



OIG

Office of Inspector General

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

AUD-MERO-16-30

Office of Audits

March 2016

Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 8 — Security Services at U.S. Consulate Erbil

MIDDLE EAST REGION OPERATIONS

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OIG HIGHLIGHTS

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What OIG Audited

The Department awarded Task Order 8 under the Worldwide Protective Services (WPS) base contract to DynCorp International, LLC (DynCorp), on June 24, 2011. The purpose of the task order is to provide static guard and other security services for Chief of Mission personnel and facilities at U.S. Consulate Erbil. The task order's period of performance is for one base year beginning September 15, 2011, and four option years. The Department exercised only one option year. The total expended under the task order was \$160 million.

Acting on the Office of Inspector General's (OIG) behalf, Kearney & Company, P.C. (Kearney), an independent public accounting firm, conducted this audit to determine the extent to which the Department's invoice review and approval procedures are effective for ensuring the accuracy and completeness of costs.

What OIG Recommends

OIG made three recommendations to the Bureau of Administration to address \$10.8 million in questioned costs and to improve the Department's invoice review guidance. In its response (see Appendix C), the Bureau of Administration concurred with OIG's recommendations. In comments received from the Bureau of Diplomatic Security (DS) (see Appendix D), DS stated that it would assist the Bureau of Administration in implementing Recommendation 3. The bureau's responses to the recommendations and OIG's replies are presented after each recommendation.

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March 2016
OFFICE OF AUDITS
Middle East Region Operations

Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 8 – Security Services at U.S. Consulate Erbil

What OIG Found

Kearney reviewed a sample of 52 invoices, totaling \$93.3 million, that DynCorp submitted as of September 30, 2015, and is questioning \$10.8 million of the costs approved by the Contracting Officer's Representative (COR). Specifically, Kearney questions \$807,507 in costs considered unallowable based on the contract terms, applicable laws, or regulations. Kearney is also questioning \$10 million in costs not adequately supported in accordance with the contract terms.

Invoice Category	Unsupported Costs	Unallowable Costs	Total Questioned Costs
Labor	\$18,000	\$286,331	\$304,331
Training	\$6,754,766	-	\$6,754,766
Travel	\$237,160	\$4,649	\$241,809
Other Direct Costs	\$2,978,793	\$516,527	\$3,495,320
Total	\$9,988,719	\$807,507	\$10,796,226

The COR approved these costs primarily because DS did not have a sufficient process to review and approve WPS invoices. Specifically, DS did not have documented procedures for CORs to follow when reviewing and approving invoices. Additionally, DS did not provide training to CORs on how to perform an in-depth review of WPS invoices. Further, the Bureau of Administration's Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), did not formally modify the contract for instances where DS allowed DynCorp to deviate from the base contract. Finally, AQM signed and executed modifications to DynCorp's approved pricing schedules as much as a year after their stated effective dates.



Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 8 -
Security Services at U.S. Consulate - Erbil

Office of Inspector General
U.S. Department of State
Washington, D.C.

Kearney & Company, P.C. (Kearney), has performed an audit of Task Order 8 under the Bureau of Diplomatic Security, Worldwide Protective Services Contract. This performance audit, performed under Contract No. SAQMMA14A0050, was designed to meet the objective identified in the report section titled "Objective" and further defined in Appendix A, "Scope and Methodology," of the report.

Kearney conducted this performance audit from August 2015 through December 2015 in accordance with *Government Auditing Standards*, 2011 Revision, issued by the Comptroller General of the United States. The purpose of this report is to communicate the results of Kearney's performance audit.

Kearney appreciates the cooperation provided by personnel in Department offices during the audit.

A handwritten signature in blue ink that reads "Kearney & Company". The signature is stylized and cursive.

