materials and/or services or after receipt of a proper invoice, whichever is later. It further states that when payments are not made in a timely manner, interest should be automatically paid. According to 4 FAM 422(c), “Invoices,” the prompt payment requirements extend to all foreign vendors.

<sup>31</sup> 14 FAH-2 H-142 (b)(15), states that the COR is to review and approve the contractor’s vouchers or invoices after adequately verifying the costs against supporting documentation.

<sup>32</sup> OIG only tested payments over \$1,000 at Mission Turkey and therefore did not test \$84,428 of fuel payments. As a result, OIG is not questioning payments it did not review.

<sup>33</sup> FAR 32.905(b)(1), “Payment documentation and process,” lists 10 elements of a proper invoice.

<sup>34</sup> According to 4 FAH-3 H-422.1-1, “Definitions,” a proper invoice includes the “translation of key words if the invoice is in a foreign language.”

<sup>35</sup> 4 FAM 424, “Voucher Approval.”

<sup>36</sup> See 5 Code of Federal Regulations § 1315.4(e), (i), (j), and § 1315.7.

the invoices contain all of the elements required by the FAR, ensuring that it is translated into English, verifying that the COs and COR have certified that the fuel was received, and ensuring that invoices are date stamped to meet Prompt Payment Act requirements. If the invoice does not include all the elements of a proper invoice, the Financial Management Office should return the invoice to the contractor within 7 days of receipt and list the reasons why it was rejected.

*Invoices Were Improper at Mission Turkey and Embassy Beirut*

OIG selected a sample of paid fuel invoices for detailed analysis from Mission Turkey and Embassy Beirut from October 1, 2013, through September 30, 2018. OIG found that none of the 606 invoices<sup>37</sup> reviewed (351 for fuel used at Mission Turkey and 244 for fuel used at Embassy Beirut)<sup>38</sup> had the elements of a proper invoice. Specifically, the invoices did not have a purchase or delivery order number or reference a contract line item. Furthermore, while all 244 invoices at Embassy Beirut were in English, the Financial Management Offices in Mission Turkey had not translated its 351 invoices. Finally, the voucher examiners at Mission Turkey and Embassy Beirut stated that they did not verify that oversight officials had checked the fuel prices invoiced by the contractors against the contract terms or that oversight officials had certified that the fuel was received. Table 2 summarizes OIG's invoice reviews at Mission Turkey and Embassy Beirut, and Appendix A provides additional information on the audit's sampling methodology.

**Table 2: OIG Analysis of Invoices Paid From October 1, 2013, Through September 30, 2018, at Mission Turkey and Embassy Beirut**

Location	# of Total Payments <sup>a</sup>	# of Payments Reviewed	Contract Number on Purchase/Delivery Order	Translated to English	COR Verified Price or Fuel Receipt
Embassy Ankara	493 payments \$0.6 million	111 payments \$0.53 million <sup>b</sup>	None	None	None
Consulate General Istanbul	119 payments \$0.33 million	119 payments \$0.33 million	None	None	None
Consulate Adana	247 payments \$0.32 million	121 payments \$0.31 million <sup>c</sup>	None	None	None
Embassy Beirut	229 payments \$2.2 million	203 payments \$2.2 million <sup>d</sup>	None	All invoices issued in English	None

<sup>a</sup> A payment may include multiple invoices combined into a single payment to the contractor.

<sup>b</sup> Of the 493 payments made, 382 were removed because they did not meet the \$1,000 sampling threshold.

<sup>c</sup> Of the 247 payments made, 126 were removed because they did not meet the \$1,000 sampling threshold.

<sup>d</sup> Of the 229 payments made, 26 were removed because they did not meet the \$1,000 sampling threshold.

**Source:** Generated by OIG based on fuel invoice data provided by Embassy Ankara, Consulate General Istanbul, Consulate Adana, and Embassy Beirut.

<sup>37</sup> A total of 554 payments were made for 606 invoices.

<sup>38</sup> Embassy Beirut made 203 payments for 255 invoices. However, 11 of the 255 invoices were either missing, miscoded, or could not be read.

### *Invoices Were Not Date-Stamped To Meet Prompt Payment Act Requirements*

In addition, Mission Turkey and Embassy Beirut did not always date-stamp invoices when the invoices were received to start the clock for prompt payment. For example, of the 351 invoices for fuel paid by Mission Turkey that OIG reviewed, 85 invoices were paid from 31 to 59 days after the invoice was received. Specifically, 27 of 111 invoice payments at Embassy Ankara, 4 of 119 invoice payments at Consulate General Istanbul, and 54 of 121 invoice payments at Consulate Adana did not meet Prompt Payment Act requirements. OIG also could not determine when an additional 45 invoice payments were made because the accompanying invoices were missing or, in some instances, the voucher number could not be found in the Department's payment system.<sup>39</sup> As a result, OIG could not assess whether these 45 invoice payments complied with Prompt Payment Act requirements.

Of the 255 invoices for fuel paid by Embassy Beirut that OIG reviewed, 153 invoices were paid from 31 to 91 days after the invoice was received.<sup>40</sup> However, one invoice was paid 421 days after receipt. Similar to OIG's work at Mission Turkey, OIG could not determine when an additional 10 invoices were paid because the invoices were missing or were illegible (due to the document scanning process). As a result, OIG could not assess whether these 10 invoice payments complied with Prompt Payment Act requirements.

The voucher examiners for Mission Turkey and Embassy Beirut told OIG that they did not review the invoices to ensure that they contained all the elements of a proper invoice, were approved by an authorized person, and were date-stamped to start the prompt payment clock. In addition, voucher examiners at Mission Turkey stated that they did not ensure the invoices had been translated to English. These deficiencies occurred, in part, because Mission Turkey and Embassy Beirut failed to develop and implement invoice review procedures and corresponding checklists that required voucher examiners to review submitted invoices for all proper elements in accordance with all applicable Federal and Department requirements. Because of a lack of invoice processing procedures at Mission Turkey and Embassy Beirut, fuel purchases were not always paid consistent with these requirements. Therefore, OIG is questioning \$1.2 million paid by Mission Turkey and \$2.2 million paid by Embassy Beirut for fuel received from October 1, 2013, through September 30, 2018.

**Recommendation 29:** OIG recommends that Embassy Ankara, Turkey, develop and implement invoice review procedures and corresponding checklists that require, at a minimum, voucher examiners to review submitted invoices for (a) all proper elements that are required by Federal Acquisition Regulation 32.905, "Payment documentation and process," (b) the translation of key words if the invoice is in a foreign language as required by the Foreign Affairs Handbook under 4 FAH-3 H-422.1-1, "Definitions," (c) evidence that the Contracting Officer's Representatives certified the validity of the

<sup>39</sup> 4 FAH-3 H-423.7, "Voucher Numbering," states that the preparing office assigns voucher numbers using numbering as a control mechanism. 4 FAH-3 § H-411.2(2), "Organization and Layout," states that the voucher examination process is the workflow from the receipt of invoices through the approval.

<sup>40</sup> Embassy Beirut made 203 payments for 255 invoices.



costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Embassy Ankara would “develop and implement invoice review procedures and corresponding checklists that require voucher examiners to review submitted invoices for (a) all proper elements that are required by FAR 32.905, ‘Payment documentation and process,’ (b) the translation of key words if the invoice is in a foreign language as required under 4 FAH-3 H-422.1-1, ‘Definitions,’ (c) evidence that the [CORs] certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Ankara developed and implemented invoice review procedures and corresponding checklists that require voucher examiners to review submitted invoices for (a) all proper elements that are required by FAR 32.905, (b) the translation of key words if the invoice is in a foreign language as required under 4 FAH-3 H-422.1-1, (c) evidence that the CORs certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Recommendation 30:** OIG recommends that Embassy Ankara, Turkey, review all invoices submitted by fuel contractors and paid by the embassy from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$0.53 million paid against those invoices and identified by OIG as unsupported costs were allowable and (b) to recover any costs determined to be unallowable.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Embassy Ankara would “review all invoices submitted by fuel contractors and paid by the embassy from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts to determine whether the \$530,000 paid against those invoices and identified by the OIG as unsupported costs were allowable and to recover any costs determined to be unallowable.”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Ankara reviewed all invoices submitted by fuel contractors and paid by the embassy from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the



\$0.53 million paid against those invoices and identified by OIG as unsupported costs were allowable and (b) to recover any costs determined to be unallowable.

