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Office of Inspector General
United States Department of State

ISP-I-21-15

Office of Inspections

July 2021

**Inspection of the Bureau of
Administration, Office of the Procurement
Executive, Office of Acquisitions
Management, Diplomatic Security
Contracts Division**

DOMESTIC OPERATIONS

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HIGHLIGHTS

Office of Inspector General
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What OIG Inspected

OIG inspected the contract management, oversight, and support services of the Office of Acquisition Management's Diplomatic Security Contracts Division

What OIG Recommends

OIG made 3 recommendations to the Bureau of Administration.

In its comments on the draft report, the Bureau of Administration concurred with all 3 recommendations. OIG considers all 3 recommendations resolved. The Bureau of Administration's response to each recommendation, and OIG's reply, can be found in the Recommendations section of this report. The bureau's formal written response is reprinted in its entirety in Appendix B.

July 2021

OFFICE OF INSPECTIONS

DOMESTIC OPERATIONS

Inspection of the Bureau of Administration, Office of the Procurement Executive, Office of Acquisitions Management, Diplomatic Security Contracts Division

What OIG Found

- The Office of Acquisitions Management's Diplomatic Security Contracts Division fostered a collaborative relationship with the Bureau of Diplomatic Security.
- The Office of the Procurement Executive had not conducted a comprehensive staffing analysis for the Diplomatic Security Contracts Division.
- The division lacked integrated financial management and procurement information technology systems to support efficient contracting operations. Additionally, the division did not have a knowledge management strategy to efficiently store and retrieve information essential to its operations.
- Spotlight on Success: The division initiated two informal training sessions that gave contracting officers and contracting officer's representatives a platform to share information on contracting topics.

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CONTEXT

The Bureau of Administration's Office of Acquisitions Management (AQM) manages, plans, and directs the Department's acquisition activities for goods and services worldwide. Staffed by contracting officers and contracting specialists,¹ AQM manages the full range of procurement services, including acquisitions planning support, procurements, contract negotiations, cost and price analysis, and contract administration. Successful contracting activities require close coordination between AQM's contracting officers and the requiring offices² because each contributes specific expertise to administer the technical and programmatic requirements of the contracting activity. AQM operates as a Working Capital Fund organization, with the requiring offices paying a surcharge based on the value of the contract action. These surcharges support the total operational costs of the office, including staff salaries, temporary duty expenses, supplies, and equipment. The surcharge is 1.25 percent for Department of State (Department) acquisitions and 4 percent for other agency acquisitions. Surcharges apply to all awards and modifications.

AQM's Diplomatic Security Contracts Division (DSCD) establishes acquisitions agreements for the Bureau of Diplomatic Security (DS).³ As such, DSCD is the service provider that delivers the full range of AQM services and support for DS' security, logistics, and service contracts for both domestic and overseas operations. DSCD consists of three branches: security, worldwide protective services, and local guard force and anti-terrorism assistance/training (LGF/ATA).

¹ Contracting officers are Government officials authorized to enter into or administer procurement contracts and make related determinations and findings. Contracting specialists are Government or contract employees who assist contracting officers.

² The requiring office is the entity, such as a program management office or other organizational unit, responsible for translating user and needs requirements into the necessary contracting documents. Bureau of Diplomatic Security program offices that receive acquisitions support from the Diplomatic Security Contracts Division are referred to in this report as requiring offices.

³ DS is the Department's Federal law enforcement and security bureau, with offices in 29 U.S. cities and approximately 270 locations overseas. Tasked with providing a secure environment for the conduct of diplomacy, DS accomplishes its mission through the management of security programs to protect personnel, facilities, and information. Administering these programs involves acquiring goods and services through the Federal procurement process.

COLLABORATION AND CUSTOMER SERVICE

The Diplomatic Security Contracts Division Fostered a Collaborative Relationship With the Bureau of Diplomatic Security

OIG found that DSCD fostered a collaborative relationship with DS. In 2017, AQM and DS entered into a service level agreement⁴ to improve communication between the two entities and convey program requirements and expectations. This agreement established lines of communication to improve processes and address service deficiencies, create timelines for the acquisition workflow process, and enhance accountability. AQM and DS further expanded communication by establishing quarterly service level agreement meetings between DSCD leadership and the DS Executive Directorate. These meetings provide a platform to share ideas and concerns, convey programmatic requirements, address complicated contractual matters, and resolve disputes. At the program level, DSCD's contracting officers and specialists are physically embedded with the DS program offices they support. AQM and DS considered this model to be a successful team-based approach to both facilitate DSCD's comprehensive knowledge of DS program requirements and to enhance delivery and quality of acquisition services. OIG found, through interviews and document review, that DSCD and DS complied with the service level agreement, and that the quarterly service level agreement meetings, along with the embedded DSCD staff approach, created a highly collaborative environment.