Kearney & Company, P.C.
Alexandria, Virginia
February 25, 2016

CONTENTS

OBJECTIVE	1
BACKGROUND	1
Worldwide Protective Services Contract Task Order 8.....	2
Contract Management and Oversight.....	3
AUDIT RESULTS.....	4
Finding A: The Contracting Officer's Representative Approved Invoices That Contained More Than \$10 Million in Questioned Costs	4
RECOMMENDATIONS	13
APPENDIX A: SCOPE AND METHODOLOGY	14
Prior Reports.....	14
Work Related to Internal Controls	15
Use of Computer-Processed Data.....	15
Detailed Sampling Methodology	16
APPENDIX B: INVOICES WITH QUESTIONED COSTS.....	17
APPENDIX C: BUREAU OF ADMINISTRATION RESPONSE.....	20
APPENDIX D: BUREAU OF DIPLOMATIC SECURITY COMMENTS	22
ABBREVIATIONS	24

OBJECTIVE

Kearney conducted this audit to determine whether the Department of State's (Department) review and approval processes and procedures for invoices submitted under the Worldwide Protective Services (WPS) contract Task Order 8 are effective for identifying unsupported and unallowable costs. Specifically, the objective of the audit was to determine the extent to which the Department's invoice review and approval procedures are effective for ensuring the accuracy and completeness of costs.

This audit is the fourth in a series of audits performed by the Office of Inspector General (OIG) at the request of the Bureau of Diplomatic Security (DS). These audits, collectively, are designed to evaluate the performance, management, and oversight of the WPS program. OIG previously reported on WPS Task Order 5 for Baghdad Embassy movement security services,¹ WPS Task Order 10 for Kabul Embassy security services,² and WPS Task Order 3 for Baghdad static security.³ In those audits, OIG found, among other things, that contracting officers and their representatives did not thoroughly review supporting documentation when approving invoices; that they did not ensure that contractors maintained records; and that they did not adequately monitor the contractor's performance.

BACKGROUND

The WPS contract provides the Department with static guard security services, protective movement security services, and other specialized emergency services for diplomatic missions worldwide, primarily in high threat areas. Awarded in September 2010, the WPS contract consolidated the Department's requirements from the previous Worldwide Personal Protective Services contract and individual local guard force contracts for security services.⁴ The WPS contract requires the contractor to plan, manage, and provide static guard security services, protective movement security services, emergency response teams, and explosive detection security services when tasked. The contractor is also required to plan, manage, and provide logistics support services when needed.

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

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

³ *Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 - Baghdad Embassy Security Force* (AUD-MERO-16-28, February 2016).

⁴ Prior to the consolidation, each embassy or post had its own contract for security services.

The WPS contract is a multi-billion dollar, indefinite delivery, indefinite quantity contract awarded to eight contractors:

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

These eight contractors bid for task orders under the WPS base contract to provide specific security services. As of October 2015, the Contracting Officer (CO) had awarded 13 task orders under the contract. This audit report specifically pertains to WPS Task Order 8 for static and other emergency security services for Chief of Mission personnel and facilities at U.S. Consulate Erbil.

Worldwide Protective Services Contract Task Order 8

The Department awarded WPS Task Order 8 to DynCorp on June 24, 2011, to provide static and other security services for U.S. Consulate Erbil. U.S. Consulate Erbil requires these security services in order to deter and protect against unauthorized, illegal, or potentially life-threatening activities targeting the consulate. The task order is for one base year (September 15, 2011 through September 14, 2012) and four option years. The Department exercised only one option year, which ended on September 14, 2013. The Department awarded WPS Task Order 13 to Triple Canopy, Inc., in 2013 to continue providing security services to U.S. Consulate Erbil.

The estimated total value of Task Order 8, including the base year and one option year exercised, is approximately \$236 million.⁵ As of December 18, 2015, the Department had obligated approximately \$168 million and expended \$160 million on the task order. Table 1 shows the task order contract value, obligated amounts, and expended amounts.

Table 1: Task Order 8 Value, Obligations, and Expenditures

Contract Period	Contract Value ^{a,b}	Obligated	Expended
Base Year (9/15/2011-9/14/2012)	\$126,056,410	\$93,619,449	\$93,553,419
Option Year 1 (9/15/2012-9/14/2013)	\$109,449,706	\$74,121,153	\$65,992,936
Total	\$235,506,116	\$167,740,602	\$159,546,355

^a Numbers are rounded to nearest dollar.