**Recommendation 31:** OIG recommends that Consulate General Istanbul, Turkey, develop and implement invoice review procedures and corresponding checklists that require, at a minimum, voucher examiners to review submitted invoices for (a) all proper elements that are required by Federal Acquisition Regulation Subpart 32.905, "Payment documentation and process," (b) the translation of key words if the invoice is in a foreign language as required by the Foreign Affairs Handbook under 4 FAH-3 H-422.1-1, "Definitions," (c) evidence that the Contracting Officer's Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate General Istanbul would "develop and implement invoice review procedures and corresponding checklists that require voucher examiners to review submitted invoices for (a) all proper elements that are required by FAR 32.905, 'Payment documentation and process,' (b) the translation of key words if the invoice is in a foreign language as required under 4 FAH-3 H-422.1-1, 'Definitions,' (c) evidence that the [CORs] certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met."

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate General Istanbul developed and implemented invoice review procedures and corresponding checklists that require voucher examiners to review submitted invoices for (a) all proper elements that are required by FAR 32.905, (b) the translation of key words if the invoice is in a foreign language as required under 4 FAH-3 H-422.1-1, (c) evidence that the CORs certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Recommendation 32:** OIG recommends that Consulate General Istanbul, Turkey, review all invoices submitted by fuel contractors and paid by the consulate general from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$0.33 million paid against those invoices and identified by OIG as unsupported costs was allowable and (b) to recover any costs determined to be unallowable.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate General Istanbul would "review all invoices submitted by fuel contractors and paid by the consulate general from October 1, 2013, through

September 30, 2018, for gasoline and diesel fuel contracts to determine whether the \$330,000 paid against those invoices and identified by the OIG as unsupported costs were allowable and to recover any costs determined to be unallowable.”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate General Istanbul reviewed all invoices submitted by fuel contractors and paid by the consulate general from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$0.33 million paid against those invoices and identified by OIG as unsupported costs was allowable and (b) to recover any costs determined to be unallowable.

**Recommendation 33:** OIG recommends that Consulate Adana, Turkey, develop and implement invoice review procedures and corresponding checklists that require, at a minimum, voucher examiners to review submitted invoices for (a) all proper elements that are required by Federal Acquisition Regulation Subpart 32.905, “Payment documentation and process,” (b) the translation of key words if the invoice is in a foreign language as required by the Foreign Affairs Handbook under 4 FAH-3 H-422.1-1, “Definitions,” (c) evidence that the Contracting Officer’s Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements can be met.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate Adana would “develop and implement invoice review procedures and corresponding checklists that require voucher examiners to review submitted invoices for (a) all proper elements that are required by FAR 32.905, ‘Payment documentation and process,’ (b) the translation of key words if the invoice is in a foreign language as required under 4 FAH-3 H-422.1-1, ‘Definitions,’ (c) evidence that the [CORs] certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate Adana developed and implemented invoice review procedures and corresponding checklists that require voucher examiners to review submitted invoices for (a) all proper elements that are required by FAR 32.905, (b) the translation of key words if the invoice is in a foreign language as required under 4 FAH-3 H-422.1-1, (c) evidence that the CORs certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Recommendation 34:** OIG recommends that Consulate Adana, Turkey, review all invoices submitted by fuel contractors and paid by the consulate from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$0.31 million paid against those invoices and identified by OIG as unsupported costs was allowable and (b) to recover any costs determined to be unallowable.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate Adana would “review all invoices submitted by fuel contractors and paid by the consulate from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts to determine whether the \$310,000 paid against those invoices and identified by the OIG as unsupported costs were allowable and to recover any costs determined to be unallowable.”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate Adana reviewed all invoices submitted by fuel contractors and paid by the consulate general from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$0.31 million paid against those invoices and identified by OIG as unsupported costs was allowable and (b) to recover any costs determined to be unallowable.

**Recommendation 35:** OIG recommends that Embassy Beirut, Lebanon, develop and implement invoice review procedures and corresponding checklists that require, at a minimum, voucher examiners to review submitted invoices for (a) all proper elements that are required by Federal Acquisition Regulation Subpart 32.905, “Payment documentation and process,” (b) evidence that the Contracting Officer’s Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (c) a stamp to document the date the invoice was received so that Prompt Payment Act requirements can be met.

**Management Response:** On December 18, 2019, OIG provided Embassy Beirut a draft of this report and requested management’s comments for each recommendation addressed to it within 14 days. In addition, OIG granted a 9-day extension to the comment deadline to facilitate management’s response. However, OIG did not receive comments within the time allotted.

**OIG Reply:** Because Embassy Beirut did not respond in a timely manner to a draft of this report, OIG considers this recommendation unresolved and will closely monitor its implementation during the audit compliance process. The recommendation will be considered resolved when Embassy Beirut agrees to implement the recommendation or provides an acceptable alternative that meets the recommendation’s intent, which is to improve invoice review procedures. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Beirut developed and implemented invoice review procedures and corresponding checklists that require

voucher examiners to review submitted invoices for (a) all proper elements that are required by FAR 32.905, (b) evidence that the CORs certified the validity of the costs claimed and that the goods and/or services had been received, and (c) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Recommendation 36:** OIG recommends that Embassy Beirut, Lebanon, review all invoices submitted by fuel contractors and paid by the embassy from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$2.2 million paid against those invoices and identified by OIG as unsupported costs was allowable and (b) to recover any costs determined to be unallowable.

**Management Response:** On December 18, 2019, OIG provided Embassy Beirut a draft of this report and requested management's comments for each recommendation addressed to it within 14 days. In addition, OIG granted a 9-day extension to the comment deadline to facilitate management's response. However, OIG did not receive comments within the time allotted.

**OIG Reply:** Because Embassy Beirut did not respond in a timely manner to a draft of this report, OIG considers this recommendation unresolved and will closely monitor its implementation during the audit compliance process. The recommendation will be considered resolved when Embassy Beirut agrees to implement the recommendation or provides an acceptable alternative that meets the recommendation's intent, which is to recover costs determined to be unallowable. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Beirut reviewed all invoices submitted by fuel contractors and paid by the embassy from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$2.2 million paid against those invoices and identified by OIG as unsupported costs was allowable and (b) to recover any costs determined to be unallowable.

### ***Unauthorized Officials Approved Contractor Invoices and Verified Contractor Performance and Fuel Costs***

According to the FAM, COs or CORs should review invoices to ensure that the information on the invoice and supporting documents is proper and correct, the invoice is for a valid contract, and the items on the invoice are in accordance with contract terms.<sup>41</sup> The FAH also requires CORs to review and approve contractors' invoices after verifying the costs against supporting documentation.<sup>42</sup> In addition, the FAH requires all invoice payments to be supported by a

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<sup>41</sup> 4 FAM 424(a), "Voucher Approval," states that "the certifying officer may make payment only after having obtained approval of the voucher from an officer having knowledge of the receipt of the goods or services covered by the voucher. This approval shall be in the form of a signature on either the voucher, the invoice, or the documents attached to the voucher."

<sup>42</sup> 14 FAH-2 H-142(b)(15), "Responsibilities of the Contracting Officer's Representative (COR)."

receiving report or other Government documentation that authorizes the payment.<sup>43</sup> The receiving report must, at a minimum, include the contract number (delivery order or purchase order number), the description and quantities of supplies received and accepted, and the signature of the Government official responsible for acceptance or approval. The FAM further states that “the Department will hold the Approving or Receiving Officers responsible from an administrative standpoint for any [Government Accountability Office] exceptions resulting from an improper approval or erroneous receiving report.”<sup>44</sup> Throughout Mission Turkey, the COs for the fuel contracts did not delegate to CORs the responsibility to review and approve the contractor’s invoices and to certify the acceptance of fuel; however, Embassy Beirut delegated that authority to a COR in July 2017.

