



Office of Inspector General  
United States Department of State

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# **Audit of the Bureau of Diplomatic Security's Oversight of Contractor Performance and Invoice Processing for the Domestic Guard Services Contract**

SECURITY AND INTELLIGENCE DIVISION



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

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## What OIG Audited

The Bureau of Diplomatic Security (DS), Directorate of Domestic Operations (DO), Office of Domestic Facilities Protection (DFP), is responsible for protecting people, information, and property at all domestic Department of State (Department) facilities. Accordingly, DFP was responsible for providing oversight of a guard services contract with Inter-Con Security Systems, Incorporated (Inter-Con), valued at approximately \$362 million, which provided a 24-hour guard force to safeguard the Department's domestic facilities.

The Office of Inspector General (OIG) conducted this audit to determine whether DFP administered the domestic guard services contract in accordance with applicable federal and Department standards governing the oversight of contractor performance and invoice processing. The scope of the audit was the domestic guard services contract in place from December 15, 2018, to October 31, 2021.

## What OIG Recommends

OIG made six recommendations to address the deficiencies identified with the oversight of contractor performance and invoice processing for the domestic guard services contract. On the basis of DS's response to a draft of this report, OIG considers the six recommendations resolved, pending further action. A synopsis of DS's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. DS's response to a draft of this report is included in its entirety in Appendix C.

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### What OIG Found

DFP did not administer the domestic guard services contract in accordance with applicable federal and Department standards. Specifically, OIG found an incomplete Contracting Officer's Representative (COR) file, lack of delegations of authority for two Government Technical Monitors, and inconsistent monitoring. For example, the COR file did not include a copy of the contract or its modifications, a complete list of personnel assisting the COR, and copies of all invoices. In addition, OIG found inadequate invoice reviews that lacked supporting documentation to justify invoice approval. Moreover, OIG reviewed supporting documentation for three invoices and found numerous issues including mathematical errors, incorrect numbers of hours worked, and lack of overtime approval.

The deficiencies identified occurred for multiple reasons, including that the Contracting Officer (CO) did not sufficiently oversee the COR, DFP did not develop adequate procedures to guide the oversight of the contract including invoice reviews, and the CO and COR did not always track the assignment of personnel to ensure delegations were in place. Until these deficiencies are corrected, DFP will not have reasonable assurance that contract administration and oversight is conducted in accordance with federal and Department standards. In addition, because the COR did not perform sufficient invoice reviews, OIG is questioning the total amount of the contract award, valued at \$361,627,297.

OIG also identified a potential area of concern regarding the acquisition of body armor through the domestic guard services contract. Beginning in November 2020, all body armor procurements must be coordinated through DS's Defensive Equipment and Armored Vehicle Division. Although the body armor in this instance was acquired prior to this requirement, it should be inspected by DS to determine whether it is of sufficient quality or needs to be replaced.

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## OBJECTIVE

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The Office of Inspector General (OIG) conducted this audit to determine whether the Bureau of Diplomatic Security (DS), Directorate of Domestic Operations (DO), Office of Domestic Facilities Protection (DFP), administered the domestic guard services contract<sup>1</sup> in accordance with applicable federal and Department of State (Department) standards governing the oversight of contractor performance and invoice processing.

## BACKGROUND

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### Office of Domestic Facilities Protection

DS is the federal law enforcement and security arm of the Department and is responsible for providing a safe and secure environment for the conduct of U.S. foreign policy. DFP, an office within DS, is responsible for protecting people, information, and property at all domestic Department facilities to ensure a secure working environment. According to the Foreign Affairs Manual (FAM), DFP manages the operational security and security support programs for all domestic Department facilities.<sup>2</sup> The Uniformed Protection Division, which is one of DFP's two divisions, manages the uniformed protective services guard contracts and oversees guard services at all domestic Department facilities.<sup>3</sup>

Between December 2018 and October 2021, DFP was responsible for providing oversight of the domestic guard services contract, which provided a 24-hour guard force to deter unauthorized, illegal, or potentially life-threatening activities directed toward Department employees, visitors, sensitive information, and properties.<sup>4</sup> Specifically, the contract reviewed for this audit was awarded as a bridge contract<sup>5</sup> that began on December 15, 2018, with contract line-item

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<sup>1</sup> Domestic security guard contract (19AQMM19C0007) with Inter-Con Security Systems, Incorporated (Inter-Con), from December 15, 2018, to October 31, 2021.

<sup>2</sup> 1 FAM 262.4-2(1), "Office of Domestic Facilities Protection (DS/DO/DFP)," (effective June 30, 2015), and 1 FAM 262.4-3, "Office of Domestic Facilities Protection (DS/DO/DFP)."

<sup>3</sup> 1 FAM 262.4-2(A)(1), "Uniformed Protection Division (DS/DFP/UPD)," (effective June 30, 2015), and 1 FAM 262.4-3(A), "Uniformed Protection Division (DS/DFP/UPD)."

<sup>4</sup> Domestic security guard contract (19AQMM19C0007) with Inter-Con from December 15, 2018, to October 31, 2021.

<sup>5</sup> The Government Accountability Office (GAO) found that the Federal Acquisition Regulation (FAR) does not define "bridge contracts." Therefore, GAO constructed a definition based on its work. Specifically, GAO defined a bridge contract as "[a]n extension to an existing contract beyond the period of performance (including option years), or a new, short-term contract awarded on a sole-source basis to an incumbent contractor to avoid a lapse in service caused by a delay in awarding a follow-on contract." *Sole Source Contracting: Defining and Tracking Bridge Contracts Would Help Agencies Manage Their Use*, page 4 (GAO-16-15, October 2015).

numbers<sup>6</sup> for firm-fixed-price<sup>7</sup> salaried positions and training facilities, time-and-materials<sup>8</sup> for non-salaried positions, and cost-reimbursable<sup>9</sup> for training, uniforms, travel, and incidental costs. DFP paid approximately \$362 million to Inter-Con Security Systems, Incorporated (Inter-Con), for the domestic guard bridge contract. A new contract with Inter-Con began on November 1, 2021.<sup>10</sup> Inter-Con is one of the largest diplomatic physical security companies in the world, with over 30,000 active security officers operating across four continents. Inter-Con has been awarded the Department's domestic guard services contract continually since 1997.

## **Contract Administration and Oversight Responsibilities**

The Federal Acquisition Regulation (FAR), Department of State Acquisition Regulation, and Department policies describe the roles and responsibilities of government personnel who award, administer, and oversee contracts. According to the Foreign Affairs Handbook (FAH), the Contracting Officer (CO) is the U.S. government's authorized agent for working with contractors and has sole authority to solicit proposals, negotiate, award, administer, modify, or terminate contracts.<sup>11</sup> The CO performs duties at the request of the office that requires the contract and relies on that office for technical support concerning the products or services being acquired.<sup>12</sup> A CO may designate, in writing, a Contracting Officer's Representative (COR), who will have limited authority to act on behalf of the CO.<sup>13</sup> 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.<sup>14</sup> The COR's duties include:

- Monitoring the contractor's technical progress and the expenditures of resources relating to the contract.
- Performing inspections and accepting the work on behalf of the U.S. government.
- Resolving technical issues arising under the contract that fall within the scope of the COR's authority and referring to the CO any issues that cannot be resolved without additional cost or time.