^b The term "contract value" is sometimes used interchangeably with "not-to-exceed value" and "contract ceiling."

Source: Kearney analysis of financial data obtained from the Department's Global Financial Management System, December 9, 2015.

The initial staffing requirement for Task Order 8 specified 598 positions staffed by contractor personnel, consisting of 275 positions to conduct static guard security, 240 to provide

⁵ Task Order 8 was awarded for a base year and four option years with a total value of approximately \$564.4 million. However, amounts in Table 1 are only shown for the base year and one option year exercised.

emergency response services, 79 to provide administrative and logistical support, and 4 to provide management support. The contract statement of work further specifies these 598 positions by nationality: 360 U.S. citizens and 238 local nationals. Although staffing levels have fluctuated during the task order based upon changing security conditions, full task order staffing is deemed by management to be important to the safety and protection of U.S. Consulate Erbil personnel. The WPS base contract provides incentives to fully staff the task order requirements upon the start date and retain staffing levels throughout the task order period. Conversely, the WPS base contract allows the U.S. Government to assess a deduction when a contractor does not meet staffing levels due to the potential breach of security created by the unstaffed post.

Positions staffed under Task Order 8 are classified as either hourly or daily, depending on how time is reported. Hourly positions are primarily guards and security screeners and are generally third country nationals and local nationals. Their time is reported on the actual hours worked, and staff in these positions must log in and out at the beginning and end of their shifts using a biometric time and attendance system required by the contract. Daily positions, such as project managers, firearms instructors, and kennel masters, are occupied by U.S. citizens and report their time as a full day worked rather than on the hours worked. They log both on and off the biometric timekeeping system for their shift to record their presence. Staffing for all positions is for 8-hour or 12-hour shifts 6 days a week.

Contract Management and Oversight

The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), is responsible for awarding and administering the WPS base contract and task orders. The WPS CO in A/LM/AQM is responsible for awarding, negotiating, administering, modifying, terminating, and making related contract determinations and findings on behalf of the U.S. Government. Furthermore, the WPS CO appoints additional contracting officers to oversee individual task orders, including Task Order 8.

The Bureau of Diplomatic Security, Office of Overseas Protective Operations, Worldwide Protective Services (DS/OPO/WPS), is responsible for implementing the WPS program, including providing management, oversight, operational guidance, and funding. The WPS CO appointed the DS/OPO/WPS division chief, located in Virginia, as the contracting officer's representative (COR) for the WPS base contract. The Task Order 8 CO is responsible for providing the overall management, oversight and guidance for the contract and possesses sole authority to enter into or modify a contract on behalf of the U.S. Government. The Task Order 8 CO may delegate specific authorities to one or more technically qualified persons to serve as CORs. The CORs are responsible for providing task order oversight, including inspecting and accepting contract services, providing technical advice to the contractor, monitoring the contractor's performance, and reviewing and approving the contractor's invoices and supporting documentation.⁶ The

⁶ Per the Foreign Affairs Handbook, 14 FAH-2 H-513(b) (6), generally, the CO authorizes the COR to independently approve invoices for payment. Also, the Federal Acquisition Regulations, FAR 1. 602-2(d)(4), allow the CO to assign

Task Order 8 CO appointed several CORs throughout the life of Task Order 8, all of whom were located in Virginia. The Task Order 8 COR is assisted by the Regional Security Officer and a staff who together act as the on-site COR, alternate CORs, and government technical monitors in Iraq.⁷ In addition, desk officers and acquisition management analysts in Virginia assist the CORs with oversight and program management.