OIG found that the Mission Turkey COs did not verify that what contractors invoiced for fuel was supported by the prices agreed to in the contracts because the contracts listed the amounts as a lump sum order for fuel. For example, one purchase order that OIG reviewed estimated the gasoline consumption for Government-owned vehicles from January 1, 2014, through December 31, 2014, to be 60,000 Lira (or \$28,599 U.S. dollars), but no liter amounts or unit prices were listed. One invoice that OIG reviewed that was paid against this purchase order was in the amount of 12,714 Lira (or \$5,782 U.S. dollars). However, without contracts that establish fuel prices by liter, there is no way to reconcile invoices against purchase orders to verify that fair and reasonable prices are charged.<sup>45</sup> Therefore, OIG was unable to verify invoiced amounts against the purchase orders for all 351 invoice payments that OIG reviewed for fuel used at Mission Turkey.<sup>46</sup>

At Embassy Beirut, OIG found that even though the unit price per liter of fuel was established in the contracts, COs and the COR did not verify that the prices on the invoices matched the contract prices. Of the 255 invoices that were paid by Embassy Beirut for the period under audit, 203 included prices that were different than prices that were set forth in contract terms. In addition to deviations in fuel prices and invalid supporting documentation, OIG also found that all of the 203 invoice payments at Embassy Beirut contained at least one delivery ticket that was not signed by a CO or a COR. Because acceptance of goods is a responsibility delegated by the CO to the COR, any fuel received and accepted by anyone other than the CO or COR was unauthorized, and those invoices should not have been paid.

OIG determined that the primary reason unauthorized officials could inappropriately accept fuel deliveries at Mission Turkey and Embassy Beirut was because neither had established

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<sup>43</sup> 4 FAH-3 H-425.1(a), (c), “Purpose and Scope.”

<sup>44</sup> 4 FAM 424(b), “Voucher Approval.”

<sup>45</sup> Beginning in 2017, Mission Turkey started transitioning to the Defense Logistics Agency (DLA) for fuel contracting to comply with the Overseas Contracting and Simplified Acquisition Guidebook, which states that “[t]he Defense Logistics Agency (DLA) is a required source when purchasing fuel for all government activities both domestically and overseas.” Guidebook, “Chapter 10: Special Contracts,” “Part IX: Fuel,” “Section A: Fuel for Embassies and Consulates Use,” 44. Therefore, this issue, which occurred with the prior fuel contractor, no longer exists.

<sup>46</sup> Specifically, all 111 invoice payments for fuel used at Embassy Ankara, all 119 invoice payments for fuel used at Consulate General Istanbul, and all 121 invoice payments for fuel used at Consulate Adana were paid against contracts that did not establish fuel prices by liter.

procedures requiring authorized officials, such as COs or CORs, to review and approve the invoices. As a result, it is unclear whether Mission Turkey and Embassy Beirut overpaid or underpaid the contractors because the COs and CORs did not always verify that invoices and supporting documentation were complete and accurate in accordance with Federal and Department requirements and were made in accordance with contract terms.

**Recommendation 37:** OIG recommends that Embassy Ankara, Turkey, establish and implement invoice review procedures and corresponding checklists for Contracting Officer's Representatives (CORs) assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with the Foreign Affairs Handbook under 14 FAH-2 H-142, "Responsibilities of the Contracting Officer's Representative (COR)," and 4 FAH-3 H-425, "Voucher Prepayment Examination," and (b) to certify invoices with an authorized signature in accordance with the Foreign Affairs Manual under 4 FAM 424, "Voucher Approval."

**Management Response:** Mission Turkey concurred with the recommendation, stating that Embassy Ankara would "establish and implement invoice review procedures and corresponding checklists for CORs assigned to gasoline and diesel fuel contracts that require the CORs to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with 14 FAH-2 H-142, 'Responsibilities of the Contracting Officer's Representative (COR),' and 4 FAH-3 H-425, 'Voucher Prepayment Examination.'" Mission Turkey further stated that the embassy would "certify invoices with an authorized signature in accordance with 4 FAM 424, 'Voucher Approval.'"

**OIG Reply:** On the basis of Mission Turkey's concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Ankara established and implemented invoice review procedures and corresponding checklists for CORs assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with 14 FAH-2 H-142 and 4 FAH-3 H-425, and (b) to certify invoices with an authorized signature in accordance with 4 FAM 424.

**Recommendation 38:** OIG recommends that Embassy Ankara, Turkey, (a) perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and (b) either pursue reimbursement or pay any additional amounts owed to the contractors.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Embassy Ankara would "perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through



September 30, 2018, to determine whether the contractors were overpaid or underpaid and either pursue reimbursement or pay any additional amounts owed to the contractors.”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Ankara (a) performed a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and (b) either pursued reimbursement or paid any additional amounts owed to the contractors.

**Recommendation 39:** OIG recommends that Consulate General Istanbul, Turkey, establish and implement invoice review procedures and corresponding checklists for Contracting Officer’s Representatives (CORs) assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation, in accordance with the Foreign Affairs Handbook under 14 FAH-2 H-142, “Responsibilities of the Contracting Officer’s Representative (COR),” and 4 FAH-3 H-425, “Voucher Prepayment Examination,” and (2) to certify invoices with an authorized signature, in accordance with the Foreign Affairs Manual under 4 FAM 424, “Voucher Approval.”

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate General Istanbul would “establish and implement invoice review procedures and corresponding checklists for CORs assigned to gasoline and diesel fuel contracts that require the CORs to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with 14 FAH-2 H-142, ‘Responsibilities of the Contracting Officer’s Representative (COR),’ and 4 FAH-3 H-425, ‘Voucher Prepayment Examination.’” Mission Turkey further stated that the consulate general would “certify invoices with an authorized signature in accordance with 4 FAM 424, ‘Voucher Approval.’”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate General Istanbul established and implemented invoice review procedures and corresponding checklists for CORs assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with 14 FAH-2 H-142 and 4 FAH-3 H-425, and (b) to certify invoices with an authorized signature in accordance with 4 FAM 424.



**Recommendation 40:** OIG recommends that Consulate General Istanbul, Turkey, (a) perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and (b) either pursue reimbursement or pay any additional amounts owed to the contractors.

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate General Istanbul would “perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and either pursue reimbursement or pay any additional amounts owed to the contractors.”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate General Istanbul (a) performed a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and (b) either pursued reimbursement or paid any additional amounts owed to the contractors.

**Recommendation 41:** OIG recommends that Consulate Adana, Turkey, establish and implement invoice review procedures and corresponding checklists for Contracting Officer’s Representatives (CORs) assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation, in accordance with the Foreign Affairs Handbook under 14 FAH-2 H-142, “Responsibilities of the Contracting Officer’s Representative (COR),” and 4 FAH-3 H-425, “Voucher Prepayment Examination,” and (2) to certify invoices with an authorized signature, in accordance with the Foreign Affairs Manual under 4 FAM 424, “Voucher Approval.”

**Management Response:** Mission Turkey concurred with the recommendation, stating that Consulate Adana would “establish and implement invoice review procedures and corresponding checklists for CORs assigned to gasoline and diesel fuel contracts that require the CORs to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with 14 FAH-2 H-142, ‘Responsibilities of the Contracting Officer’s Representative (COR),’ and 4 FAH-3 H-425, ‘Voucher Prepayment Examination.’” Mission Turkey further stated that the consulate general would “certify invoices with an authorized signature in accordance with 4 FAM 424, ‘Voucher Approval.’”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation

demonstrating that Consulate Adana established and implemented invoice review procedures and corresponding checklists for CORs assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with 14 FAH-2 H-142 and 4 FAH-3 H-425, and (b) to certify invoices with an authorized signature in accordance with 4 FAM 424.

**Recommendation 42:** OIG recommends that Consulate Adana, Turkey, (a) perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and (b) either pursue reimbursement or pay any additional amounts owed to the contractors.

**Management Response:** Mission Turkey concurred with the recommendation, stating that [Consulate Adana] would “perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and either pursue reimbursement or pay any additional amounts owed to the contractors.”