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<sup>6</sup> FAR 4.1001(a), "Policy," states that "Line items are established to define deliverables or organize information about deliverables. Each line item describes characteristics for the item purchased, *e.g.*, pricing, delivery, and funding information."

<sup>7</sup> FAR 16.202-1, "Description," defines firm-fixed price as "A price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract."

<sup>8</sup> FAR 16.601(b), "Time-and-materials contracts," states that "A time-and-materials contract provides for acquiring supplies or services on the basis of- (1) Direct labor hours at specified fixed hourly rates that include wages, overhead, general and administrative expenses, and profit; and (2) Actual cost for materials."

<sup>9</sup> FAR 16.301-1, "Description," states that "Cost-reimbursement types of contracts provide for payment of allowable incurred costs, to the extent prescribed in the contract."

<sup>10</sup> DFP began a new 5-year contract (19AQMM21C0066) with Inter-Con for domestic guard services on November 1, 2021, with a value of about \$623 million.

<sup>11</sup> 14 FAH-2 H-141(a), "Responsibilities of the Contracting Officer."

<sup>12</sup> Ibid.

<sup>13</sup> 14 FAH-2 H-141(b)(4).

<sup>14</sup> FAR 1.602-2(d)(5), "Responsibilities."

- Reviewing and approving the contractor's vouchers or invoices after adequately verifying the costs against supporting documentation.<sup>15</sup>

The CO may also appoint a Government Technical Monitor (GTM) to assist the COR in monitoring contractor performance.<sup>16</sup> The CO may appoint a GTM because of physical proximity to the contractor's work site or because of special skills or knowledge necessary for monitoring the contractor's work.<sup>17</sup> The COR and supporting GTM are the critical operational-level monitors of contractor performance in the field and must identify issues requiring the CO's attention.<sup>18</sup> Both the COR and GTM functions are critical to ensuring that the Department only pays for conforming goods and services.

### ***Bureau of Diplomatic Security Review of Inter-Con Billing***

On December 15, 2018, a new COR was delegated to the domestic guard services contract.<sup>19</sup> Shortly thereafter, the new COR noted that Inter-Con appeared to consistently invoice all temporary additional services (TAS)<sup>20</sup> hours at the premium rate without providing documentation to support the need for premium pay. When requested, Inter-Con could not produce documentation supporting the previous COR's overtime authorization for the TAS assignments. The COR notified the CO of a questionable overbilling, and the CO and COR brought the matter to the attention of DO management. DO management notified the DS Office of the Comptroller about the potential TAS discrepancy. To determine the impact, the Office of the Comptroller within DS determined that a review of domestic TAS invoicing activity should be performed. The Bureau of Administration, Office of the Procurement Executive, Office of Acquisitions Management contracted with The MIL Corporation (MIL) in FY 2019 to review Inter-Con's domestic security services TAS invoices paid from FY 2015 through FY 2018, with a few select sample items from FY 2019.<sup>21</sup> The MIL review identified several weaknesses in contract administration, such as improper maintenance of the COR file, lack of written procedures, and inadequate review of invoices against supporting documentation.

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<sup>15</sup> 14 FAH-2 H-142(b)(8), (9), (11), and (15), "Responsibilities of the Contracting Officer's Representative (COR)."

<sup>16</sup> Department of State Acquisition Regulation 642.271(a), "Government Technical Monitor (GTM)."

<sup>17</sup> Ibid.

<sup>18</sup> 14 FAH-2 H-111, "Purpose."

<sup>19</sup> The COR was delegated authority on the day that the bridge contract began.

<sup>20</sup> Contract 19AQMM19C0007, Section C.12.6, defines TAS as "any additional man-hours and or services requested by the COR that are temporary in nature. These types of services are to be construed as additional services to existing operations local to the jurisdiction where services are already supported. . . . TAS requests may include overtime authorizations to the extent the Contractor must assign personnel who will be entitled to premium pay for the TAS hours worked with prior approval from the COR, otherwise additional hours under TAS requests will be paid at standard hourly rates."

<sup>21</sup> MIL, Inter-Con Security Services Billing Review (FY 2019), January 2020.

## AUDIT RESULTS

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### **Finding A: DFP Did Not Administer the Domestic Guard Services Contract in Accordance With Applicable Federal and Department Standards**

OIG found that DFP did not administer the domestic guard services contract in accordance with applicable federal and Department standards. Specifically, OIG found an incomplete COR file, lack of delegations of authority for two GTMs assigned to the contract, and inconsistent monitoring of contractor performance. For example, the COR file did not include a copy of the contract or its modifications, a complete procurement package, a complete list of names of technical and administrative personnel assisting the COR, and copies of all invoices as required.<sup>22</sup> In addition, OIG found invoice reviews were inadequate and lacked supporting documentation to justify invoice approval.<sup>23</sup> Moreover, OIG reviewed supporting documentation available for three invoices and found numerous issues including mathematical errors, incorrect numbers of hours worked, and lack of approval for overtime. Furthermore, OIG found instances in which the COR did not verify invoice charges against supporting documentation, at least in part, because the process was manual and onerous. For example, one invoice was supported with over 3,000 pages of handwritten information.

The deficiencies identified occurred for multiple reasons. One reason was that the CO did not sufficiently oversee the COR to ensure federal and Department standards for contract oversight were properly implemented. In addition, DFP did not develop detailed, bureau-specific procedures to guide the administration and oversight of its domestic guard services contract including invoice reviews. Furthermore, the CO and COR were not always monitoring and tracking the assignment of oversight personnel to ensure delegations were provided or completed. Until these deficiencies are corrected, DFP will not have reasonable assurance that invoice payments are accurate and valid, and that contract administration and oversight is conducted in accordance with federal and Department standards. In addition, because the COR did not perform sufficient invoice reviews, the Department does not have assurance that the contractor spent funds in accordance with the contract terms and conditions. Therefore, OIG is questioning the total amount spent on the domestic guard services bridge contract, which involved 1,697 invoices and totaled \$361,627,297.<sup>24</sup>

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<sup>22</sup> 14 FAH-2 H-517(a)(2), (6), and (13), "Standard Contracting Officer's Representative (COR) Working File," and COR memorandum, "Delegation of Authority under Contract Number 19AQMM-19-C-0007."

<sup>23</sup> 14 FAH-2 H-142(b)(15), and 4 FAM 424, "Voucher Prepayment Examination."