WORKFORCE MANAGEMENT

Comprehensive Staffing Analysis Not Conducted

OIG found no evidence that the bureau had performed a comprehensive staffing analysis of DSCD. In 2018, the Bureau of Administration transferred AQM from the Office of Logistics Management to the Office of the Procurement Executive (OPE). However, at the time of the inspection, OPE had yet to conduct a study to determine an appropriate staffing-to-workload ratio. Conducting a comprehensive staffing analysis is especially important because DS was AQM's largest contracting customer in terms of dollar value, with 4,509 contracting actions in FY 2020 having a total award value of approximately \$2.2 billion. At the time of the inspection, 11 of DSCD's 43 authorized positions were vacant, leading to a high workload for individual contracting officers and specialists. In the LGF section of the LGF/ATA branch, for example, each contracting officer managed an average of 8 contracts (out of the total of 105 LGF contracts) with a total value of roughly \$2 billion. In addition, two contracting officers—one each in the security branch and in the ATA section of the LGF/ATA branch—managed a combined 91 contracts with a total value of roughly \$6.8 billion. In interviews with OIG, DSCD employees consistently said that insufficient staffing levels impeded their ability to carry out core duties.

⁴ A service level agreement defines the performance targets required to deliver services based on customer requirements. The agreement's performance targets provide a basis of understanding that allows the Department to determine the resources required to meet those targets and define the method of reimbursement for the service.

For example, staff struggled to complete tasks such as contractor performance assessments and contract file management.

The Government Accountability Office's *Standards for Internal Control in the Federal Government*⁵ states that management is responsible for evaluating pressure to help personnel fulfill their assigned responsibilities in accordance with the entity's standards of conduct. In addition, 2 Foreign Affairs Manual (FAM) 021.1b states that managers must establish cost-effective systems of management controls to ensure U.S. Government activities are managed effectively. Management can address excessive pressures using many different tools, such as rebalancing workloads or increasing resource levels.⁶ According to OPE, it has scheduled a 5-year business case analysis of AQM in FY 2021 that would include DSCD. OPE said this analysis will focus on internal policies, procedures, and staffing. However, in order to ensure that this important analysis is completed, OIG is making a recommendation. Without such an analysis, the division's current staffing and workload situation increases opportunities for mistakes, reduces effectiveness, limits DSCD's capacity to implement innovative practices, and ultimately reduces the level and quality of AQM's support to DS.

Recommendation 1: The Bureau of Administration should perform a comprehensive staffing analysis for the Diplomatic Security Contracts Division. (Action: A)

Spotlight on Success: Informal Training Sessions Enhanced Teamwork

The Diplomatic Security Contracts Division initiated two informal training sessions titled "[Contracting Officer's Representatives] and Coffee" and "[Contracting Officer] Roundtable." Initiated in June 2019, these informal training sessions were held each month for DS contracting officer's representatives⁷ and DSCD contracting officers and specialists. The informal training enhanced collaboration between the two bureaus and provided a platform to share best practices, lessons learned, security contracting practices, and guidance on challenging contracting topics. These sessions also helped promote communication between DS and DSCD staff who were dispersed physically and working remotely during the COVID-19 pandemic.

INFORMATION AND KNOWLEDGE MANAGEMENT

Division Lacked Integrated Information Technology Systems and a Knowledge Management Strategy

DSCD staff lacked integrated financial management and procurement IT systems to support efficient contracting operations. Additionally, the division did not have a knowledge management strategy to efficiently store and retrieve information essential to its operations.

⁵ Government Accountability Office, *Standards for Internal Control in the Federal Government* 33 (GAO-14-704G, September 2014).

⁶ GAO-14-704G, September 2014, at 33.

⁷ A contracting officer's representative is an individual in the requirements office who is responsible for the technical monitoring and evaluation of the contractor's performance.

The volume and complexity of the division's workload made this situation especially challenging. For example, DSCD processed 4,509 contract actions in FY 2020. These actions supported activities critical to the protection of employees and facilities, including establishing new local guard posts overseas, procuring supplies for embassies, and acquiring armored vehicles. Furthermore, DSCD oversaw a wide range of contract mechanisms, such as labor hour, firm fixed price, time and materials, and hybrid contracts. Finally, complex technical requirements for DS acquisitions created a need to manage technical specification documents, templates, and policies applicable to specialized programs. Despite the volume and complexity of its workload, OIG found that DSCD staff relied on manual data entry to track and manage information on key contracting processes. Staff said this reliance on manual data entry slowed their work and complicated management's ability to ensure adherence to internal controls.

