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**Audit of the Administration and Oversight
of Contracts and Grants
Within the Bureau of African Affairs**

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Acronyms

AF	Bureau of African Affairs
A/LM/AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management
A/OPE	Bureau of Administration, Office of the Procurement Executive
CO	Contracting Officer
COR	Contracting Officer's Representative
DOSAR	Department of State Acquisition Regulations
FAC-COR	Federal Acquisition Certification for Contracting Officer's Representatives
FAH	<i>Foreign Affairs Handbook</i>
FAR	Federal Acquisition Regulation
FPDS	Federal Procurement Data System
GO	Grants Officer
GOR	Grants Officer Representative
GPD	Grants Policy Directive
GTM	Government Technical Monitor
OIG	Office of Inspector General
OMB	Office of Management and Budget

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Table of Contents

<u>Section</u>	<u>Page</u>
Executive Summary	1
Background.....	2
Objective.....	7
Audit Results	7
Finding A. Improvements Needed for Comprehensive Administration and Oversight of Bureau of African Affairs Contracts	7
Finding B. Improvements Needed for Comprehensive Administration and Oversight of Bureau of African Affairs Grants	20
List of Recommendations	37
Appendix	
A. Scope and Methodology.....	41
B. Bureau of Administration, Office of the Procurement Executive's Response to Draft Report.....	45
C. Bureau of African Affairs' Response to Draft Report.....	48
Major Contributors to This Report	57

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Executive Summary

From FY 2010 through FY 2012, the Bureau of African Affairs (AF) funded \$359 million in contracts and \$70 million in grants awarded domestically.¹ AF is responsible for administering and overseeing each of its contracts and grants and it uses Contracting Officer's Representatives (COR), Grants Officer Representatives (GOR), Government Technical Monitors (GTM), and site coordinators to perform these oversight functions. Federal laws and Department of State (Department) guidance outline the requirements and best practices that oversight personnel should follow to safeguard taxpayer dollars and to help prevent fraud, waste, and abuse related to Federal contracts and grants.

The Office of Inspector General (OIG) initiated this audit to address concerns raised in prior OIG reports about the adequacy of contract and grant administration and oversight performed by AF personnel. The primary objective of this audit was to determine to what extent AF's administration and oversight of contracts and grants were in accordance with applicable Federal laws and Department guidance.

To achieve this objective, OIG selected a judgment sample of eight high-risk and medium-risk contracts² and a judgment sample of eight high-dollar-value grants administered by AF. OIG identified numerous deficiencies within AF's oversight of its contracts and grants that may have inhibited the AF's ability to achieve its mission. For example, AF oversight personnel in Sierra Leone accepted the purchase of equipment that did not meet contract specifications used for the African Union and United Nations peacekeeping missions. On another contract, AF's oversight personnel accepted a latrine that did not conform to contract requirements supporting the Peace Support Operations Training Center located at Camp Hasting in Sierra Leone. Similar conditions existed with the grants OIG reviewed. For instance, AF oversight personnel did not identify the misuse of grant funds intended to advance the economic and social empowerment of women in Uganda. As a result, the Department may not always have had reasonable assurance that AF spent Federal funds in accordance with its contract and grant awards, that recipients performed program activities as dictated in the contract and grant awards, and that recipients achieved the goals and objectives outlined in their contracts and grants. Without appropriate oversight, AF could not ensure that it achieved its mission of supporting African democracy, economic growth, conflict prevention, counterterrorism, and of improving global health.

To improve the administration and oversight of AF's contracts and grants, we made 2 recommendations to the Bureau of Administration, Office of the Procurement Executive (A/OPE) and 22 recommendations to AF. OIG provided A/OPE and AF a draft of this report on June 13, 2014. In its June 27, 2014, response (see Appendix B) to the draft report, A/OPE

¹ OIG identified its universe of grants from data provided by the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), which did not include AF grants directly awarded at posts.

² The high-risk contracts included cost-reimbursement types of contracts, which require greater oversight to ensure costs are allowable per contract terms; and the medium-risk contracts included combination contracts, which use multiple types of contract line items including firm-fixed price and cost-reimbursement.

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concurred with the two recommendations addressed to it. Based on A/OPE's management response to the draft report, OIG considers both recommendations resolved pending further action.

In its July 11, 2014, response (see Appendix C) to the draft report, AF concurred with 21 recommendations and provided a pending concurrence for Recommendation 5. Based on AF's management responses, OIG considers 21 of the 22 recommendations to AF resolved pending further action. OIG considers Recommendation 5 unresolved because AF indicated that it plans to continue using site coordinators to assist with contract oversight until A/OPE issues guidance on the subject, which does not meet the intention of the recommendation. This recommendation can be resolved and closed when OIG reviews and accepts documentation demonstrating that AF discontinued its use of site coordinators and has developed and implemented processes to ensure that certified CORs and GTMs are officially delegated to conduct oversight of assigned contracts.

Management's responses and OIG's replies to these responses are included after each recommendation.

Background

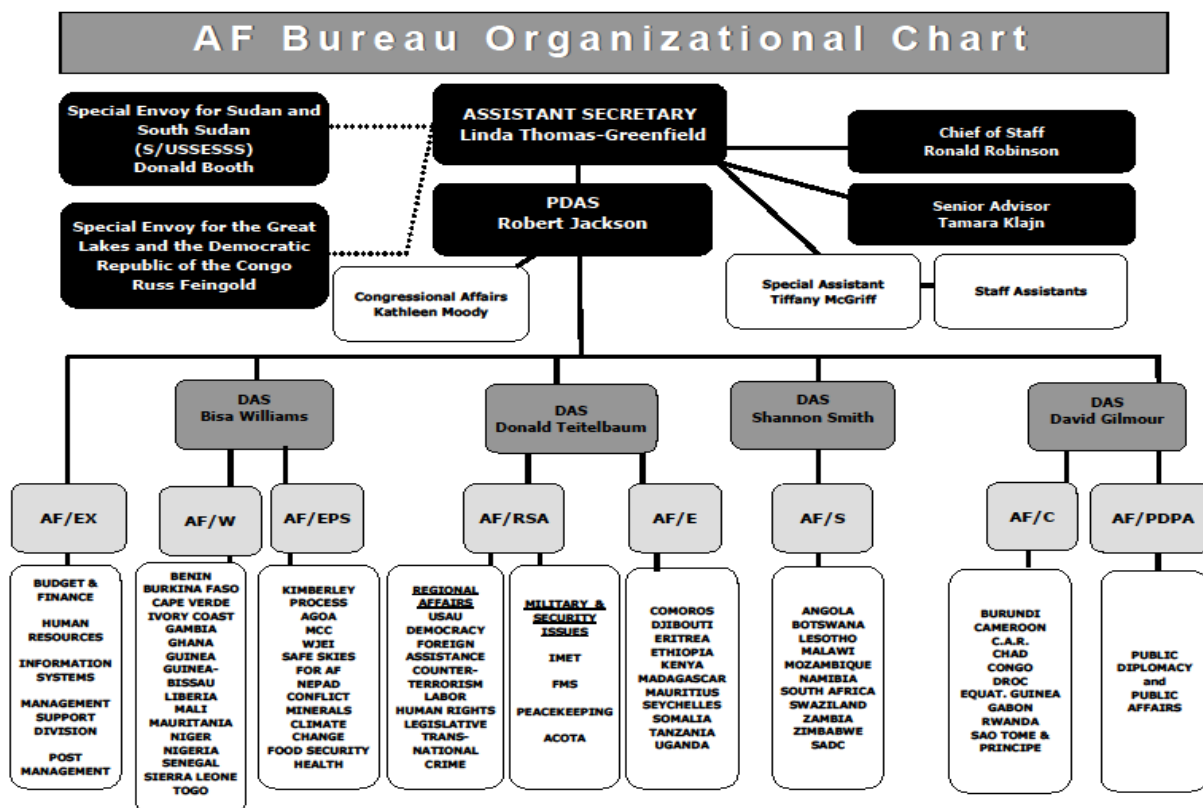
Bureau of African Affairs

The United States has had diplomatic and consular representation in Africa since the 1950s, when many African states began to attain their independence. During that period, the Department established AF to manage U.S. relations within the African continent. Today, the mission of AF focuses on the development and management of U.S. policy concerning the continent. To achieve its mission, AF established **five pillars** that serve as the foundation of U.S. policy toward Africa:

1. Support for democracy and the strengthening of democratic institutions on the continent, including free, fair, and transparent elections.
2. Supporting African economic growth and development.
3. Conflict prevention, mitigation, and resolution.
4. Supporting Presidential initiatives such as the Global Health Initiative, Feed the Future, and the Global Climate Change Initiative.
5. Working with African nations on transnational issues such as drug smuggling, money laundering, illicit arms, and trafficking in persons.

Figure 1 depicts AF's organizational structure, including AF's regionalized and functional divisions. OIG selected contracts and grants within AF's West and East Divisions. AF West countries include Sierra Leone, Liberia, and, Mauritania, and AF East includes Uganda.

Figure 1. Bureau of African Affairs Organizational Chart



Source: OIG downloaded AF's organization chart on October 31, 2013, from the Department's Intranet.

Contract Administration and Oversight

From FY 2010 through FY 2012, AF funded \$359 million in contracts. AF awards its contracts through the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM). Contracts administered through AF cover a wide array of products and services to achieve the five pillars of U.S. policy for Africa.

To assess AF's administration and oversight of its contracts, OIG selected a judgment sample of eight high-risk and medium-risk contracts valued at \$34.8 million that were funded during FY 2010 through FY 2012 and that were performed in the African countries of Sierra Leone, Liberia, and Mauritania. A synopsis of each contract follows:

- SAQMMA12F0313 was awarded for \$547,929.00 to upgrade the water system – to include a water distribution system, latrine, and shower facility – at the Peace Support Operations Training Center at Camp Hastings in Sierra Leone.
- SAQMMA11F3349 was awarded for \$527,194.00 for the construction of an arms storage building, upgrades to the existing motor pool, and construction of four field classrooms at the Peace Support Operations Training Center at Camp Hastings in Sierra Leone, which will advance the effectiveness of Sierra Leonean Peace Support

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training and contribute to Sierra Leonean self-sufficiency and full-operating capability.

- SAQMMA12F4836 was awarded for \$5,320,004.65 to provide operation and maintenance support for “the Depot” in Freetown, Sierra Leone. The Depot provides support for African Union and United Nations peacekeeping missions and is critical to strengthening the capacity of African nations to prevent, mitigate, and resolve conflicts in Africa.
- SAQMMA12F0545 was awarded for \$174,374.38 to provide a Senior Security Advisor to assist the Liberian Executive Protection Service in developing its institutional capacity, with the goals of correcting gaps in the leadership and management capacity and bringing the Liberian Executive Protective Service to a self-sustaining professional protection agency.
- SAQMMA12F1583 was awarded for \$3,404,396.07 to provide logistical support for approximately 60 U.S. uniformed mentors located in Liberia and to enhance the capability and professionalism of the Armed Forces of Liberia.
- SAQMMA10F0569 was awarded for \$16,684,285.80 to provide operation and maintenance support at Camp Ware and Camp Edward B. Kessely in Liberia, both of which the U.S. Government recently refurbished. Upgrades included maintaining the existing electrical power grid, establishing the guard force for both camps, maintaining all water-well equipment, and maintaining small arms and other light weapons until the U.S. Government formally transferred the arms and weapons to the Government of Liberia.
- SAQMMA12F2030 was awarded for \$656,330.00 to provide equipment, materials, and services essential to support and sustain the Trans-Sahara Counterterrorism Partnership presence in Mauritania and other countries.
- SAQMMA12F4917 was awarded for \$7,523,859.00 to equip and train the Mauritania and Niger militaries to execute counterterrorism operations within the borders of Mauritania and Niger, and in collaboration with other regional forces.

OIG compared AF’s administration and oversight of the contracts listed with Federal and Department guidance to determine the extent to which administration and oversight were conducted in accordance with applicable laws and guidance. The Federal Acquisition Regulation (FAR) establishes the uniform policies and procedures for acquisition by all executive agencies, and the Department supplements the FAR through the *Foreign Affairs Handbook* (FAH), Department of State Acquisition Regulations (DOSAR), and Procurement Information Bulletins.

Key Oversight Personnel – Contracts

FAR and Department regulations describe the roles and responsibilities of Government personnel who are responsible for awarding, administering, and overseeing contracts.

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Contracting Officer

The contracting officer (CO) is the U.S. Government's authorized agent for dealing with contractors and has sole authority to solicit proposals; negotiate, award, administer, modify, or terminate contracts; and make related determinations and findings on behalf of the U.S. Government. The CO performs duties at the request of the requirements office and relies on that office for technical advice concerning the supplies or services being acquired.³

Contracting Officer's Representative

A CO may designate technically qualified personnel as CORs to be the CO's authorized representatives to assist in the administration of contracts. CORs are responsible for oversight, inspection, and acceptance of goods, services, and construction. The COR has no authority to make any commitments or changes that affect price, quality, quantity, delivery, or other terms and conditions of the contract.⁴ A COR must be a U.S. Government employee unless A/OPE has approved alternate procedures (for example, has allowed personal services contractors to serve as CORs).⁵

Government Technical Monitor

The CO may appoint a GTM to assist the COR in monitoring a contractor's performance because of a GTM's physical proximity to the contractor's work site or because of the GTM's special skills or knowledge necessary for monitoring the contractor's work. A GTM may also be appointed to represent the interests of another requirements office or post concerned with the contractor's work,⁶ which therefore requires the GTM to be a direct-hire U.S. Government employee or an individual hired under a personal services agreement or a personal services contract.

Grants Administration and Oversight

From FY 2010 through FY 2012, AF funded \$70 million in grants awarded domestically⁷ through A/LM/AQM. Grants administered by AF covered a wide array of products and services to achieve the five pillars of U.S. policy for Africa.

To assess AF's administration and oversight of its grants, OIG selected a judgment sample of eight cooperative agreements⁸ or grants valued at \$32.2 million that were funded from

³ 14 FAH-2 H-141, "Responsibilities of the Contracting Officer."

⁴ FAR 1.602-2, "Responsibilities."

⁵ 14 FAH-2 H-143, "Designating a Contracting Officer's Representative (COR)." 14 FAH-2 H-113b, "Qualifying as a COR: Federal Acquisition Certification: Contracting Officer's Representative."

⁶ DOSAR 642.271, "Government Technical Monitors."

⁷ OIG identified its universe of grants from data provided by A/LM/AQM, which did not include AF grants directly awarded at posts.

⁸ Cooperative agreements are referred to as grants for the remainder of this report.