<sup>24</sup> Code of Federal Regulations § 200.84, "Questioned cost," defines questioned cost as a cost that is questioned by the auditor because of an audit finding. This could be the result from a violation or possible violation of a statute, regulation, or terms and conditions of a Federal award, including funds used to match Federal funds; where the costs, at the time of the audit, are not supported by adequate documentation; or where the costs incurred appear unreasonable and do not reflect the actions a prudent person would take in the circumstances.



### ***Incomplete Contracting Officer's Representative File***

According to the FAR<sup>25</sup> and FAH,<sup>26</sup> the COR must maintain a file for each contract. The purpose of the COR file is to provide easy access to technical contract information and work progress and to ease the transition to a new COR, if one is appointed.<sup>27</sup> In addition, the COR's delegation of authority memorandum states that COR files are the primary tools for carrying out the duties and responsibilities of the COR. The FAH requires CORs to maintain a COR file containing pertinent details and information about the contract, including copies of the contract and all modifications to it, a complete procurement package, copies of all invoices, and a payment register indicating the balance of funds remaining.<sup>28</sup> The FAH further requires that the file be clearly indexed.<sup>29</sup> According to the COR's delegation of authority memorandum, the COR file must also include a complete list of names of technical and administrative personnel assisting the COR.<sup>30</sup> Documentation in the contract files must be sufficient to constitute a complete history.<sup>31</sup> The FAH states that the CO is ultimately responsible for ensuring that the COR is maintaining contract files properly and verifying the status of those files during any transition of CORs.<sup>32</sup> Therefore, the CO and the COR share responsibility for ensuring COR files are maintained properly.

OIG found that the COR did not properly establish or maintain a COR file in accordance with federal and Department standards. Specifically, the COR file did not include a copy of the contract and all modifications to it, a complete procurement package, copies of all invoices, and a payment register indicating the balance of funds remaining. Additionally, the COR file was not properly organized and indexed. Further, CORs must ensure that the COR file includes a complete list of technical and administrative personnel assisting the COR. The COR was unable to provide a complete and accurate list of people assisting with the administration and oversight of the contract. Specifically, the COR provided two separate lists of individuals—one that contained 22 names and the other that contained 25 names. During the audit, OIG identified at least 26 individuals<sup>33</sup> who were assisting the COR with the administration of the contract. Because of inadequate delegation records, OIG could not determine with certainty whether the list of administrative personnel assisting the COR was complete. The COR stated that upon his delegation as the COR, he was not provided with a COR file documenting the initial administration of the contract. Therefore, he did not have all the information concerning

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<sup>25</sup> FAR 1.604, "Contracting Officer's Representative (COR)."

<sup>26</sup> 14 FAH-2 H-142(b)(16) and 14 FAH-2 H-517(a).

<sup>27</sup> 14 FAH-2 H-517(a).

<sup>28</sup> 14 FAH-2 H-517(a)(6), (2), and (13).

<sup>29</sup> 14 FAH-2 H-517(a).

<sup>30</sup> 14 FAH-2 H-517(a)(1-15).

<sup>31</sup> 14 FAH-2 H-573.3(a), "Government Contract Files."

<sup>32</sup> 14 FAH-2 H-141(b)(17).

<sup>33</sup> All 26 individuals assigned to assist on the contract were required to be appointed by the CO.



personnel who were delegated to assist with administering the contract prior to his appointment.<sup>34</sup>

In some instances, upon OIG's request, the COR retrieved and provided information that should have been maintained in the centralized COR file, such as a copy of the contract and modifications. However, the COR could not easily provide other relevant and required documentation such as copies of all invoices. It is important to note that this issue was previously identified during the contractor-performed review of the oversight of the domestic guard contract. Specifically, the Office of the Comptroller within DS contracted with MIL Corporation in FY 2019 to review Inter-Con's domestic security services TAS invoices.<sup>35</sup> MIL reported that from FY 2015 through FY 2018, the COs assigned to the contract did not ensure proper maintenance of contract file contents, including those files maintained by the COR, and the COR did not maintain and/or provide a proper file for each contract. MIL recommended that DFP implement a policy for the CO and COR to perform an annual review of the contract administration files and train them on the new policy. Although MIL made these recommendations to DFP in January 2020, OIG did not identify actions taken by DS to address the deficiencies identified by MIL.

#### ***Lack of Delegations of Authority for Two Government Technical Monitors***

According to the Department of State Acquisition Regulation, the CO may appoint a GTM to assist the COR in monitoring contractor performance.<sup>36</sup> The standard delegation of authority memorandum authorizes a GTM to perform various tasks to the extent required by the terms of the contract. These tasks include correcting guard screening procedures, reviewing and verifying productive labor hours, and conducting inspections of guard posts as required and in accordance with the contract terms and conditions.

OIG found that 2 (7.7 percent) of 26 individuals assisting the COR on the contract did not have properly authorized GTM delegation of authority memoranda. Specifically, OIG found that one GTM did not sign, date, and return the delegation memorandum to the COR. The other individual stated that they were formally delegated as a GTM and had performed those duties but could not locate the GTM delegation of authority memorandum. However, the COR stated this individual had not been delegated. The COR also stated that there was a lot going on during the transition between CORs and contracts, and that he believes this individual may have been performing GTM duties even though they were not delegated authority to do so. Nonetheless, a similar issue was also identified by MIL during its FY 2019 review.<sup>37</sup> Specifically, MIL identified that DS did not have a delegation of authority memorandum for a GTM performing duties as an alternate COR. In response, the CO and DS created the necessary delegations of authority.

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<sup>34</sup> The COR was delegated authority on December 15, 2018, which was the same day the contract began.

<sup>35</sup> MIL, Inter-Con Security Services Billing Review (FY 2019), January 2020.

<sup>36</sup> Department of State Acquisition Regulation 642.271(a).

<sup>37</sup> MIL, Inter-Con Security Services Billing Review (FY 2019), January 2020.

### ***Inconsistent Monitoring of Contractor Performance***

The CO designates the COR to act as his or her authorized representative to assist in the technical monitoring or administration of a contract.<sup>38</sup> The FAH states that the best method for monitoring the contractor's work is through actual inspection, which the COR may perform by using spot checks, scheduled inspections of services performed by the contractor on a periodic basis, random sampling of routine services, use of contract monitoring and user reports, and periodic review of the contractor's quality control program and reports.<sup>39</sup> According to the GTM delegation of authority memorandum, GTMs are also responsible for monitoring and inspecting the contractor's progress and performance to assure compliance with the contract terms and conditions, including inspections of guard posts. Both the COR and GTM functions are critical to ensuring that the Department only pays for conforming goods and services.