OIG identified three main issues that contributed to this problem. First, AQM had undertaken but not yet completed an analysis to map the Department's IT architecture in an effort to identify potential integration capabilities for systems used for procurement. Second, DSCD lacked a knowledge management strategy to efficiently manage a large volume of information in its files, such as standard operating procedures, contracting templates, and policy documents. Finally, the two systems that DSCD relied on—the Department's Global Financial Management System (GFMS)⁸ and the eFiling module of the Integrated Logistics Management System (ILMS)⁹—were not fully integrated, which limited the division's ability to manage information such as funding levels for delivery orders and the status of contracting actions. GFMS and ILMS are owned and managed by the Bureau of the Comptroller and Global Financial Services and the Bureau of Administration's Office of Logistics Management, respectively. Consequently, any changes to improve the integration between GFMS and ILMS would be the responsibility of their parent entities and not DSCD. As such, OIG did not inspect the lack of full integration between GFMS and ILMS' eFiling module because it was outside the scope of the inspection. However, Department employees told OIG that several recent initiatives had been undertaken to strengthen the systems' integration as part of long-term efforts to better support user needs.¹⁰

According to Federal Acquisition Regulation Part 4.802(c)(2) and (3), "Contract files," contract files are to be readily accessible to principal users and the establishment of duplicate files must be minimized. In addition, the *Standards for Internal Control in the Federal Government*¹¹ states that the documentation of an organization's internal control system provides a means to retain organizational knowledge, mitigates the risk of having that knowledge limited to a few

⁸ GFMS is a multi-tiered web-based application, based on commercially available software, which provides flexible financial accounting, funds control, management accounting, and financial reporting processes for the Department.

⁹ ILMS is a unified web-based information system designed to upgrade the Department's supply chain by improving processing in such areas as purchasing, procurement, warehousing, transportation, receiving, property management, personal effects, diplomatic pouch, and mail.

¹⁰ Among other recent initiatives, the Bureau of Administration instituted modules in the ILMS to receive vendor invoices electronically (eInvoicing) and to create electronic contracting and contract management files (eFiling).

¹¹ GAO-14-704G, September 2014, at 29.

personnel, and is a means to communicate that knowledge to external parties. Furthermore, 5 Code of Federal Regulations § 250.204, states that agencies must implement a knowledge management process to ensure continuity in knowledge sharing among employees at all levels within the organization. The continued lack of a centralized and integrated procurement and acquisitions system designed for acquisitions program management reduces the effectiveness of acquisition planning and management and increases the opportunities for errors.

Recommendation 2: The Bureau of Administration, in coordination with the Bureau of the Comptroller and Global Financial Services, should create a schedule of potential systems improvements that incorporate the results of the information technology architecture mapping analysis performed by the Office of Acquisitions Management. (Action: A, in coordination with CGFS)

Recommendation 3: The Bureau of Administration should develop and implement a knowledge management strategy for the Diplomatic Security Contracts Division. (Action: A)

RECOMMENDATIONS

OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendations. OIG issued the following recommendations to the Bureau of Administration. The Bureau of Administration's complete response can be found in Appendix B.¹ The bureau also provided technical comments that were incorporated into this report, as appropriate.

Recommendation 1: The Bureau of Administration should perform a comprehensive staffing analysis for the Diplomatic Security Contracts Division. (Action: A)

Management Response: In its July 9, 2021, response, the Bureau of Administration concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Administration performed a comprehensive staffing analysis for the Diplomatic Security Contracts Division.

Recommendation 2: The Bureau of Administration, in coordination with the Bureau of the Comptroller and Global Financial Services, should create a schedule of potential systems improvements that incorporate the results of the information technology architecture mapping analysis performed by the Office of Acquisitions Management. (Action: A, in coordination with CGFS)

Management Response: In its July 9, 2021, response, the Bureau of Administration concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Administration created a schedule of potential systems improvements that incorporate the results of the information technology mapping analysis.

Recommendation 3: The Bureau of Administration should develop and implement a knowledge management strategy for the Diplomatic Security Contracts Division. (Action: A)

Management Response: In its July 9, 2021, response, the Bureau of Administration concurred with this recommendation.