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FY 2010 through FY 2012 and performed in the African countries of Uganda, Liberia, and Mauritania. A synopsis of each grant follows:

- S-LMAQM-12-CA-1100 was awarded for \$440,807.00 to organize a security reform symposium in Liberia, securing the symposium site and the accommodations for all the African participants, facilitators, and guest speakers.
- S-LMAQM-11-GR-005 was awarded for \$356,207.27 for the Government of Liberia to receive and use equipment donated by the United States for official business.
- S-LMAQM-11-GR-071 was awarded for \$267,300.00 to fund a Youth-at-risk study trip for 15 Mauritians to travel to the United States to meet with people and representatives of organizations working to reintegrate troubled youth in society.
- S-LMAQM-11-GR-047 was awarded for \$2,868,030.00 to provide training, equipment, and technical assistance for three vocational schools in Mauritania to train youth who are vulnerable to radicalization.
- S-LMAQM-12-GR-1217 was awarded for \$199,950.00 to contribute to the economic and social empowerment of women in Uganda by strengthening their ability to transition from students to the workplace and adulthood.
- S-LMAQM-10-GR-005 was awarded for \$5,946,000.00 to provide pharmaceuticals and medical supplies to support the civic outreach programs of the African Union Mission to Somalia, specifically by delivering medical care to the people of Mogadishu through health clinics.
- S-LMAQM-10-GR-019 was awarded for \$4,000,000.00 for military advisers to the Transitional Federal Government military commander to provide tactical, operational, and strategic advice to counter insurgent activity on the ground.
- S-LMAQM-11-CA-084 was awarded for \$18,074,851.00 and performed in Uganda to assist the African Union Mission in Somalia with developing operational enhancements to improve force protection and mission effectiveness and reduce casualties from insurgent terror and warfare tactics.

OIG compared AF's administration and oversight of these grants with Federal and Department guidance to determine the extent to which administration and oversight were conducted in accordance with applicable laws and guidance. Office of Management and Budget (OMB) Circular No. A-102,⁹ No. A-110,¹⁰ and No. A-133¹¹ shape the policies and practices Federal agencies use for the grants we reviewed. The Department provides internal guidance, policies, and standards for grants in its Federal Assistance Policy Handbook and Grants Policy Directives (GPD).

⁹ OMB Circular No. A-102, *Grants and Cooperative Agreements With State and Local Governments*.

¹⁰ OMB Circular No. A-110, *Uniform Administrative Requirements for Grants and Other Agreements with Institutions of Higher Education, Hospitals and Other Non-Profit Organizations*.

¹¹ OMB Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Key Oversight Personnel – Grants

Department Directives describe the roles and responsibilities of Government personnel assigned responsibility for awarding, administering, and overseeing grants.

Grants Officer

The grants officer (GO) is authorized by certificate of appointment issued by A/OPE to award, amend, and terminate a Federal assistance agreement. The GO is responsible for exercising prudent management over assistance funds.¹²

Grants Officer Representative

Upon award, Department policy states that the GO shall designate a GOR for all grant awards exceeding \$100,000. The GOR is certified by the Bureau of Administration, Office of the Procurement Executive, Federal Assistance Division, and designated, in writing, by the GO to oversee certain aspects of a specific assistance agreement from the award's inception through close-out. This authority is not re-delegable other than as specified in the GOR's designation letter. The GOR assists the GO with ensuring that the Department exercises prudent management and oversight of the award through the monitoring and evaluation of the recipient's performance.¹³

Objective

The primary objective of the audit was to determine to what extent AF's administration and oversight of contracts and grants were in accordance with Federal laws and Department of State guidance. (The scope and methodology of the audit are detailed in Appendix A.)

Audit Results

Finding A. Improvements Needed for Comprehensive Administration and Oversight of Bureau of African Affairs Contracts

Based on our review of eight AF contracts, OIG identified five areas in which AF did not always administer or oversee its contracts in accordance with Federal laws and Department guidance. Specifically, AF did not (1) ensure that a certified COR was assigned throughout the lifecycle of the contract, (2) use GTMs on site to monitor contractor performance, (3) develop contract monitoring plans, (4) perform and document site visits to validate recipient performance, and (5) ensure the accessibility and completeness of COR files. The identified deficiencies as they correspond to the eight contracts reviewed are shown in Table 1.

¹² GPD 28, rev. 1, "Roles and Responsibilities for the Award and Administration of Federal Assistance."

¹³ GPD 16, rev. 3, "Designation of Grants Officer Representatives."

UNCLASSIFIED

Table 1. Contract Deficiencies Identified and the Eight Contracts Reviewed

Identified Deficiencies	Contracts Reviewed*							
	SAQMMA12F0313	SAQMMA11F3349	SAQMMA12F4836	SAQMMA12F0545	SAQMMA12F1583	SAQMMA10F0569	SAQMMA12F2030	SAQMMA12F4917
No COR Delegation for Contract Lifecycle	X	X	X	X	X		X	X
Use of Site Coordinators as GTMs Without Formal Delegation				X	X		X	X
No Quality Assurance Plans	X	X	X	X	X	X	X	X
No Evidence of Site Visits			X	X	X	X	X	X
Incomplete or Inaccessible COR Files	X	X	X	X	X	X	X	X

* Each contract is described in the Background section, "Contract Administration and Oversight."

Source: OIG generated Table 1 based on analysis of a sample of eight AF contract files awarded from FY 2010 through FY 2012.

In general, the deficiencies we identified occurred because AF had not developed and implemented processes to ensure that Federal laws and Department guidance related to contract oversight had been implemented. Without comprehensive oversight of AF contracts, the Department may not always have reasonable assurance that Federal funds were spent in accordance with contract terms, that the contract recipient performed program activities as dictated in the contract, and that the program's goals and objectives were achieved.

No Contracting Officer's Representative Delegation for Contract Lifecycle¹⁴

Seven (88 percent) of the eight contracts we reviewed experienced a period without a COR delegation. Two (25 percent) of the eight contract files we reviewed contained an official COR delegation memorandum as of August 1, 2013; however, the two designated CORs were no longer executing COR responsibilities for those contracts. Rather, all of the contracts we reviewed had a person acting in the capacity of a COR.¹⁵ In addition, seven (88 percent) of the eight contracts we reviewed did not have a COR assigned for a period of months because of personnel vacating their positions. For example, the COR for four (50 percent) of the eight contracts we reviewed retired in 2013 and AF officials did not replace the vacant COR position for 5 months. During these periods, there was no evidence of anyone else providing oversight for these contracts. In some cases, CORs were never formally assigned or replaced. In addition, three (38 percent) of the eight contracts did not have a COR with the appropriate Federal

¹⁴ The contracts reviewed had lifecycles of 1 year to 3 years.

¹⁵ This report refers to individuals serving in the COR capacity as a COR.

UNCLASSIFIED

Acquisition Certification for Contracting Officer's Representatives (FAC-COR)¹⁶ prior to assuming their respective positions.¹⁷

The DOSAR¹⁸ states that COs may designate technically qualified personnel as their authorized representatives to assist in the administration of contracts. The FAH¹⁹ emphasizes that the COR serves as the “eyes and ears” of the CO. As a practical matter, the CO rarely has expertise in all the areas necessary to ensure successful contract completion. Therefore, the CO must rely on the COR to assist with contract development and administration. It is the COR's responsibility to ensure, through liaison with the contractor, that the contractor accomplishes the technical and financial aspects of the contract.

The DOSAR states that a CO must appoint a COR using Form DS 1924, Certificate of Appointment. The DOSAR further states that the CO shall prepare an accompanying delegation memorandum to outline the scope of the COR's authority, including duties, responsibilities, and prohibitions. By signing their delegation memoranda, CORs acknowledge their roles and responsibilities and allow COs to hold delegated CORs accountable for performing those duties. As of January 1, 2012, OMB required COR candidates to complete mandatory training requirements to obtain FAC-COR certifications, which the Department implemented through Procurement Information Bulletin 2012-15.²⁰ The basic requirements are summarized, as shown in Table 2. The complete FAC-COR Certification Table may be found in Reference Document II of Procurement Information Bulletin 2012-15.

¹⁶ The Office of Federal Procurement Policy established guidance requiring CORs and GTMs to meet standardized training and experience requirements. The FAC-COR is composed of three levels, Levels I, II, and III, which represent tiers of training hours and experience.

¹⁷ The OIG reviewed FAC-COR certifications for current CORs.

¹⁸ DOSAR 642.270(a), “Contracting Officer's Representative (COR).”

¹⁹ 14 FAH-2 H-111, “Purpose.”

²⁰ Procurement Information Bulletin Number 2012-15, “The Revised Federal Acquisition Certification Program for Contracting Officer Representatives (CORs) and Government Technical Monitors (GTM) (FAC-COR),” effective August 8, 2012.

UNCLASSIFIED

Table 2. FAC-COR Certification Requirements and Appropriate Use

Certification Level	Training Requirement	Appropriate Use
Level 1	8 hours / 6 months of U.S. Government experience	Low-risk contract vehicles below the simplified acquisition threshold ^a
Level 2	40 hours / 12 months of COR experience	Moderate-to-high complexity contracts ^b
Level 3	60 hours / 24 months of COR experience	Major investments as defined by OMB Circular A-11 ^c certification

^a As defined by the FAR, the simplified acquisition threshold is \$150,000.

^b OMB Memorandum, *Revisions to the Federal Acquisition Certification for Contracting Officer's Representatives (FAC-COR)*, September 6, 2011, provides the appropriate use for Level II and Level III COR certification.

^c OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*, July 2013.

Source: OMB Memorandum, *Revisions to the Federal Acquisition Certification for Contracting Officer's Representatives (FAC-COR)*, Sept. 6, 2011, and Procurement Information Bulletin 2012-15, *The Revised Federal Acquisition Certification Program for Contracting Officer Representatives (CORs) and Government Technical Monitors (GTMs) (FAC-COR)*, Aug. 8, 2012.

The Department did not consistently designate CORs for AF contracts because AF did not have procedures or a current roster of certified CORs in place by which to nominate eligible candidates to the CO for official COR designation. According to A/OPE's FAC-COR certification list as of November 1, 2013, AF had 32 certified Level I CORs, 64 Level II CORs, and two Level III CORs. However, OIG determined that the list was inaccurate. Specifically, the list included CORs who no longer worked for AF and some CORs whose certifications had expired. Because the list of FAC-COR certified employees was inaccurate, AF could not ensure that designated CORs were currently and/or properly certified. For example, because AF did not have a sufficient number of Level II or Level III FAC-COR certified CORs, it selected a Level I COR to administer and oversee a contract requiring a Level II certification. Since that individual was not qualified to execute the duties required of a Level II COR, the CO could not delegate COR authority to this person. In addition, AF did not develop contingency planning for anticipated staff turnover.

Establishing procedures and contingency plans to ensure that CORs are properly certified, nominated, and designated would minimize the risk that contract oversight is overlooked and ensure that designated CORs are fully aware of their roles and responsibilities in conducting adequate oversight of contracts. In addition, without formally designating a COR, the CO cannot hold the COR accountable for performing oversight duties. Ultimately, AF jeopardized the success of contracts because inappropriately trained and inexperienced personnel oversaw the contracts. Training and developing a greater number of CORs could mitigate such problems and would promote greater flexibility in AF's assignment of contracts to CORs.

Recommendation 1. OIG recommends that the Bureau of African Affairs develop and implement procedures to ensure that it complies with the Office of the Procurement Executive's guidance to nominate eligible Federal Acquisition Certification for Contracting Officer's Representative candidates to the contracting officer (CO) for

UNCLASSIFIED

official designation as a contracting officer's representative (COR) and ensure that other COR candidates do not fulfill this role without the CO's concurrence.

Management Response: AF concurred with the recommendation, stating that it will work with the responsible CO to establish additional internal procedures ensuring that an adequate level of contract administration and oversight is provided and complies with A/OPE guidance. In addition, AF will nominate CORs for each of its contracts.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF has established procedures to ensure adequate administration and oversight of its contracts, including the nomination of eligible FAC-COR candidates to the CO.

Recommendation 2. OIG recommends that the Bureau of African Affairs (AF) develop and implement a process to review the Office of the Procurement Executive's Federal Acquisition Certification for Contracting Officer's Representatives list on, at a minimum, a bi-annual basis, reconcile the list against contracting officer's representatives who are currently employed by AF, and request that the Office of the Procurement Executive correct any discrepancies identified.

Management Response: AF concurred with the recommendation, stating that it will develop and implement a process to verify, at least semiannually, the accuracy of A/OPE's FAC-COR list for each of AF's active contracts and task orders. AF further stated that it will work with A/OPE to correct any noted discrepancies.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF has developed and implemented a process to review the accuracy of A/OPE's FAC-COR list on a biannual basis. In addition, AF's documented process should specify the actions it will take to correct noted deficiencies within A/OPE's FAC-COR list.

Recommendation 3. OIG recommends that the Bureau of African Affairs develop and implement a process to match the reconciled Office of the Procurement Executive's Federal Acquisition Certification for Contracting Officer's Representatives list against planned procurements during the upcoming year and build or maintain a roster of certified contracting officer's representatives to ensure that contracts have continual oversight throughout the lifecycle of the contract.

Management Response: AF concurred with the recommendation, stating that it will formalize its process to reconcile A/OPE's FAC-COR list against planned procurements during the upcoming year to ensure continual oversight throughout the lifecycle of each AF contract and task order.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF has

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formalized its process for matching the reconciled FAC-COR list against planned procurements to ensure continual oversight throughout the lifecycle of each AF contract and task order.

Recommendation 4. OIG recommends that the Bureau of African Affairs develop and implement contingency plans that eliminate lapses in oversight by qualified and trained contracting officer's representatives throughout the lifecycle of all contracts.

Management Response: AF concurred with the recommendation, stating that it will coordinate with A/LM/AQM to establish procedures and contingency plans that eliminate lapses in oversight by qualified and trained CORs throughout the lifecycle of all contracts.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF, in coordination with A/LM/AQM, has established procedures and contingency plans that eliminate lapses in oversight by qualified and trained CORs throughout the lifecycle of all AF contracts.

Use of Site Coordinators Circumvents GTM Certification Requirements

Four (50 percent) of the eight contracts we reviewed used "site coordinators" without formal delegation rather than GTMs to assist with oversight of contracts on site. None of the site coordinators had the combination of sufficient training or experience to perform GTM-like responsibilities, and none had FAC-COR Level II or Level III certifications. For example, the CO responsible for the two contracts we reviewed in Mauritania did not officially delegate any GTMs. Because of the high-risk nature of these cost-reimbursable contracts, only individuals with a Level II or Level III FAC-COR certification should have been delegated contract administration and oversight responsibilities. Despite the requirement, a non-FAC-COR-certified individual served in the site coordinator capacity. According to the site coordinator, she did not have any prior training on contracts or contract oversight. In addition, the site coordinator stated that the COR did not provide her with a copy of the contract, the contract modifications, or any other relevant information for 4 months. Alternatively, the site coordinator had to rely on the contractor to provide a copy of these and other pertinent documents. Further, the site coordinator emphasized that since she had not taken any training, she did not fully understand her role and responsibilities, and was not aware of how to oversee the contractor's performance.