OIG found that CORs and GTMs monitored contractor performance inconsistently and in an ad hoc manner. Specifically, the COR stated that GTMs use a Post Inspection Checklist<sup>40</sup> that was developed after an OIG inspection<sup>41</sup> to verify contractor performance during inspections of guard posts.<sup>42</sup> However, GTMs performed inspections at various intervals. For example, one GTM stated that three to five post inspections were required per quarter. Another GTM stated they were not required to perform a specific number of post inspections. A different GTM stated that they conducted post inspections several times a week and conducted post checks<sup>43</sup> on a regular basis. A fourth GTM stated there was no specified time frame for conducting post inspections. Furthermore, one GTM stated that the number of required post inspections was limited to once a week during the COVID-19 pandemic.

### ***Invoices Not Properly Reviewed or Supported***

According to the FAH, the COR is responsible for reviewing and approving the contractor's vouchers or invoices after adequately verifying the costs against supporting documentation.<sup>44</sup> The FAM states that supporting documentation is required "to ensure that all payments are authorized, accurate, legal, correct, and that the goods were actually received or services actually performed."<sup>45</sup> Furthermore, the FAH states that in addition to exercising delegated authorities, the COR is expected to "[a]dvise and assist the [CO] in administering the business

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<sup>38</sup> 14 FAH-2 H-143(a), "Designating a Contracting Officer's Representative (COR)."

<sup>39</sup> 14 FAH-2 H-522.1(b) and (c), "Progress or Status Reports."

<sup>40</sup> The Post Inspection Checklist was developed for use by GTMs to document the contractor's performance and is included in Appendix B.

<sup>41</sup> OIG, *Inspection of the Bureau of Diplomatic Security's Office of Domestic Facilities Protection* (ISP-I-19-01, October 2018).

<sup>42</sup> OIG obtained an example of a completed Post Inspection Checklist and it appeared to be in use by GTMs.

<sup>43</sup> A GTM defined "post checks" as unofficial, visual checks that were not documented but done daily and included basic items like uniform tidiness.

<sup>44</sup> 14 FAH-2 H-142(b)(15).

<sup>45</sup> 4 FAM 423.4-3(A), "Purpose and Scope."

aspects of the contract by reviewing vouchers, invoices, reports, and deliverables.”<sup>46</sup> The FAH also states that “[l]abor-hour and time-and-material contracts require special attention” because “the contractor has no incentive to control the number of hours worked or labor efficiency.”<sup>47</sup>

To determine whether CORs had obtained and reviewed sufficient documentation to support invoices, OIG selected a sample of invoices for review. Specifically, OIG judgmentally selected a sample of 13 invoices, valued at approximately \$23.5 million, of 1,697 invoices paid from December 15, 2018, to October 31, 2021.<sup>48</sup>

OIG found inadequate invoice reviews and a lack of supporting documentation to justify invoice approval. Specifically, the COR did not adequately verify invoice charges against supporting documentation provided by the contractor. This occurred, at least in part, because the invoice review process was manual and onerous. For example, the supporting documentation provided to OIG for one invoice contained over 3,000 handwritten pages of Form DS-3010, “Time and Attendance Report.”<sup>49</sup> The COR stated that he reviewed an invoice summary but that was all he could review because the supporting documentation was contained in multiple boxes. The COR indicated that, at one point, he tried to spot check the invoices, but it was too labor intensive and virtually impossible. Additionally, the COR stated that he did not review all supporting documentation prior to approving the invoices and noted that GTMs did not do this either. Therefore, the COR was not able to verify the accuracy of the invoices prior to payment. The COR also did not document invoice reviews he performed.

OIG reviewed some of the supporting documentation provided by DS for three<sup>50</sup> of the invoices and found numerous deficiencies including mathematical errors, incorrect numbers of hours worked, and lack of approval for overtime. For example, OIG could not fully verify the information because Form DS-3010s did not include guards’ position titles, the hourly labor rates that should be charged for each position, and the total hours worked by each guard. Additionally, OIG found that Inter-Con billed for 267 hours of overtime on one invoice, at a cost of \$17,681. However, Inter-Con did not provide adequate supporting documentation to show how the total number of overtime hours was calculated. Furthermore, the supporting documentation did not contain COR approval in advance of overtime as required by the contract. OIG also found that the form used by GTMs to request TAS did not include sufficient details, such as the number of personnel needed to perform the work or clearance requirements.

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<sup>46</sup> 14 FAH-2 H-513(c)(1), “The Contracting Officer’s Representative’s (COR) Role in Contract Administration.”

<sup>47</sup> 14 FAH-2 H-522.9(a), “Monitoring Service Contracts.”

<sup>48</sup> Appendix A provides additional details on how the invoices were selected for review.

<sup>49</sup> According to Form DS-3010 instructions, only productive, supervisory, and TAS hours shall be reported on this form.

<sup>50</sup> It took about 4 weeks for DS to provide supporting documentation for three invoices because of the volume of paper. OIG discontinued its review of invoices because of the deficiencies identified during its initial review.

In addition, OIG found that the amount charged in one invoice for uniforms, accessories, and ammunition was not fully supported by documentation. For the same invoice, DFP paid a fee of \$1,006 to Inter-Con for general and administrative costs, which was unallowable. According to the contract, "Pursuant to FAR 52.232-7(b)7, profit or fee is not allowable to the prime Contractor for these costs." The COR stated that because general and administrative costs were included in the contract pricing schedule, he assumed the costs were allowed and approved the payment.

This issue was also identified during the contractor-performed review by MIL of the oversight of the domestic guard contract.<sup>51</sup> Specifically, MIL reported that DS did not adequately review invoices against supporting documentation and DS did not have written procedures on how to reconcile the invoice and the supporting documentation to the authorizing document. MIL also reported that Inter-Con used the overtime rate without adequate supporting documentation to warrant overtime. One of MIL's recommendations was for DFP to create specific reconciliation procedures between the submitted invoice and supporting documentation. Although MIL made this recommendation to DFP in January 2020, OIG did not identify actions taken by DS to address the recommendation.

According to the COR, Inter-Con is using an electronic timekeeping system for the new domestic guard contract that began on November 1, 2021. The use of this electronic timekeeping system is expected to reduce the amount of paper involved in the invoicing process. This system is designed to provide real-time access to timekeeping data. However, it is worth noting that, as of February 2022, the COR and GTMs that were responsible for monitoring the contract were unable to gain access to the electronic documentation because of technical issues.

### ***Inadequate Oversight and Procedures***

One reason that the deficiencies related to inadequate oversight occurred is that the CO did not sufficiently oversee the COR to ensure federal and Department standards were properly implemented. Specifically, the two COs<sup>52</sup> assigned to this contract did not review the COR files as required.<sup>53,54</sup> One CO stated that he did not check to see if the COR was maintaining contract files and did not know of any CO that did that task. This CO also stated that he thought that a lot of COs were overworked and could only perform actions that directly supported the mission. The second CO stated that the current COR was trying to piece everything together

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<sup>51</sup> MIL, Inter-Con Security Services Billing Review (FY 2019), January 2020.

<sup>52</sup> The initial CO served from approximately December 2018 to June 2019. The second CO served from approximately June 2019 to October 2021.