**OIG Reply:** On the basis of Mission Turkey’s concurrence with the recommendation and planned actions, OIG considers the recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Consulate Adana (a) performed a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and (b) either pursued reimbursement or paid any additional amounts owed to the contractors.

**Recommendation 43:** OIG recommends that Embassy Beirut, Lebanon, establish and implement invoice review procedures and corresponding checklists for Contracting Officer’s Representatives (CORs) assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation, in accordance with the Foreign Affairs Handbook under 14 FAH-2 H-142, “Responsibilities of the Contracting Officer’s Representative (COR),” and 4 FAH-3 H-425, “Voucher Prepayment Examination,” and (b) to certify invoices with an authorized signature, in accordance with the Foreign Affairs Manual under 4 FAM 424, “Voucher Approval.”

**Management Response:** On December 18, 2019, OIG provided Embassy Beirut a draft of this report and requested management’s comments for each recommendation addressed to it within 14 days. In addition, OIG granted a 9-day extension to the comment deadline to facilitate management’s response. However, OIG did not receive comments within the time allotted.

**OIG Reply:** Because Embassy Beirut did not respond in a timely manner to a draft of this report, OIG considers this recommendation unresolved and will closely monitor its implementation during the audit compliance process. The recommendation will be considered resolved when Embassy Beirut agrees to implement the recommendation or provides an acceptable alternative that meets the recommendation's intent, which is to improve invoice review procedures. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Beirut established and implemented invoice review procedures and corresponding checklists for CORs assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with 14 FAH-2 H-142 and 4 FAH-3 H-425, and (b) to certify invoices with an authorized signature in accordance with 4 FAM 424.

**Recommendation 44:** OIG recommends that Embassy Beirut, Lebanon, (a) perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid, and (b) either pursue reimbursement or pay any additional amounts owed to the contractors.

**Management Response:** On December 18, 2019, OIG provided Embassy Beirut a draft of this report and requested management's comments for each recommendation addressed to it within 14 days. In addition, OIG granted a 9-day extension to the comment deadline to facilitate management's response. However, OIG did not receive comments within the time allotted.

**OIG Reply:** Because Embassy Beirut did not respond in a timely manner to a draft of this report, OIG considers this recommendation unresolved and will closely monitor its implementation during the audit compliance process. The recommendation will be considered resolved when Embassy Beirut agrees to implement the recommendation or provides an acceptable alternative that meets the recommendation's intent, which is to prompt reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts for the stated period. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Beirut (a) performed a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid, and (b) either pursued reimbursement or paid any additional amounts owed to the contractors.

## RECOMMENDATIONS

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**Recommendation 1:** OIG recommends that Embassy Ankara, Turkey, require its Contracting Officer to appoint a Contracting Officer's Representative to its fuel contracts who has the authority to inspect and accept fuel on behalf of the Government and approve vendor invoices.

**Recommendation 2:** OIG recommends that Consulate General Istanbul, Turkey, require its Contracting Officer to appoint a Contracting Officer's Representative to its fuel contracts who has the authority to inspect and accept fuel on behalf of the Government and approve vendor invoices.

**Recommendation 3:** OIG recommends that Consulate Adana, Turkey, require its Contracting Officer to appoint a Contracting Officer's Representative to its fuel contracts who has the authority to inspect and accept fuel on behalf of the Government and approve vendor invoices.

**Recommendation 4:** OIG recommends that Embassy Ankara, Turkey, establish and implement fuel receiving procedures in accordance with the Federal Acquisition Regulation requirements that require Contracting Officers or Contracting Officer's Representatives to accept fuel on behalf of the Government.

**Recommendation 5:** OIG recommends that Consulate General Istanbul, Turkey, establish and implement fuel receiving procedures in accordance with the Federal Acquisition Regulation requirements that require Contracting Officers or Contracting Officer's Representatives to accept fuel on behalf of the Government.

**Recommendation 6:** OIG recommends that Consulate Adana, Turkey, establish and implement fuel receiving procedures in accordance with the Federal Acquisition Regulation requirements that require Contracting Officers or Contracting Officer's Representatives to accept fuel on behalf of the Government.

**Recommendation 7:** OIG recommends that Embassy Beirut, Lebanon, establish and implement fuel receiving procedures in accordance with the Federal Acquisition Regulation requirements that require Contracting Officers or Contracting Officer's Representatives to accept fuel on behalf of the Government.

**Recommendation 8:** OIG recommends that Embassy Ankara, Turkey, develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test gasoline for water content and sediment.

**Recommendation 9:** OIG recommends that Consulate General Istanbul, Turkey, develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test gasoline for water content and sediment.

**Recommendation 10:** OIG recommends that Consulate Adana, Turkey, develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test gasoline for water content and sediment.

**Recommendation 11:** OIG recommends that Embassy Beirut, Lebanon, develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to (a) test gasoline for water content and sediment and (b) require contractors to certify that delivered gasoline is 95 octane, as required in the contract.

**Recommendation 12:** OIG recommends that Embassy Ankara, Turkey, purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Recommendation 13:** OIG recommends that Consulate General Istanbul, Turkey, purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Recommendation 14:** OIG recommends that Consulate Adana, Turkey, purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Recommendation 15:** OIG recommends that Embassy Beirut, Lebanon, purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Recommendation 16:** OIG recommends that Embassy Ankara, Turkey, establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the embassy's flow meters does not match the quantity measured by the contractor's flow meters.

**Recommendation 17:** OIG recommends that Consulate General Istanbul, Turkey, establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the consulate general's flow meters does not match the quantity measured by the contractor's flow meters.

**Recommendation 18:** OIG recommends that Consulate Adana, Turkey, establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the consulate's flow meters does not match the quantity measured by the contractor's flow meters.

**Recommendation 19:** OIG recommends that Embassy Beirut, Lebanon, establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using

Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the embassy's flow meters does not match the quantity measured by the contractor's flow meters.

**Recommendation 20:** OIG recommends that Embassy Ankara, Turkey, review the contract files for all current fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implement corrective actions necessary to maintain complete contract files.

**Recommendation 21:** OIG recommends that Consulate General Istanbul, Turkey, review the contract files for all fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implement corrective actions necessary to maintain complete contract files.

**Recommendation 22:** OIG recommends that Consulate Adana, Turkey, review the contract files for all fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implement corrective actions necessary to maintain complete contract files.

**Recommendation 23:** OIG recommends that Embassy Beirut, Lebanon, review the contract files for all fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implement corrective actions necessary to maintain complete contract files.

**Recommendation 24:** OIG recommends that Embassy Beirut, Lebanon, direct its Contracting Officers to immediately review the Contracting Officer's Representatives' files for gasoline and diesel fuel for completeness and include the results of this review in the contract files.

**Recommendation 25:** OIG recommends that Embassy Ankara, Turkey, conduct its annual management control review to report on the adequacy of the embassy's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with the Foreign Affairs Manual, 2 FAM 020, "Management Controls."

**Recommendation 26:** OIG recommends that Consulate General Istanbul, Turkey, conduct its annual management control review to report on the adequacy of the consulate general's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with the Foreign Affairs Manual, 2 FAM 020, "Management Controls."

**Recommendation 27:** OIG recommends that Consulate Adana, Turkey, conduct its annual management control review to report on the adequacy of the consulate's internal control



system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with the Foreign Affairs Manual, 2 FAM 020, "Management Controls."

**Recommendation 28:** OIG recommends that Embassy Beirut, Lebanon, conduct its annual management control review to report on the adequacy of the embassy's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with the Foreign Affairs Manual, 2 FAM 020, "Management Controls."

**Recommendation 29:** OIG recommends that Embassy Ankara, Turkey, develop and implement invoice review procedures and corresponding checklists that require, at a minimum, voucher examiners to review submitted invoices for (a) all proper elements that are required by Federal Acquisition Regulation 32.905, "Payment documentation and process," (b) the translation of key words if the invoice is in a foreign language as required by the Foreign Affairs Handbook under 4 FAH-3 H-422.1-1, "Definitions," (c) evidence that the Contracting Officer's Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Recommendation 30:** OIG recommends that Embassy Ankara, Turkey, review all invoices submitted by fuel contractors and paid by the embassy from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$0.53 million paid against those invoices and identified by OIG as unsupported costs were allowable and (b) to recover any costs determined to be unallowable.