According to AF officials, a site coordinator can be either a U.S. Government employee or a contractor, and the difference between a site coordinator and a GTM is that site coordinators do not accept goods or services or approve invoices whereas GTMs do. Instead, the site coordinator makes recommendations to the COR, who makes the final determinations about receiving or rejecting goods and services and approving invoices. However, A/OPE officials stated that the Department does not recognize the term "site coordinator" and therefore had no policies or guidance to describe the site coordinators roles, responsibilities, training and

UNCLASSIFIED

certification requirements, or limitations. Because the Department does not recognize the term “site coordinator,” AF’s use of site coordinators, rather than GTMs, allowed AF to circumvent FAC-COR certification requirements.

Federal regulations and Department policies establish minimum training and certification requirements for GTMs. GTMs are required to have the same training and certification level as CORs (details on COR training and certification requirements are in Table 2).²¹ In addition to these requirements, COs officially designate GTMs via a delegation letter. Each delegation letter outlines the GTM’s roles, responsibilities, and limitations for the contracts under their purview. Prior to this delegation, the CO verifies that the GTM nominee meets the minimum training requirements and maintains an adequate and current certification.

AF officials stated that they used site coordinators because many of the Department’s African posts suffered from manpower shortages, and frequent turnovers often resulted in oversight vacancies that it filled with inexperienced and non-FAC-COR-certified individuals. AF officials also stated that they had used site coordinators because of the site coordinator’s ability to travel to locations where Government personnel could not travel. Despite the official’s statement, OIG found that site coordinators were used in Mauritania and Liberia, which are countries where Government employees are authorized to travel.

The use of site coordinators in lieu of GTMs leaves the Department vulnerable to contract mismanagement because site coordinators are not held to any certification standards and contractors who are assigned as site coordinators may perform inherently governmental functions.²² AF should follow A/OPE policies and procedures to ensure that on-site personnel have the required training and experience to identify fraud, waste, and abuse and properly oversee assigned contracts.

Recommendation 5. OIG recommends that the Bureau of African Affairs discontinue the use of site coordinators in locations that allow Government personnel to work within that country and develop and implement processes to ensure that contracting officer’s representatives and government technical monitors with the appropriate levels of Federal Acquisition Certification for Contracting Officer’s Representatives are officially delegated to conduct oversight of their assigned contracts.

Management Response: AF provided pending concurrence. Specifically, AF stated that it will adjust its use of site coordinators based upon the results of A/OPE’s review and clarification of site coordinator responsibilities (per Recommendation 6). AF further stated that it will reinforce measures to ensure that site coordinators do not perform inherently governmental duties and plans to evaluate the program load and geographic positioning of its oversight personnel.

²¹ DOSAR 642.271, *Government Technical Monitor (GTM)*.

²² In the report *Audit of Department of State Selection and Positioning of Contracting Officer’s Representatives*, (AUD-CG-14-07, Jan. 2014), OIG found that third-party contractors were used as “site coordinators” and performed inherently governmental functions.

UNCLASSIFIED

OIG Reply: OIG considers the recommendation unresolved because AF plans to continue using site coordinators until A/OPE issues guidance on the subject, which does not meet the intent of this recommendation. Specifically, employing site coordinators in lieu of certified CORs and GTMs leaves the Department vulnerable to contract mismanagement and circumvents FAC-COR requirements. This recommendation can be resolved and closed when OIG reviews and accepts documentation demonstrating that AF has discontinued its use of site coordinators and has developed and implemented processes to ensure that certified CORs and GTMs are officially delegated to conduct oversight of assigned contracts.

Recommendation 6. OIG recommends that the Bureau of Administration, Office of the Procurement Executive, issue guidance on whether the use of site coordinators by the Bureau of African Affairs meets Federal regulations and Department of State guidance for contract administration and oversight.

Management Response: A/OPE concurred with the recommendation, stating that it will issue guidance on whether the use of site coordinators by AF meets Federal regulations and Department guidance for contract administration and oversight.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that A/OPE has issued guidance on whether the use of site coordinators by AF meets Federal regulations and Department guidance for contract administration and oversight.

No Quality Assurance Plans

AF did not develop any quality assurance plans to monitor the eight contracts that we reviewed. In addition, there was limited evidence in the COR files for the eight contracts we reviewed to demonstrate a consistent level of oversight within the same contract when more than one COR was assigned during the contract's lifecycle. Although the CORs we interviewed stated that their oversight included conducting weekly situation reports, or "sitreps,"²³ with their respective contractors, these interactions were not documented in the COR files.

According to the FAR,²⁴ quality assurance surveillance plans should be prepared in conjunction with the preparation of the statement of work. The plan should specify all the work requiring surveillance and the method of surveillance. The FAR also states that each contract shall designate the place or places where the Government reserves the right to perform quality assurance. Typically, Government personnel perform quality assurance at the source or at the destination. In addition, the FAH²⁵ states that if the contract contains a quality assurance plan, the COR must follow the terms established in the plan to measure contractor performance. Specifically, the FAH states:

²³ Sitreps are weekly meetings held by a COR with each contractor providing a status update.

²⁴ FAR 46.4, "Government Contract Quality Assurance."

²⁵ 14 FAH-2 H-523.2(d), "Inspection."

UNCLASSIFIED

The Bureau [requirements office] that develops requirements for the contract is responsible for developing specifications for inspection, testing, and other quality measures to be included in solicitations and contracts. When administering the contract, 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. In some cases, the contract will contain a “quality assurance plan” and the COR will use the procedures in this plan to evaluate the quality of services or deliverables provided.

AF officials did not explain why they had not developed quality assurance plans for each of the contracts in our review. However, AF officials stated that they did not have a template for developing a quality assurance plan.

Quality assurance plans provide consistent oversight expectations of key personnel involved and ensure that oversight personnel consistently follow the terms established in the plan to measure contractor performance. Had AF developed and implemented quality assurance plans, oversight personnel would know their roles and ensure that Government personnel oversee critical aspects of the contract. Moreover, quality assurance plans would ease the transition in cases of turnover of oversight personnel. The plans would also provide an accountability measure for program managers and COs to ensure that oversight personnel are conducting oversight in a manner commensurate with the contract’s risk and Government’s expectations.

Recommendation 7. OIG recommends that the Bureau of African Affairs develop a quality assurance plan template that can be tailored for the unique needs of each contract and develop and implement a policy to ensure that contracting officer’s representatives use these plans to perform oversight of contracts.

Management Response: AF concurred with the recommendation, stating that it will coordinate with A/LM/AQM to develop a quality assurance template for contract oversight. In addition, AF stated that it had begun incorporating standard project monitoring and control language into all relevant sections of a project scope of work in 2013. Further, when appropriate, AF stated that it will work with the CO to require contractors to deliver a quality assurance surveillance plan, which will be used to help develop the COR’s quality assurance plan.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF coordinated with A/LM/AQM to develop a quality assurance plan template for contract oversight and implemented a policy to instruct CORs to use the template when appropriate.

Conduct and Document Site Visits

OIG found that CORs did not perform and document site visits for six (75 percent) of eight contracts we reviewed. In the two instances in which site visits had been conducted, the COR photographed the site. However, he did not provide a narrative to interpret the photographs

UNCLASSIFIED

or document the results of the site visit and he did not conduct appropriate oversight during the visit. A site visit may be indispensable in checking contractor performance. A site visit may also be necessary to check actual against reported performance, inspect facilities and working conditions, and verify that personnel charged to a cost-reimbursable contract are actually performing work under the contract. According to the FAH,²⁶ the best method for monitoring the contractor's work is through actual inspection. The inspection clause in U.S. Government contracts gives the U.S. Government's authorized representatives the right to inspect and test what is being generated under the contract at all stages of performance and wherever the work is being conducted. The FAH also states that site visits should be conducted jointly by the CO and the COR; however, as a practical matter, site visits are often delegated to the COR as noted in 14 FAH-2 H-522.3.²⁷ Each COR file must contain documentation of on-site visit results. The COR must provide the CO with copies of all materials that he or she authors, such as site visit reports.²⁸

OIG found that CORs did not perform and document site visits because AF did not have a written policy requiring CORs to conduct site visits for each contract recipient. Similarly, AF did not have a process in place to ensure that CORs documented their site visits in accordance with the Department's FAH. In addition, CORs ignored their property administration responsibilities to ensure that Government-furnished equipment was used in accordance with the purpose of the contract.

Without performing and documenting site visits, CORs were not performing an integral part of oversight and did not have reasonable assurance that contracts were performed in accordance with the proposed budget and program goals. In addition, CORs did not hold contractors accountable for performance in accordance with contract terms and conditions. For example, a COR conducted a site visit to inspect and accept a latrine after it was built on a forward operating base in Sierra Leone.²⁹ The contract required a latrine to be built at the lowest point of a forward operating base; instead, the contractor built the latrine at an elevated point on the base. The latrine was useless because water is gravity fed on this base and the water storage tanks were positioned below the latrine. The contractor installed a water pump to push water up the mountain. However, the Sierra Leonean soldiers did not know how to operate the system. Despite the contractor's non-conformance with contract requirements, the COR accepted the latrine and paid the contractor the full amount of \$162,000 for its services.

For another contract³⁰ in Sierra Leone, OIG determined that AF had accepted the purchase of equipment that did not meet contractual requirements. Specifically, the Government accepted and paid for a generator and two fuel tanks that did not meet the requirements specified

²⁶ 14 FAH-2 H-522.1(a), "Inspecting the Work."

²⁷ 14 FAH-2 H-522.1(b), "Inspecting the Work" also states that the COR may perform inspections by using several techniques and procedures, including spot checks, scheduled inspections of specific functions, random sampling of routine functions, use of contract monitoring and user reports, and periodic review of the contractor's quality control program and reports.

²⁸ 14 FAH-2 H-517(a-b), "Standard Contracting Officer's Representative (COR) Working File."

²⁹ Contract No. SAQMMA12F0313.

³⁰ Contract No. SAQMMA12F4836.

UNCLASSIFIED

in the contract, all of which totaled \$83,295.20. Additionally, for this same contract, Embassy Freetown staff used Government-furnished equipment costing \$1.5 million for purposes other than for which the equipment was intended. For example, the Government-furnished equipment was used to service Embassy personnel's personal vehicles as well as to perform maintenance on Embassy equipment. The FAR strictly prohibits the use of Government-furnished equipment for anything other than its intended use. Site visits by CORs in these cases may have identified these issues and allowed the Department to remedy these situations accordingly.

Recommendation 8. OIG recommends that the Bureau of African Affairs develop guidance that requires contracting officer's representatives to perform site visits for each contract recipient at least once during the life of the contract or annually for those recipients identified as high-risk.

Management Response: AF concurred with the recommendation, stating that it will formalize its existing guidance requiring CORs to perform at least one site visit per year for each of its large and complex contracts.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF developed guidance requiring its CORs to perform at least one site visit per year for each of their high-risk contract recipients, which includes large and complex contracts.

Recommendation 9. OIG recommends that the Bureau of African Affairs follow the Department's *Foreign Affairs Handbook* guidance to ensure that each contracting officer's representative documents the findings and results of their site visits and provides this information to the contracting officer.

Management Response: AF concurred with the recommendation, stating that it will establish procedures to ensure that CORs document certain elements of each site visit on a detailed trip report that they will centrally file within 30 days after trip completion. Additionally, AF stated that it will coordinate with A/LM/AQM and request that the CO review each COR file at least semiannually.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF established written procedures on documenting and maintaining trip reports for each COR site visit, to include providing trip reports to the applicable CO.

Recommendation 10. OIG recommends that the Bureau of African Affairs issue a memorandum to Embassy Freetown prohibiting the inappropriate use of Government furnished equipment and require contracting officer's representatives to monitor the appropriate use of Government-furnished equipment.

Management Response: AF concurred with the recommendation, stating that it will request the CO for the contract in question to render a decision on the appropriate use of

UNCLASSIFIED

Government-furnished equipment. In addition, AF provided details on prior discussions it had with embassy officials about the appropriate use of Government furnished equipment.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that the CO rendered a formal decision about the appropriate use of Government-furnished equipment for Contract No. SAQMMA12F4836.

Incomplete or Inaccessible Contracting Officer's Representative Files

As previously mentioned, none of the eight COR files OIG reviewed included all of the documentation required by the FAR and the FAH. AF's COR files generally did not contain sufficient documentation to demonstrate that CORs performed adequate contract oversight. Some examples of missing documentation included the following: COR and GTM delegation letters, copies of all contractor correspondence, site visit reports, assessments of contractor performance, copies of all invoices, and a payment register indicating the balance of funds remaining. In addition, AF's COR files were not readily available upon OIG request. For example, AF could not locate a COR file for Contract No. SAQMMA12F0545 for advisory services provided to the Government of Liberia.

The head of each office performing contracting or contract administration must establish files containing the records of all contractual actions. According to the FAR,³¹ the documentation in these files shall be sufficient to constitute a complete history of the transaction for the purpose of providing a complete background as a basis for informed decisions at each step in the acquisition process. Contract files should also provide support for actions taken, provide information for reviews and investigations, and furnish essential facts in the event of litigation or congressional inquiries. In addition, the FAR³² states that each COR shall maintain a file for each assigned contract. The file must include, at a minimum, a copy of the CO's designation and other documents describing the COR's duties and responsibilities, a copy of the contract administration functions delegated to a contract administration office which may not be delegated to the COR, and documentation of COR actions taken in accordance with the delegation of authority.

The FAH³³ requires each COR to establish and maintain a file for each contract under his or her administration. The file's purpose is twofold: to provide easy access to technical contract information and work progress; and to ease the transition to a new COR if more than one is appointed during the life of a contract. The COR file must include copies of the following items:

- Complete procurement request package.
- Solicitation and any amendments.

³¹ FAR 4.801(b), "Government Contract Files."

³² FAR 1.604, "Contracting Officer's Representative (COR)."

³³ 14 FAH-2 H-517.

UNCLASSIFIED

- Technical and cost proposals submitted by the winning contractor.
- Copy of the contractor's approved work plan if required.
- Copy of the contract and all modifications.
- Copies of all progress reports submitted by the contractor.
- Copies of all correspondence and synopses of telephone calls to and from the contractor.
- Interim and final technical reports or other products.
- Documentation of acceptability/unacceptability of deliverables.
- Documentation of on-site visit results.
- Copies of any memoranda regarding periodic performance affecting payment.
- Copies of all invoices/vouchers and a payment register indicating the balance of funds remaining.
- COR's final assessment of contractor performance.
- Any other pertinent materials or information.

In addition, the requirements office,³⁴ in this case AF, must develop a procedure for retention of the COR file.