<sup>53</sup> 14 FAH-2 H-141(b)(16) and (17).

<sup>54</sup> A recommendation related to this issue was previously made by OIG in August 2018. Specifically, as of June 2022, Recommendation 2 from *Audit of the Bureau of European and Eurasian Affairs Administration and Oversight of Selected Contracts and Grants* (AUD-CGI-18-50, August 2018), which recommended that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, develop and implement procedures to verify that Contracting Officers are monitoring Contracting Officer's Representative files in accordance with Procurement Information Bulletin No. 2014-10, remained open, pending further action.

because the previous COR left no historical information documenting the administration of the contract. This CO stated she made the decision to focus on the solicitation for the follow-on contract rather than focusing on what was “broken” on the bridge contract.

Additionally, DFP did not develop detailed, bureau-specific procedures to guide DS employees in properly administering and overseeing the domestic guard services contract. For example, when OIG requested the written guidance provided to GTMs on how often to conduct an inspection, the COR stated he was unable to find the official guidance but recalled providing directions verbally.

DFP’s Domestic Security Officer (DSO) procedures, updated in January 2022,<sup>55</sup> primarily include guidance related to DSO duties and responsibilities, but also include limited information on domestic guard contract oversight. However, the guidance on overseeing the domestic guard contract was not always sufficient to perform the specific duties required. For example, the guidance for “Checklists and Inspections” state that “GTM’s should conduct two post inspections daily” but does not include specific details on how often each post should be inspected. Additionally, the updated procedures do not include guidance regarding post checks, which several GTMs stated they conducted on a regular basis. Furthermore, the guidance for invoice reviews in the updated DSO procedures is too broad. For example, the updated DSO procedures state, “the COR must validate the invoice for payment, and the invoice is in conformance to the terms and conditions of the contract,” without providing specific steps that the CORs should perform.

The COR stated that a DSO’s primary role is that of security specialist, with GTM duties being secondary. Therefore, it is imperative that GTMs are provided with specific guidance detailing their roles and responsibilities. Without sufficient guidance, oversight personnel may not fully understand their responsibilities in administering and overseeing the contract, which could result in management failing to achieve its goals and objectives and respond to risks.

Furthermore, the CO and COR did not always monitor and track the assignment of personnel to ensure delegations of authority were provided or completed.<sup>56</sup> According to the COR, DFP did not have a process in place to track GTM delegations or Federal Acquisition Certification for Contracting Officer’s Representatives (FAC-COR)<sup>57</sup> renewals and expirations. The COR also stated that the CO should have ensured GTMs were properly delegated, but the COR was assigned to maintain these delegations because of the CO’s heavy workload. DFP has since developed a tool to track GTM delegations and certifications. The tool is an Excel spreadsheet that the COR uses to track GTMs for the new domestic guard contract that began on November 1, 2021. Although the use of this tracking mechanism will be helpful, DFP did not have policies or procedures on its use.

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<sup>55</sup> This guidance was not finalized during the scope of the audit, which is December 2018 through October 2021.

<sup>56</sup> Department of State Acquisition Regulation 642.271(a); COR memorandum, “Delegation of Authority under Contract Number 19AQMM-19-C-0007.”

<sup>57</sup> FAC-COR is for acquisition professionals in the Federal government performing contract management activities and functions.

### ***Impact of the Deficiencies Identified***

Without sufficient guidance and proper delegations, oversight personnel and other individuals working on the guard services contract may not fully understand their responsibilities in administering and overseeing the contract, which could result in management failing to achieve its objectives and respond to risks. In addition, until the deficiencies identified in this audit are corrected, DFP will not have reasonable assurance that invoice payments are accurate and valid, and that contract administration and oversight is being conducted in accordance with federal and Department standards. Moreover, because the COR did not perform sufficient invoice reviews and was unable to provide OIG sufficient documentation to support the amounts included in the invoices, the Department does not have assurance that the contractor spent funds in accordance with the contract terms and conditions. Therefore, OIG is questioning the total \$361,627,297 spent on the domestic guard services bridge contract and is offering the following recommendations.

**Recommendation 1:** OIG recommends that the Bureau of Diplomatic Security revise the bureau-specific procedures implemented in January 2022 to include the specific processes that its Government Technical Monitors should use to monitor and document contractor performance to ensure compliance with the contract terms and conditions.

**Management Response:** DS agreed with the recommendation, stating that it was revising the procedures that its GTMs use to monitor contractor performance and anticipated the procedures would be approved and enacted within 30 days of its response.

**OIG Reply:** On the basis of DS's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. The recommendation will be closed when OIG receives documentation demonstrating that DS has revised its bureau-specific procedures to include the specific processes that its GTMs should use to monitor and document contractor performance to ensure compliance with the contract terms and conditions.

**Recommendation 2:** OIG recommends that the Bureau of Diplomatic Security revise the bureau-specific procedures implemented in January 2022 by detailing the specific processes that its Contracting Officer's Representatives should use to (a) obtain and verify that supporting documentation submitted with an invoice is accurate and complete and (b) document the invoice review to demonstrate that costs and supporting documentation were verified.

**Management Response:** DS agreed with the recommendation, stating that it anticipated approving and enacting revised procedures within 30 days of its response.

**OIG Reply:** On the basis of DS's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. The recommendation will be closed when OIG receives documentation demonstrating that DS has revised its bureau-specific procedures by detailing the specific processes that its CORs should use to (a)

obtain and verify that supporting documentation submitted with an invoice is accurate and complete and (b) document the invoice review to demonstrate that costs and supporting documentation were verified.

**Recommendation 3:** OIG recommends that the Bureau of Diplomatic Security revise the bureau-specific procedures implemented in January 2022 by including a requirement for its Contracting Officer's Representatives (COR) to use the "GTM Tracker" tool to track personnel delegated to assist the COR.

**Management Response:** DS agreed with the recommendation, stating that it anticipated approving and enacting revised procedures within 30 days of its response.

**OIG Reply:** On the basis of DS's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. The recommendation will be closed when OIG receives documentation demonstrating that DS has revised its bureau-specific procedures by including a requirement for its COR to use the "GTM Tracker" tool to track personnel delegated to assist the COR.

**Recommendation 4:** OIG recommends that the Bureau of Diplomatic Security (a) determine whether the \$361,627,297 in questioned costs spent on Contract 19AQMM19C0007 are supported and allowable and (b) recover any costs determined to be unsupported and unallowable.

**Management Response:** DS concurred with the recommendation, stating that, in coordination with the Bureau of Administration, it planned to have the Defense Contract Audit Agency perform an audit of the domestic guard services contract. DS stated that it planned to use the Defense Contract Audit Agency's audit opinion to assess support for the contract costs and negotiate recovery of any costs deemed unallowable.