**Recommendation 31:** OIG recommends that Consulate General Istanbul, Turkey, develop and implement invoice review procedures and corresponding checklists that require, at a minimum, voucher examiners to review submitted invoices for (a) all proper elements that are required by Federal Acquisition Regulation Subpart 32.905, "Payment documentation and process," (b) the translation of key words if the invoice is in a foreign language as required by the Foreign Affairs Handbook under 4 FAH-3 H-422.1-1, "Definitions," (c) evidence that the Contracting Officer's Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Recommendation 32:** OIG recommends that Consulate General Istanbul, Turkey, review all invoices submitted by fuel contractors and paid by the consulate general from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$0.33 million paid against those invoices and identified by OIG as unsupported costs was allowable and (b) to recover any costs determined to be unallowable.

**Recommendation 33:** OIG recommends that Consulate Adana, Turkey, develop and implement invoice review procedures and corresponding checklists that require, at a minimum, voucher examiners to review submitted invoices for (a) all proper elements that are required by Federal Acquisition Regulation Subpart 32.905, "Payment documentation and process," (b) the



translation of key words if the invoice is in a foreign language as required by the Foreign Affairs Handbook under 4 FAH-3 H-422.1-1, "Definitions," (c) evidence that the Contracting Officer's Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements can be met.

**Recommendation 34:** OIG recommends that Consulate Adana, Turkey, review all invoices submitted by fuel contractors and paid by the consulate from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$0.31 million paid against those invoices and identified by OIG as unsupported costs was allowable and (b) to recover any costs determined to be unallowable.

**Recommendation 35:** OIG recommends that Embassy Beirut, Lebanon, develop and implement invoice review procedures and corresponding checklists that require, at a minimum, voucher examiners to review submitted invoices for (a) all proper elements that are required by Federal Acquisition Regulation Subpart 32.905, "Payment documentation and process," (b) evidence that the Contracting Officer's Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (c) a stamp to document the date the invoice was received so that Prompt Payment Act requirements can be met.

**Recommendation 36:** OIG recommends that Embassy Beirut, Lebanon, review all invoices submitted by fuel contractors and paid by the embassy from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$2.2 million paid against those invoices and identified by OIG as unsupported costs was allowable and (b) to recover any costs determined to be unallowable.

**Recommendation 37:** OIG recommends that Embassy Ankara, Turkey, establish and implement invoice review procedures and corresponding checklists for Contracting Officer's Representatives (CORs) assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with the Foreign Affairs Handbook under 14 FAH-2 H-142, "Responsibilities of the Contracting Officer's Representative (COR)," and 4 FAH-3 H-425, "Voucher Prepayment Examination," and (b) to certify invoices with an authorized signature in accordance with the Foreign Affairs Manual under 4 FAM 424, "Voucher Approval."

**Recommendation 38:** OIG recommends that Embassy Ankara, Turkey, (a) perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and (b) either pursue reimbursement or pay any additional amounts owed to the contractors.

**Recommendation 39:** OIG recommends that Consulate General Istanbul, Turkey, establish and implement invoice review procedures and corresponding checklists for Contracting Officer's Representatives (CORs) assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against

contractual terms and supporting documentation, in accordance with the Foreign Affairs Handbook under 14 FAH-2 H-142, "Responsibilities of the Contracting Officer's Representative (COR)," and 4 FAH-3 H-425, "Voucher Prepayment Examination," and (2) to certify invoices with an authorized signature, in accordance with the Foreign Affairs Manual under 4 FAM 424, "Voucher Approval."

**Recommendation 40:** OIG recommends that Consulate General Istanbul, Turkey, (a) perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and (b) either pursue reimbursement or pay any additional amounts owed to the contractors.

**Recommendation 41:** OIG recommends that Consulate Adana, Turkey, establish and implement invoice review procedures and corresponding checklists for Contracting Officer's Representatives (CORs) assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation, in accordance with the Foreign Affairs Handbook under 14 FAH-2 H-142, "Responsibilities of the Contracting Officer's Representative (COR)," and 4 FAH-3 H-425, "Voucher Prepayment Examination," and (2) to certify invoices with an authorized signature, in accordance with the Foreign Affairs Manual under 4 FAM 424, "Voucher Approval."

**Recommendation 42:** OIG recommends that Consulate Adana, Turkey, (a) perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and (b) either pursue reimbursement or pay any additional amounts owed to the contractors.

**Recommendation 43:** OIG recommends that Embassy Beirut, Lebanon, establish and implement invoice review procedures and corresponding checklists for Contracting Officer's Representatives (CORs) assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation, in accordance with the Foreign Affairs Handbook under 14 FAH-2 H-142, "Responsibilities of the Contracting Officer's Representative (COR)," and 4 FAH-3 H-425, "Voucher Prepayment Examination," and (b) to certify invoices with an authorized signature, in accordance with the Foreign Affairs Manual under 4 FAM 424, "Voucher Approval."

**Recommendation 44:** OIG recommends that Embassy Beirut, Lebanon, (a) perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid, and (b) either pursue reimbursement or pay any additional amounts owed to the contractors.

## APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

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The Office of Inspector General (OIG) conducted this audit to determine whether Mission Turkey and Embassy Beirut, Lebanon, adhered to applicable safety and security standards in safeguarding fuel storage and distribution and whether Department of State (Department) oversight officials implemented adequate controls to ensure that the contractor-provided fuel met contract terms and conformed to Federal regulations and Department guidance. In May 2019 and July 2019, OIG issued two Management Assistance Reports—which are discussed in the Prior Reports section of this report—that addressed the first objective of this audit. This report communicates OIG’s findings and recommendations regarding the second objective.

This report relates to the overseas contingency operation, Operation Inherent Resolve, and was completed in accordance with OIG’s oversight responsibilities described in Section 8L of the Inspector General Act of 1978, as amended. OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those 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. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives. Issuance of this report was delayed because of the lapse in OIG’s appropriations that occurred from 11:59 p.m. December 21, 2018, through January 25, 2019.

OIG conducted fieldwork for this audit from October 2018 through August 2019 in Frankfurt, Germany; Beirut, Lebanon; Adana, Turkey; Ankara, Turkey; and Istanbul, Turkey. OIG’s audit work focused on two indefinite delivery/indefinite quantity contracts (Contract SLE20017D0001 and Contract SLE20012D0001) at Embassy Beirut and numerous purchase orders at both Embassy Beirut and Mission Turkey for diesel and gasoline. This audit was limited to fuel paid to contractors between October 1, 2013, and September 30, 2018.

To obtain background information for this audit, OIG researched and reviewed Federal laws and regulations as well as internal Department policies, procedures, and other guidance. Specifically, OIG reviewed the Federal Acquisition Regulation; Office of Management and Budget procurement policy; the Foreign Affairs Manual; the Foreign Affairs Handbook; Department of State Acquisition Regulations; and the Bureau of Administration, Office of the Procurement Executive’s Procurement Information Bulletins.

To determine whether contracting and oversight officials at Mission Turkey and Embassy Beirut were administering and overseeing fuel contracts in accordance with acquisition regulations and Department requirements, OIG coordinated with or interviewed officials from Embassy Beirut, Consulate Adana, Embassy Ankara, and Consulate General Istanbul as well as Turkish fuel contractor Petrol Ofisi. OIG reviewed and analyzed the fuel contracts and related modifications, fuel purchase orders, delivery orders, quality assurance surveillance plans, and files maintained by Contracting Officers and Contracting Officer’s Representatives (CORs). In addition, OIG reviewed and analyzed Contracting Officers’ warrants, delegation letters, and Federal Acquisition Certification for Contracting Officer’s Representatives certificates for

individuals responsible for oversight activities and fuel-related invoices paid between October 1, 2013, and September 30, 2018.