The incompleteness and inaccessibility of COR files occurred because CORs did not comply with standards set forth in the FAR and the FAH and no one within AF was monitoring the files to ensure that they were complete. In addition, AF officials explained that the missing documentation from COR files could be located in other areas, such as the COR's email folders and desktop computer files. However, this was not in accordance with Department guidance, as files should have been centrally maintained but were not because AF did not have procedures for the retention or retirement of COR files as required by the FAH.

Maintaining incomplete and inaccessible files does not provide easy access to technical contract information and does not ease the transition to a new COR. Without centrally maintaining documentation, incoming CORs who assume oversight of a contract immediately have their ability to effectively oversee the contractor's performance inhibited. And, when documentation is misfiled or is incomplete, the Government may not have documentation to defend its position of contractor non-conformance, potentially resulting in paying for goods and services that do not meet requirements.

Recommendation 11. OIG recommends that the Bureau of African Affairs establish and implement policies and procedures to ensure the completeness, accessibility, retention, and review of contracting officer's representative files in accordance with the Federal Acquisition Regulation and the *Foreign Affairs Handbook*.

Management Response: AF concurred with the recommendation, stating that it will establish and implement policies and procedures to retain complete, accessible COR files

³⁴ The requirements office is the bureau that developed a statement of need.

UNCLASSIFIED

in a central location. In addition, AF stated that it will perform a semiannual review of COR files to make certain they are properly maintained.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF established and implemented policies and procedures on the retention, completeness, accessibility, and semiannual review of COR files.

Finding B. Improvements Needed for Comprehensive Administration and Oversight of Bureau of African Affairs Grants

All eight of the AF grants we reviewed were inadequately administered and monitored by oversight personnel. Specifically, OIG identified eight areas where AF did not take the following actions: (1) ensure that a certified GOR was assigned throughout the lifecycle of all grant awards, (2) notify the GO of recipients' non-conformance with the terms and conditions or deviations from the grant award that required an amendment, (3) include language for grantees to report by performance indicators, (4) develop grant monitoring plans, (5) require the timely submission of all required reports from the recipient prior to making payments, (6) adequately document the reviews of quarterly performance and financial reports, (7) perform site visits to validate recipient performance, and (8) identify high-risk grant recipients. The identified deficiencies as they correspond to the eight grants reviewed are shown in Table 3.

UNCLASSIFIED

Table 3. Grant Deficiencies Identified and the Eight Grants Reviewed

Identified Deficiencies	Grants Reviewed ^a							
	S-LMAQM-12-CA-1100	S-LMAQM-11-GR-005	S-LMAQM-11-GR-071	S-LMAQM-11-GR-047	S-LMAQM-12-GR-1217	S-LMAQM-10-GR-005	S-LMAQM-10-GR-019	S-LMAQM-11-CA-084
No GOR Delegation for Grant Lifecycle				X	X	X	X	
Lack of Amendments for Grant Awards					X	X		
Grantees Not Reporting by Performance Indicators	X	X	X	X	X	X	X	X
No Monitoring Plan (Grant)	X	X	X	X	X	X	X	X
Untimely Performance and Financial Reports ^b	X	X	X	X	X	X	X	X
No Reviews of Performance and Financial Reports ^b	X	X	X	X	X	X	X	X
No Evidence of Site Visits	X	X	X	X	X	X	X	X
Insufficient Identification of High-Risk Recipients ^c	n/a	n/a	n/a	n/a	X	X	n/a	n/a

^a Each grant is described in the Background section, "Grants Administration and Oversight."

^b Grant Number S-LMAQM-11-GR-005 is a property grant and therefore does not require performance and financial reports. Instead, the reporting requirement is an annual inventory report, which was not supplied by the grant recipient.

^c Six (75 percent) of the eight grants we reviewed did not meet the requirement to be classified as a high-risk grant recipient. Source: OIG generated Table 3 based on analysis of a sample of eight AF grant files awarded from FY 2010 through 2012.

This lapse in the administration and the monitoring of the grants by AF oversight personnel occurred because relevant Department policies and procedures were not consistently implemented by GORs. Further, some GORs considered their oversight responsibilities secondary to other duties they were required to perform, and AF personnel also stated that GOR duties were often not a priority of AF management. As a result of the deficiencies identified, AF's grants were not always efficiently and effectively administered to ensure compliance with the terms of the grant agreement and to ensure that the goals and objectives of each grant award were achieved. Without comprehensive oversight of AF grants and a management focus on its oversight responsibilities, AF could not have reasonable assurance that Federal funds were spent

UNCLASSIFIED

in accordance with the grant award; that the grant recipient performed program activities as dictated in the grant award; and that the program's indicators, goals, and objectives were achieved.

No Grants Officer Representative Delegation for Grant Lifecycle

For four (50 percent) of the eight grant files we reviewed, a GOR was not assigned for periods of time because personnel had vacated their positions. Five (63 percent) of the eight grant files we reviewed included an original GOR delegation memorandum. However, one of the three individuals appropriately delegated GOR authority had vacated his position and was not immediately replaced. During this period, there was no evidence of anyone performing oversight of this grant.

OIG also found that GORs on four (50 percent) of the eight grants did not fully understand their roles and responsibilities or understand how to perform the functions of a GOR, and two GORs considered their roles to be secondary to their other job duties. For example, one individual working as a GOR in Mauritania was not formally delegated GOR authority by the GO. In addition, he stated that his supervisor's priorities did not include his GOR duties and that he therefore he did not make his GOR duties a priority. This individual did not have a background in grants and did not take grant training, and he stated that he did not know how to administer and oversee the grant to which he was assigned. A similar statement was made by another AF GOR, and A/LM/AQM personnel indicated that many GORs were inexperienced and lacked the training needed to adequately administer and oversee grants.

The Department's GPD 16³⁵ states that it is mandatory for the GO to designate, in writing, a GOR to assist in the post-award administration of every award exceeding \$100,000, whether it is issued domestically or overseas.³⁶ The GPD further states that the GOR is responsible for ensuring that the Department exercises prudent management and oversight of the award through monitoring and evaluating the recipient's performance and that the authorities given to the GOR are not re-delegable other than as specified in the GO's designation letter. In addition, individuals who execute GOR duties are required to complete two classes to obtain GOR certification and 16 hours of continuous learning every 3 years to maintain their GOR certification.

According to the Federal Assistance Policy Handbook, the bureau or post with responsibility for a GOR who is departing because of transfer, reassignment, or absence for an extended period or other reason must plan for effectively disseminating the workload. Pre-departure planning activities must be made well in advance of the separating officer's or representative's last day of duty. To assist senior officials with succession planning, the Federal

³⁵ GPD 16, rev. 3, "Designation of Grants Officer Representatives," Jan. 1, 2013.

³⁶ All eight grants in our sample were more than \$100,000; however, GOs were not required to delegate GORs on Grant Nos. SLMAQM11GR005 and SLMAQM11GR019 because the grants were completed prior to implementation of GPD 16, rev. 3. However, because AF had personnel "acting" in a GOR capacity on both of these grants, we reviewed the grant files for appropriate delegations.

UNCLASSIFIED

Assistance Policy Handbook suggests that bureaus and posts take inventory of the expiration dates for pending program and financial reports and closeout.

Inconsistencies in GOR delegations occurred because AF did not have procedures to nominate, track, and maintain qualified individuals for GOR positions for AF-funded grants in excess of \$100,000. For example, AF did not maintain a list of certified GOR candidates that also identified each individual's areas of technical expertise, certification appointments, and dates of continued training. In addition, while AF officials did not explain why, they stated that they did not execute pre-departure planning activities in accordance with the Federal Assistance Policy Handbook. Having procedures and pre-departure planning in place would have allowed AF to nominate new candidates to the GO to serve as GORs to ensure a seamless transition for the oversight of grants. The Department's GPD 16 states, "[if] the GOR is replaced during the period of the assistance award, the [Grants Officer] shall prepare a new designation memorandum for the replacement GOR and ensure that the Federal assistance recipient receives a copy as well."

To strengthen the management and oversight of assistance agreements, A/OPE annually performs reviews of specific bureaus and posts.³⁷ During these reviews, A/OPE personnel review grant files to ensure the appropriate level of leadership and oversight. If appropriate, A/OPE's review team also conducts on-the-spot training of staff to empower the office reviewed with the tools and knowledge it needs to improve processes. According to AF and A/OPE officials, A/OPE has not performed a grants management review of AF. OIG believes it would be useful for A/OPE to perform a review of AF based on the findings identified in this report.

Having a designated GOR during the lifecycle of a grant is important to ensure that AF has a certified and authorized representative to exercise effective management and oversight of the award through monitoring and evaluating the recipient's performance. In addition, formal delegation of the GOR is important because the delegation letter outlines the GOR's authorities, responsibilities, and limitations. The delegation memorandum is required to be signed by the GOR as acknowledgement of his or her roles and responsibilities and allows GOs to hold delegated GORs accountable for performing those duties. Lapses in GOR delegation may result in grants that are not properly administered or have proper oversight.

Recommendation 12. OIG recommends that the Bureau of African Affairs develop and implement a process to ensure that certified and technically qualified candidates are nominated to the Grants Officer for formal designation as a Grants Officer Representative throughout the lifecycles of all grant awards.

Management Response: AF concurred with the recommendation, stating that it will build upon its existing procedures and processes to ensure that it nominates certified and technically qualified GOR candidates. Additionally, AF will assess its GOR needs for current and planned grants.

³⁷ The Bureau of Administration, Office of the Procurement Executive, Federal Assistance Division performs grant management reviews under the authority of GPD 34, "Grants Management Reviews."

UNCLASSIFIED

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF developed and implemented a process to ensure the nomination of certified and technically qualified candidates to the GO for formal designation as a GOR throughout the lifecycle of all grant awards.

Recommendation 13. OIG recommends that the Bureau of African Affairs develop and maintain a list of certified Grants Officer Representative (GOR) candidates that also identifies each candidate's areas of technical expertise, certification appointments, and dates of continued training and that it reviews ongoing grants semiannually to ensure active GORs are administering and overseeing its grants.

Management Response: AF concurred with the recommendation, stating that it will work with A/OPE to determine whether the existing GOR database has the capability of maintaining all of the recommended information for each GOR candidate. Additionally, AF stated that it will review its list of active grants semiannually to ensure that the grants have appropriate oversight and coverage.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF maintains a list of certified GOR candidates that also identifies each candidate's areas of technical expertise, certification appointments, and dates of continued training. As recommended, AF also needs to provide documentation demonstrating that it has implemented a procedure to semiannually review the administration and oversight of each active grant.

Recommendation 14. OIG recommends that the Bureau of African Affairs maintain an inventory of its grants and their implementation dates with corresponding Grants Officer Representatives (GOR) and that it develop and implement pre-departure planning activities for its GORs in accordance with the Federal Assistance Policy Handbook.

Management Response: AF concurred with the recommendation, stating that it will work with A/OPE to use their existing Grants Solutions database to maintain an inventory of its grants and their implementation dates along with the designated GORs for each. Additionally, AF stated that it will implement procedures to ensure a smooth transition of GOR duties for active grants.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF, in coordination with A/OPE, uses the Grants Solutions database to maintain an inventory of its grants and their implementation dates with corresponding GORs. In addition, AF needs to provide documentation demonstrating that it has implemented procedures as part of pre-departure planning activities to ensure a smooth transition of GOR duties for active grants.

UNCLASSIFIED

Recommendation 15. OIG recommends that the Bureau of Administration, Office of the Procurement Executive, conduct a management review of grants administered by the Bureau of African Affairs (AF) in accordance with Grants Policy Directive 34, "Grants Management Reviews," and that it provide training as necessary to AF's administrative and oversight personnel.

Management Response: A/OPE concurred with the recommendation, stating that it will conduct a domestic grants management review of grants administered by AF by spring 2015, pending available resources. A/OPE stated that it will also consult with AF on the coordination and delivery of federal assistance training to AF administrative and oversight personnel in FY 2015.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that the A/OPE conducted a grants management review of grants administered by AF and that A/OPE coordinated with AF to ensure that its administrative and oversight personnel are adequately trained.

Changes to Grant Awards Require Amendments

Two (25 percent) of the eight grants that OIG reviewed had not been amended to allow for deviations from the Notice of Award. Specifically, AF's GORs allowed a grant recipient to perform a grant beyond the established period of performance³⁸ and another grant recipient to change key personnel³⁹ without amending the grant agreement. In the first instance, the grant agreement stated that the period of performance for the grant lasted until October 30, 2013. However, because funds were still available, the GOR allowed the grantee to continue to perform work through November 2013, after the period of performance had expired, which is outside of the GOR's authority to allow. The GOR stated that he allowed performance to continue without an extension because funding on the grant was still available even though the period of performance had expired.⁴⁰

In the second instance, the GOR did not appropriately monitor the grant award and allowed the grantee to change key personnel after the award was made without informing the GO to execute an amendment to the award, which is also outside the scope of a GOR's authorities. Specifically, for Grant No. S-LMAQM-12-GR-1217, key personnel identified in the scope of work left the organization and were not replaced. OMB Circular No. A-110 and the Department's Standard Terms and Conditions for Assistance Awards⁴¹ require written prior approval, by way of amendment from the Department's GO, for changes in key personnel as specified in the application or award document.

³⁸ Grant No. S-LMAQM-10-GR-005.

³⁹ Grant No. S-LMAQM-12-GR-1217.

⁴⁰ To receive a one-time extension, including extensions with no additional cost to the Government, the grantee is required to submit its request in writing to the GO 10 days prior to the expiration date established in the original award.

⁴¹ Standard Terms and Conditions for Domestic Federal Assistance Awards, Oct. 1, 2009.

UNCLASSIFIED

To ensure compliance with the terms and conditions of grant awards, GORs must understand their roles and responsibilities prescribed by Department directives and must be familiar with aspects of the grants. However, in these two circumstances GORs did not execute their roles and responsibilities in accordance with the Department's GPD 28.⁴² According to GPD 28, the GOR is to administer certain aspects of a specific assistance agreement from the award through closeout. Some of the GOR's duties include the following:

- Ensures compliance with all the terms and conditions of the award.
- Notifies the GO promptly of any developments that could have a significant impact on the recipient's performance.
- Prepares internal documents to support amendments to the award for the GO's evaluation.

AF did not have sufficient guidance in place for GORs to ensure that work was performed by grantees within the scope of the grant agreement and that required GORs to notify the GO of any significant changes to the scope of work that might require a modification to the grant agreement.