**OIG Reply:** On the basis of DS's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. The recommendation will be closed when OIG receives documentation demonstrating that DS has (a) determined whether the \$361,627,297 in questioned costs spent on Contract 19AQMM19C0007 were supported and allowable and (b) recovered any costs determined to be unsupported and unallowable.



## OTHER MATTERS

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During the audit, OIG identified an area of concern regarding the acquisition of body armor through the Inter-Con contract. According to the domestic guard services contract 19AQMM19C0007, Inter-Con was authorized to purchase soft, concealable, ballistic protective vests for use by the contract guards.<sup>58</sup> The contract states that the body armor was required to meet National Institute of Justice (NIJ) Standard 0101.04<sup>59</sup> and “NIJ 2005 Interim Requirements for Bullet-Resistant Body Armor.”<sup>60</sup> However, beginning in November 2020, the Department required that all body armor procurements must be coordinated through DS’s Defensive Equipment and Armored Vehicle Division.<sup>61</sup> OIG recognizes that the body armor for the domestic guard services contract reviewed for this audit was acquired by Inter-Con prior to the implementation of the November 2020 requirement. However, OIG identified counterfeit body armor procured by the Department in previous work.<sup>62</sup> In addition, during fieldwork conducted for this audit, officials from DS and the Bureau of Administration stated that the body armor should be inspected out of an abundance of caution to determine whether it is of sufficient ballistic quality or needs to be replaced. OIG is therefore offering the following recommendations to address this potential life safety issue.

**Recommendation 5:** OIG recommends that the Bureau of Diplomatic Security inspect the body armor items acquired for use under Contract 19AQMM19C0007 to determine whether they are of sufficient quality.

**Management Response:** DS agreed with the recommendation, stating that it confirmed that body armor used was purchased through a reputable vendor and meets the National Institute of Justice’s Compliant Products List. DS stated that it would examine 10 percent of the armor being used to ensure the products match data provided by the vendor.

**OIG Reply:** On the basis of DS’s concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. The recommendation will be closed when OIG receives documentation demonstrating that DS has inspected the

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<sup>58</sup> According to the contract, the body armor is considered Government Furnished Equipment that should be provided to DS at the end of its useful life.

<sup>59</sup> NIJ, Standard 0101.04, “Ballistic Resistance of Personal Body Armor,” September 2000.

<sup>60</sup> “NIJ 2005 Interim Requirements for Bullet-Resistant Body Armor,” September 2005.

<sup>61</sup> 14 FAM Exhibit 221.3, “Clearance Requirements for Miscellaneous Supplies and Services,” (effective November 24, 2020), and 14 FAM Exhibit 221.3, “Clearance Requirements for Supplies and Services.”

<sup>62</sup> In FY 2020, OIG’s Office of Investigations identified various ballistic personal protective equipment (PPE) suppliers who provided the Department with PPE that failed ballistic testing and may pose a life safety risk. The noncompliant PPE failed to meet NIJ ballistic performance standards. In some instances, PPE suppliers substituted, or attempted to substitute, non-NIJ compliant PPE products, including vests, plates, and helmets manufactured in China, despite the contract requirements for U.S.-manufactured PPE. In another instance, OIG identified a PPE supplier that submitted fraudulent NIJ-testing documentation to falsely support compliance with contract requirements.

body armor items acquired for use under Contract 19AQMM19C0007 to determine whether they are of sufficient quality.

**Recommendation 6:** OIG recommends that the Bureau of Diplomatic Security dispose of and replace, as appropriate, all body armor items acquired under Contract 19AQMM19C0007 determined during the inspection conducted in response to Recommendation 5 to be of insufficient quality.

**Management Response:** DS agreed with the recommendation, stating that any armor that DS identifies during its inspection (Recommendation 5) as not meeting requirements will be disposed of and replaced, and the identification will trigger a 100 percent inspection of all armor.

**OIG Reply:** On the basis of DS's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. The recommendation will be closed when OIG receives documentation demonstrating that DS has disposed of and replaced, as appropriate, all body armor items acquired under Contract 19AQMM19C0007 determined during the inspection conducted in response to Recommendation 5 to be of insufficient quality.

## RECOMMENDATIONS

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**Recommendation 1:** OIG recommends that the Bureau of Diplomatic Security revise the bureau-specific procedures implemented in January 2022 to include the specific processes that its Government Technical Monitors should use to monitor and document contractor performance to ensure compliance with the contract terms and conditions.

**Recommendation 2:** OIG recommends that the Bureau of Diplomatic Security revise the bureau-specific procedures implemented in January 2022 by detailing the specific processes that its Contracting Officer's Representatives should use to (a) obtain and verify that supporting documentation submitted with an invoice is accurate and complete and (b) document the invoice review to demonstrate that costs and supporting documentation were verified.

**Recommendation 3:** OIG recommends that the Bureau of Diplomatic Security revise the bureau-specific procedures implemented in January 2022 by including a requirement for its Contracting Officer's Representatives (COR) to use the "GTM Tracker" tool to track personnel delegated to assist the COR.

**Recommendation 4:** OIG recommends that the Bureau of Diplomatic Security (a) determine whether the \$361,627,297 in questioned costs spent on Contract 19AQMM19C0007 are supported and allowable and (b) recover any costs determined to be unsupported and unallowable.

**Recommendation 5:** OIG recommends that the Bureau of Diplomatic Security inspect the body armor items acquired for use under Contract 19AQMM19C0007 to determine whether they are of sufficient quality.

**Recommendation 6:** OIG recommends that the Bureau of Diplomatic Security dispose of and replace, as appropriate, all body armor items acquired under Contract 19AQMM19C0007 determined during the inspection conducted in response to Recommendation 5 to be of insufficient quality.

## APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

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The Office of Inspector General (OIG) conducted this audit to determine whether the Bureau of Diplomatic Security (DS), Directorate of Domestic Operations (DO), Office of Domestic Facilities Protection (DFP), administered the domestic guard services contract<sup>1</sup> in accordance with applicable federal and Department of State (Department) standards governing the oversight of contractor performance and invoice processing.

OIG conducted this audit from December 2021 to May 2022 in the Washington, DC, metropolitan area. The scope of this audit was DFP's domestic guard services contract 19AQMM19C0007 with Inter-Con Security Systems, Incorporated (Inter-Con), from December 15, 2018, to October 31, 2021. OIG conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

To obtain background information, including criteria, OIG researched and reviewed federal laws and regulations, as well as policies relating to the Department's domestic guard services contract. Specifically, OIG reviewed the Foreign Affairs Handbook, Foreign Affairs Manual, and Federal Acquisition Regulation. OIG also interviewed key personnel within the Bureau of Administration and DS. Additionally, OIG reviewed and analyzed documentation including the domestic guard services contract and related modifications. Furthermore, OIG reviewed the Contracting Officer's Representative (COR) file, delegation of authority memoranda, and a sample of invoices along with corresponding supporting documentation.