OIG Reply: OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that the Bureau of Administration developed

¹ OIG faced delays in completing this work because of the COVID-19 pandemic and resulting operational challenges. These challenges included the inability to conduct most in-person meetings, limitations on our presence at the workplace, difficulty accessing certain information, prohibitions on travel, and related difficulties within the agencies we oversee, which also affected their ability to respond to our requests.

and implemented a knowledge management strategy for the Diplomatic Security Contracts Division.

PRINCIPAL OFFICIALS

Title	Name	Arrival Date
Diplomatic Security Contracts Division		
Division Chief	Patrick Reilly	9/2019

Source: Generated by OIG from data provided by the Bureau of Administration.

APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

This inspection was conducted from September 8, 2020, to February 26, 2021, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspections Handbook, as issued by OIG for the Department and the U.S. Agency for Global Media (USAGM).

Objectives and Scope

The Office of Inspections provides the Secretary of State, the Chief Executive Officer of USAGM, and Congress with systematic and independent evaluations of the operations of the Department and USAGM. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved and U.S. interests are accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy; and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; and whether instances of fraud, waste, or abuse exist and whether adequate steps for detection, correction, and prevention have been taken.

OIG's specific objectives for this inspection of the Office of Acquisitions Management's (AQM) Diplomatic Security Contract Division (DSCD) were to determine whether:

- Contract modifications, new awards, and other key contracting actions were carried out in accordance with timeframes specified in the service level agreement.
- AQM and the Bureau of Diplomatic Security (DS) established an effective acquisition planning process, as required by Federal Acquisition Regulation (FAR) 7.104.
- AQM and DS identified information management systems to monitor contractor performance and share other essential information, as required by FAR 7.105(11).
- Staffing shortfalls or imbalances were contributing factors in not meeting performance targets in the service level agreement and if so, whether AQM had taken steps to address these with reference to DSCD operations.

Methodology

OIG used a risk-based approach to prepare for this inspection. Due to the COVID-19 pandemic and taking into consideration relevant guidance, OIG conducted this inspection remotely and relied on audio- and video-conferencing tools in lieu of in-person interviews with Department and other personnel. OIG also reviewed pertinent records; circulated surveys and compiled the

results; and reviewed the substance of this report and its findings and recommendations with offices, individuals, and organizations affected by the inspection. OIG used professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop the findings and conclusions included in this report.

APPENDIX B: MANAGEMENT RESPONSE

- 1 -



United States Department of State

Washington, D.C. 20520

July 9, 2021

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MEMORANDUM

TO: OIG/ISP – Sandra Lewis, Assistant Inspector General for Inspections

FROM: A/OPE/AQM – Vince J. Chaverri, Director *VJC*

SUBJECT: OIG Draft Report: Inspection of the Bureau of Administration, Office of the Procurement Executive, Office of Acquisitions Management, Diplomatic Security Contracts Division - REVISED

Thank you for the opportunity to provide a response to the subject report. The point of contact for this report is the A/OPE Front Office (A-OPEFrontOfficeAssistants@state.gov).

Recommendation 1: The Bureau of Administration should perform a comprehensive staffing analysis for the Diplomatic Security Contracts Division. (Action: A)

Management Response (07/09/21): The Office of the Procurement Executive (OPE) concurs with the recommendation to perform a comprehensive staffing analysis for the Diplomatic Security Contracts Division.

Recommendation 2: The Bureau of Administration, in coordination with the Bureau of the Comptroller and Global Financial Services, should create a schedule of potential systems improvements that incorporate the results of the information technology architecture mapping analysis performed by the Office of Acquisitions Management. (Action: A, in coordination with CGFS)

Management Response (07/09/21): The Office of the Procurement Executive (OPE) concurs with the recommendation. The Office of Acquisitions Management (AQM) will coordinate with the Bureau of the Comptroller and Global Financial Services (CGFS) to create a schedule of potential systems improvements that incorporate the results of the information technology architecture mapping analysis performed by AQM. OPE will provide the schedule of potential systems improvements when it is fully developed.

Recommendation 3: The Bureau of Administration should develop and implement a knowledge management strategy for the Diplomatic Security Contracts Division. (Action: A)

Management Response (07/09/21): The Office of the Procurement Executive (OPE) concurs with the recommendation. OPE will develop and implement a knowledge management strategy to efficiently store and retrieve information essential to its operations.

The point of contact for this memorandum is Carly Sweet.

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ABBREVIATIONS

AQM	Office of Acquisitions Management
DS	Bureau of Diplomatic Security
DSCD	Diplomatic Security Contracts Division
GFMS	Global Financial Management System
ILMS	Integrated Logistics Management System
LG/ATA	Local Guard Force and Anti-Terrorism Assistance/Training Branch
OPE	Office of the Procurement Executive

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