GORs are the eyes and ears of the GO. As such, they are the Government's technical experts and are responsible for monitoring the grant recipients in accordance with Federal regulations, Department policies, and grant terms and conditions. By allowing one grantee to perform work after the period of performance had ended, the grantee was paid for incurred costs related to the grant, which resulted in an unauthorized commitment.⁴³ According to grant terms,⁴⁴ the grantee may only be reimbursed for allowable costs incurred during the funding period. They are not entitled to consideration (money) unless and until the unauthorized commitment is ratified.⁴⁵ Payment is therefore substantially delayed or may not be forthcoming at all if the action is not ratified. OIG brought this matter to the attention of the GO, who stated that they would retroactively extend the grant by issuing an amendment, which therefore eliminated the need for grant ratification. Nonetheless, the GOR, by acting outside of his authorized responsibilities, did not allow for the GO to exercise prudent management over foreign assistance funds.⁴⁶

In addition, as a result of the GOR's lack of oversight of key personnel, the Department may not have had assurance that the grant was appropriately staffed by knowledgeable or experienced personnel capable of performing that role. It is imperative that GORs promptly

⁴² GPD 28, rev. 1, "Roles and Responsibilities for the Award and Administration of Federal Assistance," Sept. 2010.

⁴³ GPD 2, rev. 2, "Unauthorized Commitments," states that an unauthorized commitment occurs when an employee other than a GO gives direction or makes a commitment to a recipient that causes the recipient to incur costs exceeding those obligated in the agreement.

⁴⁴ "The U.S. Department of State Standard Terms and Conditions for Domestic Federal Assistance Awards," Oct. 2009.

⁴⁵ Ratification is the act of approving an unauthorized commitment by an official who has the proper authority to do so.

⁴⁶ According to GPD 28, the GO is responsible for exercising prudent management over assistance funds.

UNCLASSIFIED

notify the GO of any deviations from the grant award, since without prompt notification, grants oversight personnel cannot ensure that recipients of assistance awards will achieve a grant's goals and objectives.

Recommendation 16. OIG recommends that the Bureau of African Affairs utilize Grants Policy Directive 28, "Roles and Responsibilities for the Award and Administration of Federal Assistance," and the Standard Terms and Conditions for Domestic and Overseas Federal Assistance Awards to develop and implement standard operating procedures that document responsibilities of the Grants Officer Representative for monitoring the terms and conditions of all grant awards, including promptly notifying the Grants Officer (GO) of all changes that require the GO's attention.

Management Response: AF concurred with the recommendation, stating that it will use the Department's GPDs to further develop and implement standard operating procedures and tailor AF's standard operating procedures for monitoring each of its grants.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF developed and implemented standard operating procedures that document the GOR's responsibility for monitoring grant awards and notifying the GO of all changes that require the GO's attention.

Language Needed for Grantees to Report by Performance Indicator

None of the eight grants OIG reviewed included well-defined and measurable performance indicators⁴⁷ to achieve each grant's purpose. In addition, because indicators were not included in the award, AF did not require grant recipients to report actual performance against performance indicators in relation to the goals established in the required quarterly performance reports.

The Federal Assistance Policy Handbook states that the scope of work or award purpose should align measurable targets and performance indicators with specific goals and objectives of the award or the bureau's mission. Further, the Notice of Award requires grantees to submit quarterly financial and performance reports and typically includes the due dates for those reports. However, the Notice of Award could be improved by including language that describes AF's expectations of required reports as part of the section labeled "Post/Program Specifics." OMB Circular No. A-110⁴⁸ requires certain matters to be included when performance reports are required, including the following:

⁴⁷ Performance indicators measure a particular characteristic or dimension of an intervention's (management effort) outputs or outcomes.

⁴⁸ OMB Circular No. A-110 sets forth standards for obtaining consistency and uniformity among Federal agencies in the administration of grants to and agreements with institutions of higher education, hospitals, and other non-profit organizations.

UNCLASSIFIED

1. A comparison of actual accomplishments with the goals and objectives established for the period.... Whenever appropriate and the output of programs can be readily quantified, such quantitative data should be related to cost data for computation of cost units.
2. Reasons why established goals were not met, if appropriate.

AF awards did not include defined and measurable performance indicators and AF GORs did not require grantees to report against those indicators because AF did not have procedures to ensure that these things occurred for each award. The GOR, as the technical AF representative responsible for monitoring and evaluating the recipient's performance, should have reviewed the grant award documentation and determined whether performance indicators were identified, were included in the award, and were measurable. If the performance indicators were missing or inadequate, the GOR should have worked with the GO to establish appropriate performance indicators prior to the award or should have ensured that the GO modified the award accordingly to incorporate measurable performance indicators. In turn, the GOR should have required that the grant recipients submitted quarterly performance reports that measured activities incurred in comparison to the indicators established. However, because this action did not occur, AF's GORs were not in a position to effectively track the progress of their assigned grants.

By not ensuring that its awards included pertinent performance indicators or requiring the grant recipient's performance report to measure its program's status by those indicators, AF oversight personnel were ill-positioned to determine whether grantees were able to meet their goals and objectives. Grants awarded without performance indicators may have more difficulty in complying with OMB Circular No. A-110 requirements because goals and objectives cannot be measured for the performance period being reported against.

Recommendation 17. OIG recommends that the Bureau of African Affairs develop and implement procedures to ensure that all future Notices of Award include appropriate performance indicators and require that grantees provide performance reports that measure program achievements in comparison to performance indicators and program objectives.

Management Response: AF concurred with the recommendation, stating that it will develop and implement procedures to measure the recipient's performance against the grant's purpose. Specifically, AF stated that it will work with the GO to implement or change grant documents to include requirements that grantees deliver performance reports measuring achievements in comparison to identified performance indicators and program objectives.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF has developed and implemented procedures to ensure that future grants include performance indicators and requirements for recipients to submit performance reports measuring achievements in comparison to identified performance indicators and program objectives.

No Monitoring Plans

OIG determined that GORs did not develop monitoring plans for any of the eight grants we reviewed. The Department's GPD 42⁴⁹ states that it is the responsibility of the GOR, in consultation with the GO, to develop a monitoring plan that is appropriate for the program. The GPD further states that the monitoring plan should document the types of monitoring activities to be performed, the frequency of these activities, and the individuals responsible for each activity. In addition, GPD 42 provides multiple templates for monitoring plans, such as the "Monitoring Plan Worksheet" and the "Sample Narrative Monitoring Plans," both of which include sections for documenting the goals and objectives of the award and the results of recipient performance.

Although not citing a specific reason as to why, AF officials stated that they had not developed a monitoring plan template that fit the general needs of AF grants. Developing such a template could provide consistency in oversight expectations among the grants AF funds, and these plans could be further tailored to meet the specific needs of individual grants. In addition, monitoring plans would aid GORs in times of transition because the new GOR would be aware of what the oversight expectations were for the grant. For example, had a monitoring plan been developed and implemented for Grant No. S-LMAQM-11-GR-047, the incoming GOR would have had a baseline assessment of the grant's goals and objectives and the expected project outcomes. Moreover, a template would provide an accountability measure for program managers and GOs to ensure that GORs are conducting oversight in a manner commensurate with expectations.

Recommendation 18. OIG recommends that the Bureau of African Affairs (AF) develop a monitoring plan template that is consistent with the requirements detailed in Grants Policy Directive 42, "Monitoring Assistance Awards," and that it develop and implement a process to ensure that monitoring plans are utilized to meet the AF's oversight needs for all future grant awards.

Management Response: AF concurred with the recommendation, stating that it will develop procedures and a grants monitoring template to help GORs ensure that grants are meeting performance objectives. Additionally, AF stated that it will require that GORs work with the GO to develop specific grant monitoring plans tailored to meet individual grant performance goals.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF has developed a monitoring plan template and a requirement for the GORs to coordinate with the GO when tailoring the template for the unique needs of each grant.

⁴⁹ GPD 42, "Monitoring Assistance Awards," Sept. 2, 2010.

Untimely Performance and Financial Reports

OIG found that none of the eight grant recipients reviewed had submitted complete quarterly performance and financial reports in a timely manner. For example, all eight of the grants that we reviewed had quarterly reports that were submitted more than 30 days after the end of the quarter or were not submitted at all. In fact, one recipient⁵⁰ had never submitted a quarterly report until the recipient was informed that OIG had selected the grant for review.

For seven (88 percent) of the eight grants we reviewed, we did not find any documentation demonstrating that the GORs had contacted the grant recipients regarding their non-compliance with reporting requirements. In another instance, a grantee⁵¹ failed to submit the required performance and financial reports but still received an advance of funds to execute the grant and continued to receive payments from the Department.

According to the terms and conditions for all of the grant awards we reviewed, grant recipients are required to submit quarterly performance and financial reports no later than 30 days after the end of each calendar year quarter (March 31, June 30, September 30, and December 31). In addition, annual performance reports and financial reports are due 90 calendar days after the award period, and final performance and financial reports should also be submitted within 90 days after the expiration date of the grant award. Regarding the delinquency of reports, the FAH⁵² states:

When a financial assistance recipient has been determined to be delinquent in filing reports, the program office shall send a letter reminding the recipient of delinquent reports. After 30 days, if the recipient has not responded, the bureau will send a second notice letter. If after an additional 30 days the recipient has not responded, the bureau will send a third and final notice letter. After the third notice has been sent, the bureau will suspend all payments until such time as the overdue reports are filed.

The GORs did not notify grant recipients of their delinquency, which was not in compliance with Department policy. When performance and financial reports are not timely, the GOR cannot adequately monitor the grant recipient's technical progress or compare it against incurred costs to ensure that the grant's terms and conditions are being met.

Recommendation 19. OIG recommends that the Bureau of African Affairs (AF) develop and implement a process to ensure that, if grant recipients do not submit timely quarterly, annual, and final performance and financial reports, Grants Officer Representatives will implement remedies as required by the *Foreign Affairs Handbook*, the *Federal Assistance Policy Handbook*, and AF's grant agreements.

⁵⁰ Grant No. S-LMAQM-12-GR-1217.

⁵¹ Grant No. S-LMAQM-12-GR-1217.

⁵² 4 FAH-3 H-674, "Delinquent Reports."

UNCLASSIFIED

Management Response: AF concurred with the recommendation, stating that it will develop procedures and continue to monitor its grant recipients and implement remedies as required by applicable policy and guidance when grant recipients do not file required performance and financial reports. Specifically, AF stated that it will follow-up with the grant recipient within 30 days of a report delinquency, again with a 60-day delinquency letter, and then suspend payments after sending the third and final notice letter at the 90-day delinquency point.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF has developed and implemented procedures to remedy situations when grant recipients do not submit required performance and financial reports.

Document the Review of Performance and Financial Reports

For all eight of the grants we reviewed, we found no documentation demonstrating that GORs reviewed quarterly performance and financial reports. Because GORs did not always review, analyze, and provide written assessments of grant recipients' submitted performance reports and financial reports, the GORs were often unaware of grantee noncompliance or performance shortfalls, which we identified during our review. For example, two (25 percent) of eight grant recipients procured items outside of grant terms and two (25 percent) recipients' financial systems did not meet Federal standards. Similarly, seven (88 percent) of the eight⁵³ grant recipients continued to receive reimbursements, even though their quarterly performance and financial reports did not include all of the required information. For example, the recipient of Grant No. S-LMAQM-11-GR-047⁵⁴ did not submit performance reports that included a comparison of actual accomplishments with the goals and objectives or an explanation for why the goals were not met, as required by the FAH.⁵⁵ Further, the grant recipient did not submit quarterly financial reports that include details on the grant recipient's expenditures and costs incurred.

According to GPD 16,⁵⁶ the GOR assists the GO in ensuring that the Department exercises prudent management and oversight of the award through the monitoring and the evaluation of the recipient's performance. GPD 16 also requires GORs to perform management and oversight by verifying timely and adequate performance through the receipt, review, analysis, and written assessment of a grant recipient's performance and financial reports. To demonstrate the review of performance and financial reports, GPD 42 provides a template entitled "Discretionary Grants Monitoring Instrument." This template includes the following areas as suggestions for reviewing performance and financial reports for each grant:

⁵³ Grant No. S-LMAQM-GR-005 transferred property instead of providing financial reimbursements.

⁵⁴ Grant No. S-LMAQM-11-GR-047 was awarded to provide training, equipment, and technical assistance for three vocational schools in Mauritania to train youth who are vulnerable to radicalization.

⁵⁵ 4 FAH-3 H-672, "Program Monitoring."

⁵⁶ GPD 16, rev. 3, Jan. 1, 2013.

UNCLASSIFIED

- Project Status – A brief description of the project and the accomplishments of project goals to date.
- Problems/Successes – Description of any problems or successes that have been encountered or could be shared as “best practices.”
- Goals – An update on the status of the completion of project goals and, if not yet accomplished, a plan for accomplishing the goals.
- Participants and Expenditures – A table for recording a participants planned and actual expenditures to date.

GORs did not execute due diligence in their management and oversight responsibilities because AF officials did not enforce the associated Department policies. In addition, as previously mentioned, OIG found that many of the GORs did not fully understand their roles and responsibilities or understand how to perform the functions of a GOR, and some considered their GOR roles as secondary to their other job duties. OIG believes that these conditions will continue to exist until AF officials ensure that the individuals serving in the GOR capacity are trained, delegated GOR authority by a GO, and held accountable for performing and documenting their reviews of grant recipients’ performance and financial reports.

Had GORs ensured that grant recipients submitted the required performance and financial reports and thoroughly reviewed these reports, they would have been better positioned to identify problems and inform the GO to take corrective actions. Further, the completeness and accuracy of these reports is important because they can serve as a valuable resource to incoming GORs during periods of transition. Without appropriate review, analysis, and written evaluation of grantees’ performance and financial reports, AF had limited assurance that expended funds achieved the intended goals. It is imperative that GORs review performance and financial reports and document their reviews to ensure that grantees are capable of meeting the grant terms and conditions; are spending funds in accordance with the approved budget; and are making progress in accomplishing award tasks including progress on meeting goals, objectives, and indicators.

Recommendation 20. OIG recommends that the Bureau of African Affairs develop and implement a process to ensure that the requirements in Grants Policy Directive 16, “Designation of Grants Officer Representative,” for the Grants Officer Representatives to review, analyze, and provide a written assessment of the required recipient Program Progress and Financial Status Reports are implemented.

Management Response: AF concurred with the recommendation, stating that it will develop and formalize its process to review, analyze, and provide written assessments of grantees’ Program Progress and Financial Status Reports.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF has developed and implemented a process that ensures GORs review, analyze, and provide a written assessment of the grant recipient’s Program Progress and Financial Status Reports.

Conduct and Document Site Visits

OIG found that GORs did not perform and document site visits for the eight grants we reviewed. Site visits provide an opportunity to observe the implementation of the grant and review the recipient's accounting records to ensure that adequate documentation is being maintained to support award expenditures. Site visits may also be performed in response to a perceived problem or concern.

According to GPD 16,⁵⁷ GORs are responsible for maintaining contact with the award recipient through site visits and other oversight activities. The policy also states that upon completion of a site visit, the GOR should ensure that findings are submitted promptly to the GO through a trip report. Reports might include, as appropriate, actual performance versus scheduled performance, action needed to restore the proposed schedule, and costs incurred versus projections. In addition, GPD 42 includes a detailed "Site Visit Worksheet" that, if followed, should ensure that GORs evaluate general information, assess the award fund expenditure approval system, review the accounting and financial system, and perform a project implementation review.