### Data Reliability

During the audit, OIG used electronically processed data from the Department's Global Financial Management System (GFMS)<sup>2</sup> to select a sample of invoices to review for the domestic guard services contract 19AQMM19C0007. OIG conducted a limited data reliability assessment of the information. Specifically, the audit team met with a knowledgeable OIG Office of Investigations official to gain an understanding of the information on the invoices and invoice approval forms, how invoices are routed through GFMS for review and payment, and how the data were obtained from the system. Additionally, OIG reviewed "GFMS/Momentum Acquisitions: New User Training" and other GFMS system descriptions to obtain a general understanding of GFMS as it relates to domestic guard services contract 19AQMM19C0007. OIG concluded that the data were sufficiently reliable for the purpose of identifying and selecting a sample of invoices for testing.

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<sup>1</sup> Domestic security guard contract (19AQMM19C0007) with Inter-Con from December 15, 2018, to October 31, 2021.

<sup>2</sup> GFMS is the Department's accounting system of record, and all domestic accounting is processed in GFMS.

## Work Related to Internal Control

During the audit, OIG considered a number of factors, including the subject matter of the project, to determine whether internal control was significant to the audit objective. OIG determined that internal control was significant for this audit. OIG then considered the components of internal control and the underlying principles included in the *Standards for Internal Control in the Federal Government*<sup>3</sup> to identify internal controls that were significant to the audit objective. Considering internal control in the context of a comprehensive internal control framework can help auditors to determine whether underlying internal control deficiencies exist.

For this audit, OIG concluded that two of five internal control components from *Standards for Internal Control in the Federal Government*—Control Environment and Control Activities—were significant to the audit objective. The control environment component is the foundation for an internal control system. It provides the discipline and structure to help an entity achieve its objectives. The control activities component includes the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity’s information system. OIG also concluded that two of the principles related to the selected components were significant to the audit objective, as described in Table A.1.

**Table A.1: Internal Control Components and Principles Identified as Significant**

Components	Principles
Control Environment	Management should establish an organizational structure, assign responsibility, and delegate authority to achieve the entity’s objectives.
Control Activities	Management should design control activities to achieve objectives and respond to risks.

**Source:** OIG-generated from an analysis of internal control components and principles from the Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014).

OIG then reviewed criteria, interviewed Department officials, and reviewed contract documentation to obtain an understanding of the internal controls related to the components and principles identified as significant for this audit. OIG performed procedures to assess the design and implementation of key internal controls. Specifically, OIG:

- Assessed the completeness of the COR file related to contract administration.
- Reviewed a sample of invoices and supporting documentation to determine whether they were properly supported and reviewed prior to approval.

<sup>3</sup> Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014).

Internal control deficiencies identified during the audit that are significant within the context of the audit objective are presented in the Audit Results section of this report.

## Sampling Methodology

The sampling objective was to select invoices for testing to determine whether documentation was sufficient to support the approval for payment. The Inter-Con domestic guard contract being audited was in place from December 15, 2018, to October 31, 2021, which is a total of 13 quarters. OIG determined that it would select one invoice for testing from each of the 13 quarters to ensure each quarter was represented at least once. OIG also considered time constraints when determining the number of invoices to review.

OIG used a non-statistical, random sampling design to select invoices for testing. Specifically, OIG obtained a list of 1,697 invoices for the contract from GFMS, valued at approximately \$362 million. OIG removed all invoices that totaled less than \$25,000<sup>4</sup> to ensure maximum impact of OIG's testing. OIG identified 320 invoices that were valued over \$25,000. OIG then divided the remaining invoices into two strata: those less than \$1,114,211 (185 invoices) and those more than or equal to \$1,114,211 (135 invoices). OIG then judgmentally selected six invoices for testing from the less than \$1,114,211 stratum and seven invoices for testing from the more than or equal to \$1,114,211 stratum. As part of the judgmental selection, OIG ensured that each quarter was represented once. As shown in Table A.2, OIG judgmentally selected 13 invoices, valued at approximately \$23.5 million.

**Table A.2: Number of Invoices Selected**

Number	Invoice Number	Invoice Amount
1	DSX20A06-CA-INC	\$ 68,922
2	DSX19B04-002	51,318
3	DSX21B08-CA	256,989
4	DSX20B06-07	62,821
5	TBCX01-CA	616,558
6	DSX20A07-001	27,737
7	TBCX11-S	3,371,524
8	DSX20B09-CA	1,232,580
9	DSX21A04-S	3,667,862
10	DSX19B12-S	3,223,981
11	DSX21C03-S	3,672,371
12	DSX21A10-S	3,806,850
13	TBCX05-S-R	3,371,367
<b>Total</b>		<b>\$23,430,880</b>

**Source:** OIG-generated based on analysis of invoice amounts from GFMS data obtained from OIG's Office of Investigations.

<sup>4</sup> The mode of the invoice amounts was \$27,737, so OIG determined that \$25,000 was a reasonable minimum threshold. The minimum threshold eliminated the inclusion of small invoice amounts and allowed for potential selection of the mode amount.

OIG requested all supporting documentation for each of the 13 invoices selected for review. OIG began its review of the supporting documentation for three invoices. OIG found numerous issues, including unallowable charges, inadequate review of invoices and supporting documentation by the COR, a lack of supporting documentation to justify invoice approval, and a lack of written invoicing review and approval procedures. As a result, OIG could not confirm the accuracy of the documentation. Therefore, OIG discontinued further invoice review. The deficiencies identified are detailed in the Audit Results section of this report.

### **Prior Office of Inspector General Reports**

In October 2018, OIG inspectors reported<sup>5</sup> that DFP did not sufficiently oversee contractor performance and process invoices in accordance with Department standards on an \$81 million annual guard contract with Inter-Con. Specifically, OIG reported that there was no oversight of Inter-Con performance and the Contracting Officer's Representative did not receive or review invoices as required by the Inter-Con base contract or in accordance with Department standards. OIG made seven recommendations to improve internal controls, three of which were related to contractor performance and invoice processing. All seven recommendations have been implemented and closed.

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<sup>5</sup> OIG, *Inspection of the Bureau of Diplomatic Security's Office of Domestic Facilities Protection* (ISP-I-19-01, October 2018).



## APPENDIX B: POST INSPECTION CHECKLIST

Figure B.1 is the Post Inspection Checklist used by Government Technical Monitors to document the contractor's performance for the domestic guard contract.