## Prior Reports

In the report *Audit of the Administration and Oversight of Fuel Contracts at U.S. Embassy Amman, Jordan* (AUD-MERO-18-33, March 2018), OIG reported that the Department did not implement adequate controls for the acquisition of fuel at Embassy Amman. For example, the embassy could not provide complete contract files to support procurement decisions and could not be certain that the fuel received between October 2012 and January 2017 met quality standards. The embassy may have also paid for fuel that it did not receive. Lastly, the report stated that embassy officials did not follow Federal regulations and Department guidance when approving invoices. As a result, OIG questioned \$8.3 million in fuel costs and made 28 recommendations to improve contract oversight and invoice review procedures, of which 7 recommendations were still open as of October 2019.

The report *Management Assistance Report: Additional Measures Needed at Embassy Amman to Safeguard Against Residential Fuel Loss* (AUD-MERO-17-50, July 2017) addressed OIG concerns regarding inconsistent diesel fuel use at embassy residences. OIG concluded that oversight officials had not implemented effective controls to safeguard residential fuel, which made embassy residences susceptible to potential fuel theft or other loss. OIG made recommendations to procure, install, and implement procedures for a real-time fuel monitoring system and to adjust fuel levels in residential fuel tanks based on seasonal needs. Embassy Amman took action as recommended, and all three recommendations were closed in May 2018.

The report *Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq* (AUD-MERO-17-16, December 2016) presented OIG's review of oversight officials' monitoring of fuel acquisition at multiple sites in Iraq. OIG concluded that the fuel provided by the contractor did not comply with contractual requirements and, as a result, questioned \$64 million in fuel costs. OIG also concluded that oversight of contractor performance was inadequate and review of fuel-related expenditures was incomplete. OIG made 18 recommendations to the Department, of which 16 recommendations had been closed and 2 remained open as of October 2019.

The report *Improvements Needed to Strengthen Vehicle-Fueling Controls and Operations and Maintenance Contract at Embassy Kabul, Afghanistan* (AUD-MERO-16-35, April 2016) presented OIG's review of fuel acquisition and services at the U.S. Embassy in Kabul, Afghanistan. OIG identified issues with the effectiveness of controls to safeguard and account for fuel throughout the receipt and distribution process at the embassy. OIG also identified issues with flow meters that were not calibrated and poor controls that enabled unauthorized access at the retail fueling station. OIG made 10 recommendations to Embassy Kabul, of which 8 recommendations had been closed and 2 remained open as of October 2019.

OIG issued two Management Assistance Reports related to fuel storage and distribution at Mission Turkey and Embassy Beirut, respectively: *Management Assistance Report: Mission Turkey Safety and Security Infractions Require Immediate Attention* (AUD-MERO-19-26, FY 2019) and *Management Assistance Report: Safety and Security Infractions at U.S. Embassy Beirut, Lebanon Require Immediate Attention* (AUD-MERO-19-34, FY 2019). OIG issued similar reports at U.S. Embassy Amman, Jordan; Mission Iraq; and Mission Afghanistan: *Management Assistance Report: Safety Infractions in Embassy Amman Motor Pool Area Require Immediate Attention* (AUD-MERO-17-59, FY 2017), *Management Assistance Report: Audit of Iraq Fuel Safety and Security* (AUD-MERO-17-31, FY 2017), and *Audit of Fuel Storage at Embassy Kabul and Camp Sullivan, Afghanistan* (AUD-MERO-16-04, FY 2016). The findings and conclusions in these reports are classified.

## **Use of Computer-Processed Data**

The Financial Management Offices at Mission Turkey and Embassy Beirut provided OIG with a listing of fuel invoices paid from October 1, 2013, through September 30, 2018, to perform testing of the fuel expenditures. These invoices included fuel purchased against the contracts and for individual purchase orders. To ensure that OIG received a complete universe, OIG observed the financial specialists at Embassy Beirut and Consulate General Istanbul run a report that used the same parameters as were in OIG's initial request. The financial specialist for Embassy Ankara and Consulate Adana was not present on the day when this audit procedure for OIG to verify the data took place, so OIG used their original reports. OIG concluded that all invoice data received were sufficiently reliable to complete the testing of allowable fuel expenditures and to support audit conclusions, which are detailed in the Audit Results section of this report.

## **Work Related to Internal Controls**

OIG performed steps to assess the adequacy of internal controls related to the management and oversight of fuel contracts, including the review of policies, procedures, and processes applicable to the areas audited. OIG reviewed contract oversight procedures and contract files to ensure that the Department held contractors accountable for performing fuel acquisition in accordance with contract terms and conditions as well as with Federal requirements. OIG also gained an understanding of the process for reviewing invoices and expenditures and tested the controls to ensure that the Department approved expenditures on the basis of their allowability and supportability. Significant internal control deficiencies identified during the audit are presented in the Audit Results section of this report.

## **Detailed Sampling Methodology**

OIG's sampling objective was to determine whether the acquisition of fuel at Mission Turkey and Embassy Beirut was conducted in accordance with contract terms, Federal regulations, and Department guidance. To determine whether the invoices for diesel fuel and gasoline at Mission Turkey and Embassy Beirut met this sampling objective, OIG used nonstatistical sampling to select and test payments greater than \$1,000 (total of 554 payments, valued at

\$3,367,320) from a universe of 1,087 payments, totaling approximately \$3.5 million, from October 1, 2013, through September 30, 2018. Table A-1 shows the distribution of payments and dollar totals by post.

**Table A-1: Distribution of Payments and Dollar Totals by Location**

Locations	Total Disbursement	Total Dollars
Embassy Ankara	493	\$599,708
Consulate General Istanbul	119	\$329,247
Consulate Adana	247	\$323,564
Embassy Beirut	229	\$2,199,229
<b>Total</b>	<b>1,088</b>	<b>\$3,451,748</b>

**Source:** Generated by OIG from data provided by Mission Turkey and Embassy Beirut.

The sample resulted in testing 98 percent of the of dollar value of the expenditures in the combined universe for Mission Turkey and Embassy Beirut. Table A-2 shows the disbursement sampling at each post.

**Table A-2: Number of Selected Payments Over \$1,000**

Locations	Total Disbursement	Total Dollar
Embassy Ankara	111	\$534,229
Consulate General Istanbul	119	\$329,247
Consulate Adana	121	\$306,619
Embassy Beirut	203	\$2,197,225
<b>Total</b>	<b>554</b>	<b>\$3,367,320</b>

**Source:** Generated by OIG from data provided by Mission Turkey and Embassy Beirut.

OIG performed a series of tests to meet its sampling objective. For example, OIG validated the allowability of fuel invoices by reviewing the purchase order requests, official receipts, and the Contracting Officer or COR's documentation of approval in the voucher packages obtained from the posts' Financial Management Offices. To determine allowability, OIG reviewed the fuel unit prices on the invoices against the corresponding purchase orders, fuel types, and delivery receipts for proper acceptances. However, during testing, OIG noted that none of the invoices had the associated purchase order number. Instead, OIG compared the unit prices on the invoices with the purchase orders that the Contracting Officer attached to the invoice. OIG also tested invoices to determine whether (1) the invoices contained the applicable requirements, (2) key elements of the invoices were translated, and (3) invoice payments were approved properly.



## APPENDIX B: MISSION TURKEY RESPONSE

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December 23, 2019

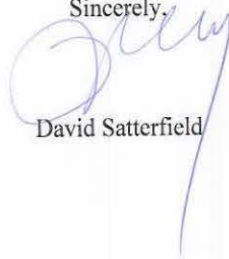
Melinda M. Perez  
Director, Middle East Operations  
Office of the Inspector General  
Frankfurt, Germany

Dear Ms. Perez:

Please find attached Mission Turkey's response to the OIG Fuel Oversight and Payment Process Audit.

If you or your team requires clarification to any of the responses, please do not hesitate to reach out to me or the Mission Turkey team.

Sincerely,



David Satterfield

Attachment: Mission Turkey Response to OIG Fuel Audit

Attachment

**Mission Turkey Response to OIG Fuel Audit**

**Recommendation 1:** OIG recommends that Embassy Ankara, Turkey, require its Contracting Officer to appoint a Contracting Officer's Representative to its fuel contracts who has the authority to inspect and accept fuel on behalf of the Government and approve vendor invoices.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation and, in fact, Embassy Ankara already switched to a contract with the Defense Logistics Agency (DLA), a mandatory source for fuel by the Federal Acquisition Regulation (FAR) guidelines. DLA now provides all compound fuel and gas for official vehicles via a local Turkish fuel vendor. The Embassy will assign a Contracting Officer Representative (COR) or CORs to ensure it is following FAR guidelines and maintaining of contract records.