AF GORs did not implement this oversight responsibility because AF did not have a process in place to ensure that site visits were conducted. In addition, GORs stated that they did not consider GOR responsibilities a priority.

Without performing and documenting site visits, AF did not have reasonable assurance that grants were performed in accordance with the proposed budget and program goals. For example, had the GOR on Grant No. S-LMAQM-12-GR-1217 performed a site visit using the Site Visit Worksheet prior to OIG's arrival, she would have determined that the grant recipient did not have a financial management system that met Federal requirements. Similarly, the GOR would have also determined that the grant recipient misused the equipment it procured using grant funds and that some key personnel⁵⁸ proposed in the agreement were no longer employed. Further, the grant was significantly behind schedule without any planned remedial actions to meet the stated goals and objectives in the Notice of Award. OIG believes that these shortfalls are significant as reported in the following section of this report titled "Insufficient Identification of High-Risk Grant Recipients" and were the responsibility of the GOR to identify during her performance monitoring activities and site visits.

As a result of our site visit related to Grant No. S-LMAQM-12-GR-1217, on November 21, 2013, we recommended that the GO terminate the grant because the grant recipient did not follow Federal and Department guidance and did not have the capacity to execute the grant. On December 3, 2013, the GO terminated the grant, which saved AF \$159,180 in funds that could be put to better use.

⁵⁷ Ibid.

⁵⁸ According to the "Federal Assistance Policy Handbook," April 2011, the grant recipient shall not remove or divert any of the named key personnel from the award without the GO's consent in writing to ensure that the work is performed by personnel with the qualifications needed to obtain satisfactory quality.

UNCLASSIFIED

It is imperative that AF GORs conduct and document site visits in accordance with GPD 16 and GPD 42 to avoid similar scenarios and to ensure proper and timely oversight of grant recipients' use of Federal funds and overall grant performance.

Recommendation 21. OIG recommends that the Bureau of African Affairs develop and implement a process to ensure that guidance provided in Grants Policy Directive (GPD) 16, "Designation of Grants Officer Representative," and GPD 42, "Monitoring Assistance Awards," is implemented and require Grants Officer Representatives to perform and document site visits for each grant recipient commensurate with the complexity and value of the grant.

Management Response: AF concurred with the recommendation, stating that it will develop and implement a process to perform and document site visits within 30 days of trip completion.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF has developed and implemented a process for GORs to perform and document site visits.

Insufficient Identification of High-Risk Grant Recipients

For the eight grants we reviewed, we found that GORs did not identify high-risk grant recipients⁵⁹ for the two grants that qualified as high-risk according to Department policies. For instance, the recipient of Grant No. S-LMAQM-12-GR-1217 should have been identified and classified as a high-risk recipient because of business risks, programmatic risks, and compliance risks. Specifically, the recipient's financial management system did not meet Federal standards, required quarterly progress reports and financial reports were not submitted, and the grant recipient changed key personnel. In another example, the recipient of Grant No. S-LMAQM-10-GR-005 did not file the OMB Circular No. A-133 audit as required on an annual basis when expenditures of Federal funding exceeded \$500,000 in a given year. Between 2010 and 2013, the grant recipient filed only one A-133 audit report (for 2012), which did not occur until OIG brought the matter to the attention of the GO and the GOR.

The purpose of identifying high-risk recipients is to minimize the misuse or loss of Federal funds by identifying and mitigating "high-risk" elements in Federal assistance programs. According to GPD 57, "Risk Management," all offices, bureaus, and posts involved in the awarding of Federal assistance should develop an effective risk identification and management strategy, develop mitigation plans that align with program risks, and establish and maintain a grants monitoring strategy that should be documented and incorporated into the bureau's policy.

⁵⁹ According to GPD 58, "High Risk Recipients," a high-risk recipient is an applicant or recipient who has a history of poor performance, is not financially stable, has a management system that does not meet the prescribed standards, has not complied with the terms and conditions of a previous award, and/or is not otherwise responsible.

UNCLASSIFIED

GPD 58, “High Risk Recipients,” designates the criteria for identifying grant recipients as high-risk and establishes processes for handling designated recipients to mitigate the risks. Organizations may be identified as “high risk” for any of the following reasons:

- (1) Recipient’s lack of experience in managing U.S. Government awards,
- (2) Recipient has inadequate management/financial systems in place,
- (3) Recipient has inadequate management controls in place,
- (4) Findings in A-133 or other audits of recipient identify issues that could affect the implementation/outcome of the award,⁶⁰
- (5) Recipient or award activity is located in unusual or difficult operating and/or political/security environment, and
- (6) Other concerns.

According to AF officials, it was not the AF’s practice to identify high-risk grant recipients. Further, AF did not have an effective risk identification and management strategy in place, nor did it have a policy related to developing a grant monitoring strategy aligned with program risks. If AF had had an effective process in place to identify and oversee high-risk grantees, it would have required the high-risk grantees to develop a corrective action plan⁶¹ to correct the deficiencies identified. Further, high-risk recipients generally require more extensive monitoring and oversight by the GOR, such as more frequent and more detailed reports or more site visits. It is imperative that AF incorporate risk management into its grants monitoring responsibilities to ensure that grantees are performing in accordance with grant terms and conditions and to minimize the misuse or loss of Federal funds.

Recommendation 22. OIG recommends that the Bureau of African Affairs develop and implement a risk identification and management strategy that is incorporated into policy and provide training to its Federal assistance oversight personnel on how to properly implement this strategy.

Management Response: AF concurred with the recommendation, stating that it will develop and implement a grant risk-assessment program and will work with the GO to provide appropriate training for how to assess grant recipient risks. In addition, AF stated that it will use this new program to assess at least semiannually the risk of its active grants.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF has developed and implemented a grant risk-assessment program and coordinated with the GO to provide training on assessing grant recipient risks.

⁶⁰ The Department’s Standard Terms and Conditions for Domestic Federal Assistance Awards requires non-Federal entities that expend \$500,000 or more in a year in Federal awards to have a single or program-specific audit conducted for that year in accordance with the revised circular (Revised OMB Circular No. A-133).

⁶¹ GPD 53, “Corrective Action Plan Procedure,” provides guidance on developing and implementing corrective action plans.

UNCLASSIFIED

Recommendation 23. OIG recommends that the Bureau of African Affairs establish and maintain a grants monitoring strategy that adopts a risk-management approach and provide training to its Federal assistance oversight personnel on how to properly implement this strategy.

Management Response: AF concurred with the recommendation, stating that it will build up its existing grants monitoring strategy by enhancing risk-management aspects and will provide the requisite training to implement this approach.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF has established a grants monitoring strategy that adopts a risk-management approach and provided training to implement this approach.

Recommendation 24. OIG recommends that Bureau of African Affairs Grants Officer Representatives (GOR) assess the risk of ongoing grants and identify and re-classify high-risk grant recipients. For each high-risk recipient, GORs should develop a risk mitigation strategy that includes changes to oversight and a corrective action plan.

Management Response: AF concurred with the recommendation, stating that it will work with the GO and at least semiannually assess the risk of on-going grants and identify any high-risk recipients. AF stated that it will develop a risk mitigation plan or close the grant when appropriate.

OIG Reply: OIG considers the recommendation resolved. This recommendation can be closed when OIG reviews and accepts documentation demonstrating that AF has developed a procedure for, at least semiannually, assessing the risk of its ongoing grants to identify high-risk grant recipients and established a procedure for developing a risk mitigation plan.

List of Recommendations

Recommendation 1. OIG recommends that the Bureau of African Affairs develop and implement procedures to ensure that it complies with the Office of the Procurement Executive's guidance to nominate eligible Federal Acquisition Certification for Contracting Officer's Representative candidates to the contracting officer (CO) for official designation as a contracting officer's representative (COR) and ensure that other COR candidates do not fulfill this role without the CO's concurrence.

Recommendation 2. OIG recommends that the Bureau of African Affairs (AF) develop and implement a process to review the Office of the Procurement Executive's Federal Acquisition Certification for Contracting Officer's Representatives list on, at a minimum, a bi-annual basis, reconcile the list against contracting officer's representatives who are currently employed by AF, and request that the Office of the Procurement Executive correct any discrepancies identified.

Recommendation 3. OIG recommends that the Bureau of African Affairs develop and implement a process to match the reconciled Office of the Procurement Executive's Federal Acquisition Certification for Contracting Officer's Representatives list against planned procurements during the upcoming year and build or maintain a roster of certified contracting officer's representatives to ensure that contracts have continual oversight throughout the lifecycle of the contract.

Recommendation 4. OIG recommends that the Bureau of African Affairs develop and implement contingency plans that eliminate lapses in oversight by qualified and trained contracting officer's representatives throughout the lifecycle of all contracts.

Recommendation 5. OIG recommends that the Bureau of African Affairs discontinue the use of site coordinators in locations that allow Government personnel to work within that country and develop and implement processes to ensure that contracting officer's representatives and government technical monitors with the appropriate levels of Federal Acquisition Certification for Contracting Officer's Representatives are officially delegated to conduct oversight of their assigned contracts.

Recommendation 6. OIG recommends that the Bureau of Administration, Office of the Procurement Executive, issue guidance on whether the use of site coordinators by the Bureau of African Affairs meets Federal regulations and Department of State guidance for contract administration and oversight.

Recommendation 7. OIG recommends that the Bureau of African Affairs develop a quality assurance plan template that can be tailored for the unique needs of each contract and develop and implement a policy to ensure that contracting officer's representatives use these plans to perform oversight of contracts.

UNCLASSIFIED

Recommendation 8. OIG recommends that the Bureau of African Affairs develop guidance that requires contracting officer's representatives to perform site visits for each contract recipient at least once during the life of the contract or annually for those recipients identified as high-risk.

Recommendation 9. OIG recommends that the Bureau of African Affairs follow the Department's *Foreign Affairs Handbook* guidance to ensure that each contracting officer's representative documents the findings and results of their site visits and provides this information to the contracting officer.

Recommendation 10. OIG recommends that the Bureau of African Affairs issue a memorandum to Embassy Freetown prohibiting the inappropriate use of Government furnished equipment and require contracting officer's representatives to monitor the appropriate use of Government-furnished equipment.

Recommendation 11. OIG recommends that the Bureau of African Affairs establish and implement policies and procedures to ensure the completeness, accessibility, retention, and review of contracting officer's representative files in accordance with the Federal Acquisition Regulation and the *Foreign Affairs Handbook*.

Recommendation 12. OIG recommends that the Bureau of African Affairs develop and implement a process to ensure that certified and technically qualified candidates are nominated to the Grants Officer for formal designation as a Grants Officer Representative throughout the lifecycles of all grant awards.

Recommendation 13. OIG recommends that the Bureau of African Affairs develop and maintain a list of certified Grants Officer Representative (GOR) candidates that also identifies each candidate's areas of technical expertise, certification appointments, and dates of continued training and that it reviews ongoing grants semiannually to ensure active GORs are administering and overseeing its grants.

Recommendation 14. OIG recommends that the Bureau of African Affairs maintain an inventory of its grants and their implementation dates with corresponding Grants Officer Representatives (GOR) and that it develop and implement pre-departure planning activities for its GORs in accordance with the Federal Assistance Policy Handbook.

Recommendation 15. OIG recommends that the Bureau of Administration, Office of the Procurement Executive, conduct a management review of grants administered by the Bureau of African Affairs (AF) in accordance with Grants Policy Directive 34, "Grants Management Reviews," and that it provide training as necessary to AF's administrative and oversight personnel.

Recommendation 16. OIG recommends that the Bureau of African Affairs utilize Grants Policy Directive 28, "Roles and Responsibilities for the Award and Administration of Federal Assistance," and the Standard Terms and Conditions for Domestic and Overseas Federal Assistance Awards to develop and implement standard operating procedures that document

UNCLASSIFIED

responsibilities of the Grants Officer Representative for monitoring the terms and conditions of all grant awards, including promptly notifying the Grants Officer (GO) of all changes that require the GO's attention.

Recommendation 17. OIG recommends that the Bureau of African Affairs develop and implement procedures to ensure that all future Notices of Award include appropriate performance indicators and require that grantees provide performance reports that measure program achievements in comparison to performance indicators and program objectives.

Recommendation 18. OIG recommends that the Bureau of African Affairs (AF) develop a monitoring plan template that is consistent with the requirements detailed in Grants Policy Directive 42, "Monitoring Assistance Awards," and that it develop and implement a process to ensure that monitoring plans are utilized to meet the AF's oversight needs for all future grant awards.

Recommendation 19. OIG recommends that the Bureau of African Affairs (AF) develop and implement a process to ensure that, if grant recipients do not submit timely quarterly, annual, and final performance and financial reports, Grants Officer Representatives will implement remedies as required by the *Foreign Affairs Handbook*, the Federal Assistance Policy Handbook, and AF's grant agreements.

Recommendation 20. OIG recommends that the Bureau of African Affairs develop and implement a process to ensure that the requirements in Grants Policy Directive 16, "Designation of Grants Officer Representative," for the Grants Officer Representatives to review, analyze, and provide a written assessment of the required recipient Program Progress and Financial Status Reports are implemented.

Recommendation 21. OIG recommends that the Bureau of African Affairs develop and implement a process to ensure that guidance provided in Grants Policy Directive (GPD) 16, "Designation of Grants Officer Representative," and GPD 42, "Monitoring Assistance Awards," is implemented and require Grants Officer Representatives to perform and document site visits for each grant recipient commensurate with the complexity and value of the grant.

Recommendation 22. OIG recommends that the Bureau of African Affairs develop and implement a risk identification and management strategy that is incorporated into policy and provide training to its Federal assistance oversight personnel on how to properly implement this strategy.

Recommendation 23. OIG recommends that the Bureau of African Affairs establish and maintain a grants monitoring strategy that adopts a risk-management approach and provide training to its Federal assistance oversight personnel on how to properly implement this strategy.

Recommendation 24. OIG recommends that Bureau of African Affairs Grants Officer Representatives (GOR) assess the risk of ongoing grants and identify and re-classify high-risk

grant recipients. For each high-risk recipient, GORs should develop a risk mitigation strategy that includes changes to oversight and a corrective action plan.

Scope and Methodology

The Department of State (Department), Office of Inspector General (OIG), Office of Audits, conducted this performance audit to evaluate whether Bureau of African Affairs (AF) personnel adequately administered and oversaw its contracts and grants. The primary objective of this audit was to determine to what extent AF's administration and oversight of contracts and grants were in accordance with applicable Federal laws and Department guidance.