**Figure B.1: Post Inspection Checklist**



### POST INSPECTION CHECKLIST

**Contract Number:** 19AQMM19C0007      **Contractor:** Inter-Con Security Systems

AREA OF REVIEW	RATING	PROGRAM RATING 0 – Non-Compliance (CAR) 1 – Fully Compliant (NFA) N/A- Not Applicable
<b>GTM:</b> _____ <b>Date:</b> _____		<b>Comments / Corrective Actions</b>
<b>P1</b> Inspect guard posts C.6.1.6; C.6.1.12; C.6.1.13; C.6.1.19; C.6.1.22		
<b>P2</b> Inspect guards to ensure grooming standards are met. C.8.3.(a,o); C.8.4 (c); C.8.4.2 (b); General Order 8.1		
<b>P3</b> Inspect certification cards and validate qualifications required C.10.5; General Order 3.21		
<b>P4</b> Inspect post logbooks (verify accuracy of entries,) C.6.1.22 & Every P.O under "Post Equipment Summary"		
<b>P5</b> Observe guards conducting access control, verifying that all required tasks are being conducted properly. General Order 2.3		
<b>P6</b> Check guard schedule to ensure rest/meal breaks are occurring and that personnel are properly relieved. C.11.6.5; General Order 2.8		
<b>P7</b> Observe explosives detection dog handler (EDD) working teams and inspect EDD work records to ensure EDCs are receiving contract required daily training. C.6.3.3 & K9 P.O's; Attachment 9		
<b>P8</b> Verify that EDC teams are recording work utilization and find data. K9 P.O's		
<b>P9</b> Inspect EDC kennels general condition and ensure cleanliness. C.6.3.4.2		

**Source:** Obtained from the Office of Domestic Facilities Protection.

## APPENDIX C: BUREAU OF DIPLOMATIC SECURITY RESPONSE

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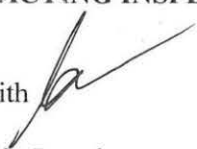
United States Department of State

Washington, D.C. 20520

UNCLASSIFIED

September 1, 2022

### INFORMATION MEMO TO ACTING INSPECTOR GENERAL SHAW – OIG

FROM: DS – Gentry O. Smith 

SUBJECT: Bureau of Diplomatic Security response to the Office of Inspector General (OIG) Audit of the Bureau of Diplomatic Security's Oversight of Contractor Performance and Invoice Processing for the Domestic Guard Services Contract, August, 2022

Below is the Bureau of Diplomatic Security's response to recommendations of the subject report.

**Recommendation 1:** OIG recommends that the Bureau of Diplomatic Security revise the bureau-specific procedures implemented in January 2022 to include the specific processes that its Government Technical Monitors should use to monitor and document contractor performance to assure compliance with the contract terms and conditions.

**DS Response (09/01/2022):** DS agrees with the recommendation to revise the bureau-specific procedures to include the specific processes that its Government Technical Monitors use to monitor and document contractor performance to assure compliance with the contract terms and conditions. DS/DO/DFP is currently revising the procedures that its Government Technical Monitors use to monitor contractor performance. DS anticipates the procedures will be approved and enacted within 30 days and will forward the revised procedures to OIG once completed.

**Recommendation 2:** OIG recommends that the Bureau of Diplomatic Security revise the bureau-specific procedures implemented in January 2022 by detailing the specific processes that its Contracting Officer's Representatives should use to (a) obtain and verify that supporting documentation submitted with an invoice is accurate and complete and (b) document the invoice review to demonstrate costs and supporting documentation were verified.

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**DS Response (09/01/2022):** DS agrees with the recommendation to revise the bureau-specific procedures by detailing the specific processes that its Contracting Officer's Representatives use to (a) obtain and verify that supporting documentation submitted with an invoice is accurate and complete and (b) document the invoice review to demonstrate costs and supporting documentation were verified. DS anticipates the procedures will be approved and enacted within 30 days and will forward the revised procedures to OIG once completed.

**Recommendation 3:** OIG recommends that the Bureau of Diplomatic Security revise the bureau-specific procedures implemented in January 2022 by including a requirement for its Contracting Officer's Representatives (COR) to use the "GTM Tracker" tool to track personnel delegated to assist the COR.

**DS Response (09/01/2022):** DS agrees with the recommendation to revise the bureau-specific procedures by including a requirement for its Contracting Officer's Representatives (COR) to use the "GTM Tracker" tool to track personnel delegated to assist the COR. DS anticipates this will be approved and enacted within 30 days and will forward the revised procedures to OIG once completed.

**Recommendation 4:** OIG recommends that the Bureau of Diplomatic Security (a) determine whether the \$361,627,297 million in questioned costs spent on Contract 19AQMM19C0007 are supported and allowable and (b) recover any costs determined to be unsupported and unallowable.

**DS Response (09/01/2022):** The Bureau of Diplomatic Security concurs with the OIG's recommendation. The Bureau, in coordination with the Office of Procurement Executive's (A/OPE) audit team, is planning an audit of Contract 19AQMM19C0007 with the Defense Contract Audit Agency (DCAA). The Bureau will use DCAA's audit opinion to assess the support for the costs spent on Contract 19AQMM19C0007 and negotiate recovery of any costs deemed unallowable.

**Recommendation 5:** OIG recommends that the Bureau of Diplomatic Security inspect the body armor items acquired for use under Contract 19AQMM19C0007 to determine whether they are of sufficient quality.

**DS Response (09/01/2022):** DS agrees with the recommendation. DS/DO/DFP in coordination with DS/C/PSP/DEAV, confirmed that body armor used under Contract 19AQMM19C0007 was purchased through a reputable vendor and meets

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NIJ's Compliant Products List. DS/DO/DFP will examine 10 percent of the Contract 19AQMM19C007 armor being used to ensure the products match data provided by the vendor. Any indication of armor which does not meet requirements will be disposed of, replaced, and trigger a 100% inspection.

**Recommendation 6:** OIG recommends that the Bureau of Diplomatic Security dispose of and replace, as appropriate, all body armor items acquired under Contract 19AQMM19C0007 determined during the inspection conducted in response to Recommendation 5 to be of insufficient quality.

**DS Response (09/01/2022):** DS agrees with the recommendation. See response for Recommendation 5.

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Approved: DS – Gentry O. Smith [GOS]

Analyst: DS/MGT/PPD – Timothy A. Elliott

Cleared: DS/DSS: CMatus (ok)  
DS/EX: JSchools (ok)  
DS/EX/MGT: JMater (ok)  
DS/MGT/PPD: RReisman (ok)  
DS/MGT/PPD - Policy: DMurphy (ok)  
M: MPaschke (ok)  
M/SS: HJimenez (ok)  
A: (No Response)



## ABBREVIATIONS

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CO	Contracting Officer
COR	Contracting Officer's Representative
DFP	Office of Domestic Facilities Protection
DO	Directorate of Domestic Operations
DS	Bureau of Diplomatic Security
DSO	Domestic Security Officer
FAC-COR	Federal Acquisition Certification for Contracting Officer's Representatives
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FAR	Federal Acquisition Regulation
GAO	Government Accountability Office
GFMS	Global Financial Management System
GTM	Government Technical Monitors
NIJ	National Institute of Justice
OIG	Office of Inspector General
PPE	personal protective equipment
TAS	temporary additional services

## OIG AUDIT TEAM MEMBERS

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