**Recommendation 2:** OIG recommends that Consulate General Istanbul, Turkey, require its Contracting Officer to appoint a Contracting Officer's Representative to its fuel contracts who has the authority to inspect and accept fuel on behalf of the Government and approve vendor invoices.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation and, in fact, Consulate General Istanbul already switched to a contract with the Defense Logistics Agency (DLA), a mandatory source for fuel by the Federal Acquisition Regulation (FAR) guidelines. DLA now provides all compound fuel and gas for official vehicles via a local Turkish fuel vendor. The Consulate General will assign a Contracting Officer Representative (COR) or CORs to ensure it is following FAR guidelines and maintaining of contract records.

**Recommendation 3:** OIG recommends that Consulate Adana, Turkey, require its Contracting Officer to appoint a Contracting Officer's Representative to its fuel contracts who has the authority to inspect and accept fuel on behalf of the Government and approve vendor invoices.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation and, in fact, Consulate Adana already switched to a contract with the Defense Logistics Agency (DLA), a mandatory source for fuel by the Federal Acquisition Regulation (FAR) guidelines. DLA now provides all compound fuel and gas for official vehicles via a local Turkish fuel vendor. The

Consulate will assign a Contracting Officer Representative (COR) or CORs to ensure it is following FAR guidelines and maintaining of contract records.

**Recommendation 4:** OIG recommends that Embassy Ankara, Turkey, establish and implement fuel receiving procedures in accordance with the Federal Acquisition Regulation requirements that require Contracting Officers or Contracting Officer's Representatives to accept fuel on behalf of the Government.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Embassy Ankara will establish and implement fuel receiving procedures in accordance with FAR requirements that require Contracting Officers or CORs to accept fuel on behalf of the Government.

**Recommendation 5:** OIG recommends that Consulate General Istanbul, Turkey, establish and implement fuel receiving procedures in accordance with the Federal Acquisition Regulation requirements that require Contracting Officers or Contracting Officer's Representatives to accept fuel on behalf of the Government.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate General Istanbul will establish and implement fuel receiving procedures in accordance with FAR requirements that require Contracting Officers or CORs to accept fuel on behalf of the Government.

**Recommendation 6:** OIG recommends that Consulate Adana, Turkey, establish and implement fuel receiving procedures in accordance with the Federal Acquisition Regulation requirements that require Contracting Officers or Contracting Officer's Representatives to accept fuel on behalf of the Government.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate Adana will establish and implement fuel receiving procedures in accordance with FAR requirements that require Contracting Officers or CORs to accept fuel on behalf of the Government.

**Recommendation 8:** OIG recommends that Embassy Ankara, Turkey, develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test gasoline for water content and sediment.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Embassy Ankara will develop and implement a quality assurance surveillance plan for its fuel contracts

based on the contract's performance work statement and incorporate procedures to test compound diesel for water content and sediment.

**Recommendation 9:** OIG recommends that Consulate General Istanbul, Turkey, develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test gasoline for water content and sediment.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate General Istanbul will develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test compound diesel for water content and sediment.

**Recommendation 10:** OIG recommends that Consulate Adana, Turkey, develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test gasoline for water content and sediment.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate Adana will develop and implement a quality assurance surveillance plan for its fuel contracts based on the contract's performance work statement and incorporate procedures to test compound diesel for water content and sediment.

**Recommendation 12:** OIG recommends that Embassy Ankara, Turkey, purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Embassy Ankara will purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Recommendation 13:** OIG recommends that Consulate General Istanbul, Turkey, purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate General Istanbul has already purchased and installed a fuel flow meter. This meter is used to independently verify the quantity of fuel delivered by the contractor.

**Recommendation 14:** OIG recommends that Consulate Adana, Turkey, purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.



**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate Adana will purchase and install a fuel flow meter to independently verify the quantity of fuel delivered by the contractor.

**Recommendation 16:** OIG recommends that Embassy Ankara, Turkey, establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the embassy's flow meters does not match the quantity measured by the contractor's flow meters.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Embassy Ankara will establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the embassy's flow meters does not match the quantity measured by the contractor's flow meters.

**Recommendation 17:** OIG recommends that Consulate General Istanbul, Turkey, establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the consulate general's flow meters does not match the quantity measured by the contractor's flow meters.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate General Istanbul will establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the embassy's flow meters does not match the quantity measured by the contractor's flow meters.

**Recommendation 18:** OIG recommends that Consulate Adana, Turkey, establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the consulate's flow meters does not match the quantity measured by the contractor's flow meters.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate Adana will establish and implement procedures in the quality assurance surveillance plans for its fuel contracts that require oversight officials to (a) independently verify the quantity of fuel delivered using Department of State-owned flow meters and (b) detail the process that should be followed if fuel does not meet quality standards or if the volume of fuel measured by the embassy's flow meters does not match the quantity measured by the contractor's flow meters.

**Recommendation 20:** OIG recommends that Embassy Ankara, Turkey, review the contract files for all current fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive Procurement, Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implement corrective actions necessary to maintain complete contract files.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Embassy Ankara has already begun to review DLA contract files to assess the file quality in accordance with A/OPE guidance. Embassy Ankara has likewise begun to implement corrective actions necessary to maintain complete contract files.

**Recommendation 21:** OIG recommends that Consulate General Istanbul, Turkey, review the contract files for all fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implement corrective actions necessary to maintain complete contract files.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate General Istanbul will review DLA contract files to assess the file quality in accordance with A/OPE guidance. Consulate General Istanbul will likewise implement corrective actions necessary to maintain complete contract files.

**Recommendation 22:** OIG recommends that Consulate Adana, Turkey, review the contract files for all fuel contracts to assess the file quality in accordance with the Bureau of Administration, Office of the Procurement Executive, Procurement Information Bulletin 2014-10, "Contract Files and COR File Checklist" (Updated June 4, 2015) and implement corrective actions necessary to maintain complete contract files.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate Adana will review DLA contract files to assess the file quality in accordance with A/OPE guidance. Consulate Adana will likewise implement corrective actions necessary to maintain complete contract files.



**Recommendation 25:** OIG recommends that Embassy Ankara, Turkey, conduct its annual management control review to report on the adequacy of the embassy's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with the Foreign Affairs Manual, 2 FAM 020, "Management Controls."

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Embassy Ankara will conduct annual management control review to report on the adequacy of the Embassy's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with 2 FAM 020, "Management Controls."

**Recommendation 26:** OIG recommends that Consulate General Istanbul, Turkey, conduct its annual management control review to report on the adequacy of the consulate general's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with the Foreign Affairs Manual, 2 FAM 020, "Management Controls."

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate General Istanbul will conduct annual management control review to report on the adequacy of the Consulate General's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with 2 FAM 020, "Management Controls."

**Recommendation 27:** OIG recommends that Consulate Adana, Turkey, conduct its annual management control review to report on the adequacy of the consulate's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with the Foreign Affairs Manual, 2 FAM 020, "Management Controls."

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate Adana will conduct annual management control review to report on the adequacy of the Consulate's internal control system, including the completeness and quality of its contracting files, and ensure that management control documentation is current and permanently on file in accordance with the 2 FAM 020, "Management Controls."