The Office of Audits performed fieldwork from July to December 2013 at AF. OIG also conducted fieldwork at the following overseas locations: Embassy Freetown (Sierra Leone), Embassy Monrovia (Liberia), Embassy Kampala (Uganda), and Embassy Nouakchott (Mauritania). 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 objective. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

To obtain background for this audit, OIG researched and reviewed Federal laws and regulations, as well as internal Department policies and procedures related to acquisitions. Specifically, OIG reviewed applicable sections of the Code of Federal Regulations, the Federal Acquisition Regulation, and Office of Management and Budget policies.¹ In addition, OIG reviewed applicable sections of the Department's policies and procedures, including the Federal Assistance Policy Handbook, Standard Terms and Conditions for Domestic Federal Assistance Awards, Standard Terms and Conditions for Overseas Federal Assistance Awards, Foreign Affairs Handbook, the Foreign Affairs Manual, Grants Policy Directives, Department Notices, Department of State Acquisition Regulations, and Procurement Information Bulletins.

In order to gain an understanding of the administration and oversight of contracts and grants within AF, OIG interviewed officials within AF, the Bureau of Administration, Office of the Procurement Executive, and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM). We also interviewed contracting officer's representatives (COR), grants officer representatives (GOR), site coordinators, and contractor and grant recipients associated with the sample. In addition, OIG reviewed documentation to substantiate statements made during interviews, including COR delegation memorandums, Federal Acquisition Certification for Contracting Officer's Representatives (FAC-COR) certificates, contract files, COR files, GOR files, and invoices.

¹ OMB Circular No. A-11, *Preparation, Submission, and Execution of the Budget*; OMB Policy Memorandum, *Revisions to the Federal Acquisition Certification for Contracting Officer's Representatives*, dated Sept. 6, 2011; and OMB Policy Memorandum, *The Federal Acquisition Certification for Contracting Officer Technical Representatives*, dated Nov. 26, 2007.

Prior OIG Reports

OIG issued an inspection report² in 2009 and an audit report³ in 2010 related to AF's administration and oversight of contracts. In addition, OIG recently issued an audit report⁴ related to Department-wide COR oversight, which addressed COR-related deficiencies within AF. The inspection report concluded that there were not enough CORs within AF's Office of Regional and Security Affairs to effectively administer a particular program's contracts. To address that deficiency, OIG recommended that AF hire at least five additional full-time employees with contracting skills to serve as program managers and CORs. The report also determined that AF's CORs did not receive training as required by the Office of Management and Budget and recommended that AF, in coordination with the Office of the Procurement Executive, require its CORs to take refresher COR training every 2 years and comply with FAC-COR requirements. As of September 3, 2010, the OIG closed all but one recommendation based on their implementation.

The 2010 audit report concluded that ineffective contractor oversight and monitoring by AF was caused by the COR's lack of experience in monitoring construction contracts. OIG recommended that AF have sufficient on-site contract technical support to regularly monitor and report on contract progress. Based on its implementation, OIG closed this recommendation on January 21, 2011.

In the recent, January 2014, audit report related to the Department's selection of CORs, OIG concluded that Department-wide COR workforce management and planning needed to be improved and COR-related policies required implementation guidance. OIG also found specific weaknesses related to AF's COR workforce management and made recommendations to improve contract administration within AF. OIG resolved one of the three recommendations addressed to AF; however, the recommendation remains open for implementation.

Use of Computer-Processed Data

OIG used computer-generated data obtained from the Federal Procurement Data System (FPDS) – Next Generation to obtain the population of contracts awarded using AF funds. However, after conducting tests of the data, we found anomalies.

To assess the reliability of computer-processed data, OIG interviewed A/LM/AQM officials to obtain AF-funded contracts that were not identified by FPDS – Next Generation. OIG performed a manual reconciliation of contracts identified by A/LM/AQM with contracts identified by FPDS – Next Generation and found inconsistencies between them. For example, OIG identified two additional cost-reimbursement AF-funded contracts that were not included in the FPDS – Next Generation list of contracts.

² *Inspection of the Bureau of African Affairs*, (ISP-I-09-63, Aug. 2009).

³ *Audit of Allegations Pertaining to Contract With DynCorp International for the Security Sector Transformation Project in South Sudan, Africa*, (AUD/SI-10-23, Aug. 2010).

⁴ *Audit of Department of State Selection and Positioning of Contracting Officer's Representatives*, (AUD-CG-14-07, Jan. 2014).

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Although OIG encountered some data problems, we believe the additional steps performed to obtain information for the contracts reviewed were sufficient to support the findings and provide a reasonable basis for determining the deficiencies identified in the report.

Work Related to Internal Controls

OIG performed steps to assess the adequacy of internal controls related to the areas audited. For example, OIG reviewed eight contracts and eight grants to determine whether AF's CORs and GORs appropriately administered and monitored contracts and grants. OIG also reviewed Department guidance, policies, procedures, and related controls to ensure that such guidance, policies, and procedures were implemented and followed by AF officials and oversight personnel. Significant deficiencies OIG identified are presented in the Audit Results section of the report.

Detailed Sampling Methodology

OIG's sampling objective was to determine whether AF's administration and oversight of contracts and grants it funded were in accordance with Federal laws and Department guidance.

Population

OIG obtained a list of contract actions funded by AF during FYs 2010–2012 from the FPDS – Next Generation. According to the list, AF contract actions during this period totaled approximately \$359 million. OIG narrowed the list by focusing on cost-reimbursement, combination,⁵ and time and materials and reconciled information from the list with information from A/LM/AQM's contract files and identified two additional contracts that we included in our sample. In addition, OIG obtained a list of grants from A/LM/AQM that were funded by AF during FYs 2010–2012. According to that list, 44 grants, totaling \$70 million, were funded.

Sample Selection of AF-Funded Contracts and Grants

OIG used judgment sampling to select the contracts and grants to test. The primary considerations in selecting contracts and grants included the greatest dollar value and the place of performance. Contracts and grants performed in Sudan, the Democratic Republic of Congo, and Somalia were excluded from the sample because of security concerns and OIG's inability to travel to those areas. To determine the contracts and grants included in the sample, OIG identified the place of performance with the highest dollar values of contracts and grants combined. These reviews of contracts and grants were performed in four countries: Liberia, Mauritania, Sierra Leone, and Uganda. The eight contracts and eight grants selected for review are shown in Tables 1 and 2, respectively.

⁵ Combination contracts use multiple types of contract line items, including firm-fixed price and cost-reimbursement types.

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Table 1. Sample Selection of AF-Funded Contracts

	Contract Number	Place of Performance	Award Date	Contract Amount
1	SAQMMA12F0313	Sierra Leone	January 23, 2012	\$ 547,929.00
2	SAQMMA11F3349 ^a	Sierra Leone	September 8, 2011	527,194.00
3	SAQMMA12F4836	Sierra Leone	September 29, 2012	5,320,004.65
4	SAQMMA12F0545	Liberia	February 1, 2012	174,374.38
5	SAQMMA12F1583	Liberia	May 3, 2012	3,404,396.07
6	SAQMMA10F0569 ^b	Liberia	January 26, 2010	16,684,285.80
7	SAQMMA12F2030	Mauritania	June 20, 2012	656,330.00
8	SAQMMA12F4917	Mauritania	September 30, 2012	7,523,859.00
Total of AF-Funded Contracts				\$ 34,838,372.90

^a Contract SAQMMA11F3349 replaced Contract SAQMMA12F1630 in our sample because of coverage in OIG's Jan. 2014 report AUD-CG-14-07.

^b Contract SAQMMA10F0569 was identified by A/LM/AQM as an AF-funded combination contract that replaced Contract SAQMPD05F4651 in our sample. During FY 2010-2012, A/LM/AQM deobligated AF funds and did not obligate funds on this contract, which was awarded in 2005.

Source: OIG generated Table 1 based on data obtained from the FPDS – Next Generation and reconciled with information from A/LM/AQM records.

Table 2. Sample Selection of AF-Funded Grants

	Grant Number	Place of Performance	Award Date	Funding
1	S-LMAQM-12-CA-1100	Liberia	March 23, 2012	\$ 440,807.00
2	S-LMAQM-11-GR-005	Liberia	December 13, 2010	356,207.27
3	S-LMAQM-11-GR-071	Mauritania	September 26, 2011	267,300.00
4	S-LMAQM-11-GR-047	Mauritania	September 15, 2011	2,868,030.00
5	S-LMAQM-12-GR-1217	Uganda	September 22, 2012	199,950.00
6	S-LMAQM-10-GR-005	Uganda*	December 1, 2010	5,946,000.00
7	S-LMAQM-10-GR-019	Uganda	February 20, 2010	4,000,000.00
8	S-LMAQM-11-CA-084	Uganda	September 27, 2011	18,074,851.00
Total of AF-Funded Grants				\$ 32,153,145.27

* Grant S-LMAQM-10-GR-005 was performed in Uganda but supplies benefited Somalia.

Source: OIG generated Table 2 based on data provided by A/LM/AQM.

Appendix B

Bureau of Administration, Office of the Procurement Executive's Response to Draft Report




United States Department of State

Washington, D.C. 20520

June 26, 2014





MEMORANDUM

TO: OIG/AUD – Norman P. Brown

FROM: A/OPE – Corey Rindner 

SUBJECT: Draft Report on *Administration and Oversight of Contracts and Grants Within the Bureau of African Affairs*

Thank you for allowing us to comment on the subject, draft report.

The following is the A/OPE response to Recommendations 6 and 15. Eric Moore is the point of contact for recommendation number 6. He can be reached at 703-875- or via email [@state.gov](mailto:eric.moore@state.gov). Jeffrey Johnson is the point of contact for recommendation number 15 and he can be reached on 703-812- or via email [@state.gov](mailto:jeffrey.johnson@state.gov).

Recommendation 6: OIG recommends that the Bureau of Administration, Office of the Procurement Executive, issue guidance on whether the use of site coordinators by the Bureau of African Affairs meets Federal regulations and Department of State guidance for contract administration and oversight.

A Bureau Response: OPE concurs with Recommendation 6 and will issue guidance on whether the use of site coordinators by the Bureau of African Affairs meets Federal regulations and Department of State guidance for contract administration and oversight.

Recommendation 15: OIG recommends that the Bureau of Administration, Office of the Procurement Executive, conduct a management review of grants administered by the Bureau of African Affairs (AF) in accordance with Grants Policy Directive 34, "Grants Management Reviews," and that it provide training as necessary to AF's administrative and oversight personnel.

A Bureau Response: The Bureau of Administration concurs with the recommendation and will conduct a domestic grants management review of grants administered by the Bureau of African Affairs by spring of 2015, pending available resources. The Bureau of Administration will consult with the Bureau of African Affairs on the coordination and delivery of federal assistance training to AF administrative and oversight personnel in Fiscal Year 2015.

Drafted: A/OPE – SJohnston, 703-875- [REDACTED] (b) (6)

File: O:\Administrative\AOPE\Policy Division\OIG\AF Admin and Oversight of Contracts and Grants\ Response to Draft AF Grants and Contracts Audit 6-23-14.doc

Clearances:

A/OPE – EMoore Cleared 6/26/14
A/OPE – JJohnson Cleard 6/26/14
A/FO – RBernish Cleared 6/27/14
AF/RSA – MBittrick Cleared 6/26/14
A/EX – JMcGuire Cleared 6/26/14

Bureau of African Affairs' Response to Draft Report



United States Department of State

Washington, D.C. 20520

July 7, 2014

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TO: OIG/AUD – Norman P. Brown

FROM: AF – Linda Thomas-Greenfield *LTG*

SUBJECT: Response to *OIG Audit Administration and Oversight of Contracts and Grants within the Bureau of African Affairs*

We have reviewed the initial report of the subject audit and offer the following comments.

Finding A. Management Comments: Concur. The Africa Bureau agrees that it could do a more compete job of documenting its contract oversight activities. However, it should be noted that each of the active contracts or task orders has a full- time COR assigned, all of whom actively manage their contractors. Some of the task orders selected were completed and the COR assigned retired, which as the audit pointed out, made obtaining oversight records difficult. Additionally, CORs were performing many contract administration functions. The Bureau is comfortable with the level of oversight provided, just not the manner in which it is documented. We will improve as noted in our answers to the below recommendations.

Recommendation 1: *OIG recommends that the Bureau of African Affairs develop and implement procedures to ensure that it complies with the Office of Procurement Executive guidance to nominate eligible Federal Acquisition Certification for Contracting Officer's Representative candidates to the contracting officer (CO) for official designation as a contracting officer's representative (COR) and ensure that other COR candidates do not fulfill this role without the CO's concurrence.*

Management Response: Concur. The Bureau of African Affairs will work with the responsible Contracting Officer to establish additional internal procedures ensuring that an adequate level of contract administration oversight is provided, complying with the Office of Procurement Executive guidance. While the contracting officer is ultimately responsible for providing contractor oversight (FAR 1.602-2), our Bureau will continue to nominate CORs to provide the appropriate level of contract administration throughout the lifecycle of each contract. (ECD: 1 Dec 14)

Recommendation 2: *OIG recommends that the Bureau of African Affairs (AF) develop and implement a process to review the Office of Procurement Executive's Federal Acquisition Certification for Contracting Officer's Representatives list on, at a minimum, a bi-annual basis, reconcile the list against contracting officer's representatives who are*

UNCLASSIFIED

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- 2 -

currently employed by AF, and request that the Office of the Procurement Executive correct any discrepancies identified.

Management Response: Concur. The Bureau of African Affairs (AF) will develop and implement a process to verify at least semiannually, their active list of Contracting Officer's Representatives, validating that all open, relevant contracts, and task orders have current, AF employed CORs assigned. Our initial analysis found that all current task orders and contracts have certified CORs assigned. However, when discrepancies are noted, the AF Bureau will work with the Office of the Procurement Executive to correct them. (ECD: 1 Dec 14)

Recommendation 3: OIG recommends that the Bureau of African Affairs develop and implement a process to match the reconciled Office of Procurement Executive's Federal Acquisition Certification for Contracting Officer's Representatives list against planned procurements during the upcoming year and build or maintain a roster of certified contracting officer representatives to ensure that contracts have continual oversight throughout the lifecycle of the contract.

Management Response: Concur. The Bureau of African Affairs will formalize its process to reconcile the Office of Procurement Executive's Federal Acquisition Certification for Contracting Officer's Representatives list against planned procurements during the upcoming year to make certain that all contracts and task orders have continual oversight throughout the lifecycle of the contract. This process will build upon an existing procedure whereby Bureau management nominates CORs to the contracting officer, who then appoints CORs before issuing a contract or task order. (FAR 1.602-2) This process will be performed in conjunction with our semiannual verification of active Contracting Officer's Representatives (CORs) as described in the response to Recommendation 2 above. (ECD 1 Dec 14)

Recommendation 4: OIG recommends that the Bureau of African Affairs develop and implement contingency plans that eliminate lapses in oversight by qualified and trained Contracting Officer Representatives (CORs) throughout the lifecycle of all contracts.

Management Response: Concur. In coordination with A/LM/AQM, the Bureau of African Affairs will establish additional procedures and contingency plans that will ensure that CORs are properly certified, nominated, and designated and that CORs remain fully aware of their roles and responsibilities in conducting adequate oversight of contracts. Once recommendations 1-3 are implemented, the AF Bureau will have additional proper procedures and contingency plans in place to eliminate any chance that there will be a lapse in COR oversight throughout the contract lifecycle. (ECD 1 Dec 14)

Recommendation 5: OIG recommends that the Bureau of African Affairs discontinue the use of site coordinators in locations that allow Government personnel to work within that country and develop and implement processes to ensure that contracting officer's representatives and government technical monitors with the appropriate levels of Federal Acquisition Certification for Contracting Officer's Representatives are officially delegated to conduct oversight of their assigned contracts.

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UNCLASSIFIED

UNCLASSIFIED

- 3 -

Management Response: Concurrence pending. The Bureau of African Affairs will adjust its use of site coordinators based on the results of the A/OPE review and clarification of site coordinator responsibilities. (See recommendation 6). Furthermore, in response to audit report AUD-CD-14-7, Selection and Positioning of Contracting Officer's Representatives, the Bureau will review all available hiring mechanisms (additional FTE, LNA, PSC, etc.) for these positions and pursue hiring CORs under the most viable option. AF notes it does not currently have personal services contracting authority to hire PSCs. Pending identification of hiring authority, the Bureau will reinforce measures to ensure that site coordinators do not perform inherently governmental duties. Forward basing these personnel in Africa will allow them to oversee site coordinators daily activities, and take over those functions deemed inherently governmental. In countries where the program load would not justify a full-time government technical monitor, the CORs will work with non-COR certified government inspectors to coordinate regular program visits and oversight. Once these positions are approved through AQM, and filled, then an equivalent number of contract site coordinator positions will be defunded. Determining where these personnel will be positioned in Africa and which site coordinator positions will be retained will be made at the time of hiring, according to the changing African conflict environment and DoS needs. (ECD 1 Dec 14)

Recommendation 6: OIG recommends that the Bureau of Administration, Office of the Procurement Executive, issue guidance on whether the use of site coordinators by the Bureau of African Affairs meets Federal regulations and Department of State guidance for contract administration and oversight.

Management Response: A/OPE POC

Recommendation 7: OIG recommends that the Bureau of African Affairs develop a quality assurance plan template that can be tailored for the unique needs of each contract and develop and implement a policy to ensure that Contracting Officer's Representatives use these plans to perform oversight of contracts.

Management Response: Concur. In coordination with A/LM/AQM, the Bureau of African Affairs will develop a contract oversight template that can be used when appropriate to oversee contractors. Additionally, the Bureau began incorporating standard project monitoring and control language into all relevant sections of a project scope of work in 2013. However, it is important to note that not all contacts or task orders require a quality assurance plan (14 FAH-2 H-523). Additionally, most quality assurance plans are developed using the contractor developed Quality Assurance Surveillance Plan (QASP) (FAR 37.604). Therefore, when COR quality assurance plans are deemed appropriate, the Bureau will work with the Contracting Officer to require contractors to deliver a QASP, which will be used to help develop the COR QA plan. (ECD 1 Dec 14)

UNCLASSIFIED

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UNCLASSIFIED

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- 4 -

Recommendation 8: OIG recommends that the Bureau of African Affairs develop guidance that requires Contracting Officer's Representatives to perform site visits for each contract recipient at least once during the life of the contract or annually for those recipients identified as high risk.

Management Response: Concur. The Bureau of African Affairs will formalize its existing guidance using 14 FAH-2 H-522.3 criteria and perform site visits for all large and complex contracts. AF CORs are currently in the practice of performing site visits at least once per year except when the contract is small, low risk, performed in restricted locations or does not contain complex provisions. (1 Dec 14)

Recommendation 9: OIG recommends that the Bureau of African Affairs follow the Department's Foreign Affairs Handbook guidance to ensure that each contracting officer representative documents the findings and results of their site visits and provides this information to the contracting officer.

Management Response: Concur. The Bureau of African Affairs documents site visits currently through a detailed trip report, including pictures. However, the Bureau will establish procedures to ensure certain elements of each site visit are documented and centrally filed within 30 days after completion. Additionally, we will coordinate with A/LM/AQM to request that the Contracting Officer review our COR files at least semiannually. (ECD 1 Oct 14)

Recommendation 10: OIG recommends that the Bureau of African Affairs issue a memorandum to Embassy Freetown prohibiting the inappropriate use of Government Furnished Equipment (GFE) and require Contracting Officer's Representatives (CORs) to monitor the appropriate use of GFE.

Management Response: Concur. The Bureau of African Affairs will request the contracting officer for the AFRICAP Contract render another decision on the appropriate use of GFE in question. AQM senior representatives, including the contracting officer, discussed GFE issues with Embassy Freetown on August 29, 2013, concluding that this equipment was appropriately used only as emergency backups in this austere environment. The COR conducted follow-up discussions with the embassy officials during a Freetown site visit from November 19 – 22, 2013 to ensure embassy independence from contractors who managed GFE and confirm that the GFE equipment was only used as intended. (1 Nov 2014)

Recommendation 11: OIG recommends that the Bureau of African Affairs establish and implement policies and procedures to ensure the completeness, accessibility, retention, and review of contracting officer's representative files in accordance with the Federal Acquisition Regulation and the Foreign Affairs Handbook.

Management Response: Concur. The Bureau of African Affairs has extensive files documenting its COR activities. However, it agrees with audit and the Bureau will establish and implement policies and procedures to retain complete, accessible COR files

UNCLASSIFIED

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UNCLASSIFIED

- 5 -

in a central location using 14 FAH-2 H-517 as a guide. A semiannual review of these files will be made by the AF Bureau to make certain they are properly maintained. (ECD: 1 Dec 14)

Finding B. Management Response: Concur. While adjustments need to be made to uphold and institutionalize our grant administration efforts, we devote considerable time and log significant miles each year in managing our wide range of projects and grants in complex and often hostile environments (e.g., Somalia and the DRC). With the exception of a few unfortunate instances, we believe that our contracts and grants have largely been successful and helped to advance the USG national security interest. Additionally, it is important to note that four of the eight grants were completed and closed at the time of audit preventing the auditor from discussing the specific grants management program with an active GOR. It would be helpful to the independent reader of the audit report if these background facts were included.

Recommendation 12: OIG recommends that the Bureau of African Affairs develop and implement a process to ensure that certified and technically qualified candidates are nominated to the Grants Officer for formal designation as a Grants Officer Representative throughout the lifecycle of all grants awards.

Management Comments: Concur. The Bureau of African Affairs will build upon its existing procedures and processes to ensure that certified and technically qualified candidates are nominated as Grants Officer Representatives. In conjunction with recommendations 13 and 14, the Bureau is assessing its current grants and planned future grants to determine who and how many GORs will be needed. As part of this process, the Africa Bureau will validate that the Bureau GORs are included in the A/OPE's centralized GOR database. Additionally, we will coordinate with A/LM/AQM to request that the Grants Officer reviews our GOR files at least semiannually. We will also coordinate with both the Grants Officer and A/OPE to provide the necessary training for our Grants Officers. (ECD: 1 Dec 14)

Recommendation 13: OIG recommends that the Bureau of African Affairs develop and maintain a list of certified Grants Officer Representatives (GOR) candidates that also identifies each candidate's area of technical expertise, certification appointments, and dates of continued training and that it reviews ongoing grants semiannually to ensure active GORs are administering and overseeing its grants.

Management Comments: Concur. The Bureau of African Affairs, in conjunction with Recommendation 12 above, will work with A/OPE to determine if their centralized GOR database can maintain all of the recommended information for each GOR candidate. Additionally, our list of active grants will be reviewed semiannually to make certain that they have the appropriate oversight and coverage. (ECD 1 Dec 14)

Recommendation 14: OIG recommends that the Bureau of African Affairs maintain an inventory of its grants and their implementation dates with corresponding Grants Officer

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- 6 -

Representatives (GOR) and that it develop and implement pre-departure planning activities for its GOR in accordance with Federal Assistance Policy Handbook.

Management Comments: Concur. The Bureau of African Affairs will work with A/OPE to use their existing Grants Solution database to maintain an inventory of its grants and their implementation dates along with these grants designated GORs. Additionally, the Bureau will implement procedures that will ensure a smooth transition of GOR duties for active grants. (ECD 1 Dec 14)

Recommendation 15: OIG recommends that the Bureau of Administration, Office of the Procurement Executive, conduct a management review of grants administered by the Bureau of African Affairs (AF) in accordance with Grants Policy Directive 34, "Grants Management Reviews," and that it provide training as necessary to AF's administrative and oversight personnel.

Management Comments: A/OPE comments.

Recommendation 16: OIG recommends that the Bureau of African Affairs utilize Grants Policy Directive 28, "Roles and Responsibilities for the Award and Administration of Federal Assistance," and the Standard Terms and Conditions for Domestic and Overseas Federal Assistance Awards to develop and implement standard operating procedures that document responsibilities of the Grants Officer Representative for monitoring the terms and conditions of all grant awards, including promptly notifying the Grants Officer (GO) of all changes that require the GO's attention.

Management Comments: Concur. The Bureau of African Affairs will use existing Grants Policy Directives to further develop and implement standard operating procedures and tailor the AF Bureau's standard operating procedures for monitoring all grant awards. (ECD 1 Dec 14)

Recommendation 17: OIG recommends that the Bureau of African Affairs develop and implement procedures to ensure that all future Notices of Award include appropriate performance indicators and require that grantees provide performance reports that measure program achievements in comparison to performance indicators and program objectives.

Management Comments: Concur. The Bureau of African Affairs will further develop and implement procedures to measure performance against a grant's purpose. Specifically, the Bureau will work with the Grants Officer to implement or change Grant Documents to include requirements that grantees deliver performance reports measuring achievements in comparison to identified performance indicators and program objectives. (ECD 1 Dec 14)

Recommendation 18: OIG recommends that the Bureau of African Affairs (AF) develop a monitoring plan template that is consistent with the requirements detailed in Grants Policy Directive 42, "Monitoring Assistance Awards," and that it develop and implement

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UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

- 7 -

a process to ensure that monitoring plans are utilized to meet AF's oversight needs for all future grant awards.

Management Comments: Concur. The Bureau of African Affairs will develop further procedures and a grants monitoring template to help GORs ensure that grants are meeting performance objectives. Additionally, the Bureau will require that GORs work with the Grants Officer to develop specific grants monitor plans tailored to meet individual grant performance goals. (ECD 1 Dec 14)

Recommendation 19: OIG recommends that the Bureau of African Affairs develop and implement a process to ensure that, if grant recipients do not submit timely quarterly, annual, and final performance and financial reports, Grants Officer Representatives will implement remedies as required by the Foreign Affairs Handbook, the Federal Assistance Policy Handbook and AF grant agreements.

Management Comments: Concur. The Bureau of African Affairs will develop additional procedures and continue to monitor its grants recipients and implement remedies as required by applicable policy and guidance when grant recipients do not file the requisite reports and financial reports. Using 4 FAH-3 H-674, "Delinquent Reports" as a guide, the Bureau will follow-up with the grant recipient within the first 30 days of delinquency, again with a 60 day delinquency letter and then suspend payments after the third and final notice letter has been sent at the 90 day delinquency point. (ECD 1 Dec14)

Recommendation 20: OIG recommends that the Bureau of African Affairs develop and implement a process to ensure that the requirements in Grants Policy Directive 16, "Designation of Grants Officer Representatives," for the Grants Officer Representatives to review, analyze, and provide a written assessment of the required recipient Program Progress and Financial Status Reports are implemented.

Management Comments: Concur. The Bureau of African Affairs will develop and formalize its existing process to review, analyze and provide a written assessment of Grantee Program Progress and Financial Status Reports. Guidance provided in both Grants Policy Directive (GPD) 16, "Designation of Grants Officer Representatives" and GPD 42, "Monitoring" will be used to develop this internal policy. (ECD 1 Dec 14)

Recommendation 21: OIG recommends that the Bureau of African Affairs develop and implement a process to ensure that guidance provided in Grants Policy Directive (GPD) 16, "Designation of Grants Officer Representative," and GPD 42, "Monitoring Assistance Awards," is implemented and require Grants Officer Representatives to perform and document site visits for each grant recipient commensurate with the complexity and value of the grant.

Management Comments: Concur. The Bureau of African Affairs will develop and implement a process to perform and document site visits within 30 days after they are completed. However, it is important to note, that some site visits are performed by the Grants Officer and therefore, the site visit documentation will not be retained by the

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- 8 -

Africa Bureau. Using the risk assessment procedures established resulting from recommendation 22, the Bureau will identify all high risk grants. Once identified, site visits will be performed at least once during the life of a grant, except when prohibited because work is being accomplished in restricted locations (as directed by GPD 16, "Designation of Grants Officer Representatives"). (ECD 1 Dec 14)

Recommendation 22: OIG recommends the Bureau of African Affairs develop and implement a risk identification and management strategy that is incorporated into policy and provide training to its Federal assistance oversight personnel on how to properly implement this strategy.

Management Comments: Concur. The Bureau of African Affairs will develop and implement a grant risk assessment program and work with the Grants Officer to provide appropriate training for how to properly assess Grant Recipient risks. The Bureau will work use this new program to at least semiannually risk assess all of its managed grants using the grants inventory list developed resulting from recommendation 14 in this report. (ECD 1 Dec 14)

Recommendation 23: OIG recommends the Bureau of African Affairs establish and maintain a grants monitoring strategy that adopts a risk-management approach and provide training to its Federal assistance oversight personnel on how to properly implement this strategy.

Management Comments: Concur. The Bureau of African Affairs will build up its existing grants monitoring strategy by enhancing risk-management aspects and providing the requisite training to implement this approach. The Bureau will use this refined approach to at least semiannually risk assess all of its managed grants using the grants inventory list developed resulting from recommendation 14 in this report. (ECD 1 Dec 14)

Recommendation 24: OIG recommends that the Bureau of African Affairs Grants Officer Representative (GOR) assess the risk of ongoing grants and identify and re-classify high-risk grant recipients. For each high-risk recipient, GORs should develop a risk mitigation strategy that includes changes to oversight and a corrective action plan.

Management Comments: Concur. The Bureau of African Affairs will work with the Grants Officer and assess the risks of on-going grants and identify any high risks recipients at least semiannually. This assessment will be made using the grants inventory list developed resulting from recommendation 14 in this report. When appropriate, a risk mitigation plan will be developed. In other instances, like in the instance of the non performing high risk grant identified in the audit report, S-LMAQM-12-GR-1217, the grant will be closed. (ECD 1 Dec 14)

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- 9 -

Approved: AF – Linda Thomas-Greenfield

Drafted:AF/RSA:MBittrick

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