**Recommendation 29:** OIG recommends that Embassy Ankara, Turkey, develop and implement invoice review procedures and corresponding checklists that require, at a minimum, voucher examiners to review submitted invoices for (a) all proper elements that are required by Federal Acquisition Regulation 32.905, "Payment documentation and process," (b) the translation of key

words if the invoice is in a foreign language as required by the Foreign Affairs Handbook under 4 FAH-3 H-422.1-1, "Definitions," (c) evidence that the Contracting Officer's Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Embassy Ankara will develop and implement invoice review procedures and corresponding checklists that require voucher examiners to review submitted invoices for (a) all proper elements that are required by FAR 32.905, "Payment documentation and process," (b) the translation of key words if the invoice is in a foreign language as required under 4 FAH-3 H-422.1-1, "Definitions," (c) evidence that the Contracting Officer's Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Recommendation 30:** OIG recommends that Embassy Ankara, Turkey, review all invoices submitted by fuel contractors and paid by the embassy from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$0.53 million paid against those invoices and identified by OIG as unsupported costs were allowable and (b) to recover any costs determined to be unallowable.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Embassy Ankara will review all invoices submitted by fuel contractors and paid by the Embassy from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts to determine whether the \$530,000 paid against those invoices and identified by the OIG as unsupported costs were allowable and to recover any costs determined to be unallowable.

**Recommendation 31:** OIG recommends that Consulate General Istanbul, Turkey, develop and implement invoice review procedures and corresponding checklists that require, at a minimum, voucher examiners to review submitted invoices for (a) all proper elements that are required by Federal Acquisition Regulation Subpart 32.905, "Payment documentation and process," (b) the translation of key words if the invoice is in a foreign language as required by the Foreign Affairs Handbook under 4 FAH-3 H-422.1-1, "Definitions," (c) evidence that the Contracting Officer's Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate General Istanbul will develop and implement invoice review procedures and corresponding checklists that require voucher examiners to review submitted invoices for (a) all proper



elements that are required by FAR 32.905, "Payment documentation and process," (b) the translation of key words if the invoice is in a foreign language as required under 4 FAH-3 H-422.1-1, "Definitions," (c) evidence that the Contracting Officer's Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Recommendation 32:** OIG recommends that Consulate General Istanbul, Turkey, review all invoices submitted by fuel contractors and paid by the consulate general from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$0.33 million paid against those invoices and identified by OIG as unsupported costs was allowable and (b) to recover any costs determined to be unallowable.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate General Istanbul will review all invoices submitted by fuel contractors and paid by the Consulate General from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts to determine whether the \$330,000 paid against those invoices and identified by the OIG as unsupported costs were allowable and to recover any costs determined to be unallowable.

**Recommendation 33:** OIG recommends that Consulate Adana, Turkey, develop and implement invoice review procedures and corresponding checklists that require, at a minimum, voucher examiners to review submitted invoices for (a) all proper elements that are required by Federal Acquisition Regulation Subpart 32.905, "Payment documentation and process," (b) the translation of key words if the invoice is in a foreign language as required by the Foreign Affairs Handbook under 4 FAH-3 H-422.1-1, "Definitions," (c) evidence that the Contracting Officer's Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements can be met.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate Adana will develop and implement invoice review procedures and corresponding checklists that require voucher examiners to review submitted invoices for (a) all proper elements that are required by FAR 32.905, "Payment documentation and process," (b) the translation of key words if the invoice is in a foreign language as required under 4 FAH-3 H-422.1-1, "Definitions," (c) evidence that the Contracting Officer's Representatives certified the validity of the costs claimed and that the goods and/or services had been received, and (d) a stamp to document the date the invoice was received so that Prompt Payment Act requirements could be met.

**Recommendation 34:** OIG recommends that Consulate Adana, Turkey, review all invoices submitted by fuel contractors and paid by the consulate from October 1, 2013, through

September 30, 2018, for gasoline and diesel fuel contracts (a) to determine whether the \$0.31 million paid against those invoices and identified by OIG as unsupported costs was allowable and (b) to recover any costs determined to be unallowable.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate Adana will review all invoices submitted by fuel contractors and paid by the Consulate from October 1, 2013, through September 30, 2018, for gasoline and diesel fuel contracts to determine whether the \$310,000 paid against those invoices and identified by the OIG as unsupported costs were allowable and to recover any costs determined to be unallowable.

**Recommendation 37:** OIG recommends that Embassy Ankara, Turkey, establish and implement invoice review procedures and corresponding checklists for Contracting Officer's Representatives (CORs) assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with the Foreign Affairs Handbook under 14 FAH-2 H-142, "Responsibilities of the Contracting Officer's Representative (COR)," and 4 FAH-3 H-425, "Voucher Prepayment Examination," and (b) to certify invoices with an authorized signature in accordance with the Foreign Affairs Manual under 4 FAM 424, "Voucher Approval."

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Embassy Ankara will establish and implement invoice review procedures and corresponding checklists for CORs assigned to gasoline and diesel fuel contracts that require the CORs to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with 14 FAH-2 H-142, "Responsibilities of the Contracting Officer's Representative (COR)," and 4 FAH-3 H-425, "Voucher Prepayment Examination." The Embassy will certify invoices with an authorized signature in accordance with 4 FAM 424, "Voucher Approval."

**Recommendation 38:** OIG recommends that Embassy Ankara, Turkey, (a) perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and (b) either pursue reimbursement or pay any additional amounts owed to the contractors.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Embassy Ankara will perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and either pursue reimbursement or pay any additional amounts owed to the contractors.



**Recommendation 39:** OIG recommends that Consulate General Istanbul, Turkey, establish and implement invoice review procedures and corresponding checklists for Contracting Officer's Representatives (CORs) assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation, in accordance with the Foreign Affairs Handbook under 14 FAH-2 H-142, "Responsibilities of the Contracting Officer's Representative (COR)," and 4 FAH-3 H-425, "Voucher Prepayment Examination," and (2) to certify invoices with an authorized signature, in accordance with the Foreign Affairs Manual under 4 FAM 424, "Voucher Approval."

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate General Istanbul will establish and implement invoice review procedures and corresponding checklists for CORs assigned to gasoline and diesel fuel contracts that require the CORs to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with 14 FAH-2 H-142, "Responsibilities of the Contracting Officer's Representative (COR)," and 4 FAH-3 H-425, "Voucher Prepayment Examination." The Consulate General will certify invoices with an authorized signature in accordance with 4 FAM 424, "Voucher Approval."

**Recommendation 40:** OIG recommends that Consulate General Istanbul, Turkey, (a) perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and (b) either pursue reimbursement or pay any additional amounts owed to the contractors.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate General Istanbul will perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and either pursue reimbursement or pay any additional amounts owed to the contractors.

**Recommendation 41:** OIG recommends that Consulate Adana, Turkey, establish and implement invoice review procedures and corresponding checklists for Contracting Officer's Representatives (CORs) assigned to gasoline and diesel fuel contracts that require the CORs (a) to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation, in accordance with the Foreign Affairs Handbook under 14 FAH-2 H-142, "Responsibilities of the Contracting Officer's Representative (COR)," and 4 FAH-3 H-425, "Voucher Prepayment Examination," and (2) to certify invoices

with an authorized signature, in accordance with the Foreign Affairs Manual under 4 FAM 424, "Voucher Approval."

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Consulate Adana will establish and implement invoice review procedures and corresponding checklists for CORs assigned to gasoline and diesel fuel contracts that require the CORs to verify quantities of fuel received, unit prices paid, and the total cost of the invoices against contractual terms and supporting documentation in accordance with 14 FAH-2 H-142, "Responsibilities of the Contracting Officer's Representative (COR)," and 4 FAH-3 H-425, "Voucher Prepayment Examination." The Consulate will certify invoices with an authorized signature in accordance with 4 FAM 424, "Voucher Approval."

**Recommendation 42:** OIG recommends that Consulate Adana, Turkey, (a) perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and (b) either pursue reimbursement or pay any additional amounts owed to the contractors.

**Mission Turkey Response:** Mission Turkey agrees with the OIG recommendation. Embassy Ankara will perform a reconciliation of all invoices submitted and paid against gasoline and diesel fuel contracts from October 1, 2013, through September 30, 2018, to determine whether the contractors were overpaid or underpaid and either pursue reimbursement or pay any additional amounts owed to the contractors.



## ABBREVIATIONS

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CO	Contracting Officer
COR	Contracting Officer's Representative
Department	Department of State
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FAR	Federal Acquisition Regulation
FY	fiscal year
Guidebook	Overseas Contracting and Simplified Acquisition Guidebook
OIG	Office of Inspector General

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