AUDIT RESULTS

Finding A: The Contracting Officer's Representative Approved Invoices That Contained More Than \$10 Million in Questioned Costs

To review whether invoices were allowable and supported, Kearney selected a statistical sample of invoices that DynCorp submitted under Task Order 8 from the initiation of the contract through September 30, 2015. Specifically, Kearney selected 52 of 339 invoices (15.3 percent), totaling \$93.3 million of \$157.3 million (59.28 percent) of submitted invoices to review. Of the \$93.3 million in invoices reviewed, Kearney questions \$10.8 million (11.6 percent) paid on 43 invoices (82.7 percent) (see Appendices A and B, respectively, for the methodology used and a listing of invoices with questioned costs). The questioned costs include \$10 million that Kearney considers unsupported (costs not supported with adequate documentation or that did not have required approval as stated in the contract) and \$807,507 that are unallowable (costs that are prohibited by the contract, applicable laws, or regulations). Table 2 shows the questioned costs by invoice category.

Table 2: WPS Task Order 8: Questioned Costs by Invoice Category

Invoice category	Invoices Containing Each Expense Type	Invoices With Questioned Costs	Unsupported Costs	Unallowable Costs	Total Questioned Costs
Labor	22	10	\$18,000	\$286,331	\$304,331
Training	15	15	\$6,754,766	-	\$6,754,766
Travel	2	2	\$237,160	\$4,649	\$241,809
Other Direct Costs	47	41	\$2,978,793	\$516,527	\$3,495,320
Total	86 *	68*	\$9,988,719	\$807,507	\$10,796,226

*The total exceeds the number of invoices reviewed due to invoices containing more than one expense type.

Source: Kearney's analysis of DS's invoices and documentation.

duties listed in FAR 42.302 to a COR and also lists contract administration functions, including making payments on assigned contracts when prescribed in agency acquisition regulations (FAR 42.302(a)(14)). The Department has authorized COs to delegate to CORs reviews of invoices for payment under 14 FAH-2 H-513.

⁷ The WPS Task Order 8 CO appoints these task order oversight personnel in Iraq. Generally, the domestic COR approved the invoices. The on-site and alternate CORs in Iraq approved muster sheets.

Questioned Labor Invoices

Of the 52 invoices selected and reviewed, 22 invoices contained \$45.3 million in labor costs. Kearney questions \$304,331 (0.7 percent) of the \$45.3 million on 10 (45.5 percent) of the 22 labor invoices that the COR approved, of which \$286,331 was unallowable and \$18,000 was unsupported. Kearney determined that some labor costs were unallowable because DynCorp invoiced for more hours than allowed by the contract for some labor categories or DynCorp invoiced hours at a higher rate than allowed by the contract. Specifically, the WPS base contract requires DynCorp to submit labor invoices that have the number of days or hours worked and the approved rate for each labor category. The labor invoices must be supported by muster sheets⁸ showing the daily or hourly requirements for each labor category and the quantity the contractor provided each month in each location. According to the WPS base contract,⁹ the Regional Security Officer or his designee must sign the muster sheets.

In reviewing labor invoices, Kearney analyzed the quantity provided on the muster sheet and the quantity and billing rate invoiced to see if either exceeded what the contract allowed. Of the 10¹⁰ labor invoices with questioned costs, Kearney found:

- 7 of the 10 labor invoices reviewed had more days or hours billed than the correlating muster sheets, resulting in \$270,561 in unallowable costs.
- 4 of the 10 labor invoices reviewed included higher billing rates than the contractual pricing, resulting in \$5,637 in unallowable costs.
- 1 of the 10 labor invoices reviewed had erroneous muster sheet calculations, resulting in \$5,256 in unallowable costs.
- 2 of the 10 labor invoices reviewed contained more labor hours for local nationals than permitted by Iraqi law, resulting in \$4,878 in unallowable costs.

Kearney also determined that \$18,000 in labor costs was unsupported because of insufficient or inadequate documentation to support the costs. Specifically, for 1 of the 10 labor invoices with questioned costs, the desk officer identified staffing-related deductions but did not deduct all of the identified amounts from the invoice total, as required by the contract.¹¹

⁸ Muster sheets provide the contractor a formal way to document employee attendance on a daily basis similar to a timesheet.

⁹ Section F.3.1 of the WPS base contract requires that contractors submit a copy of the monthly muster signed by the Regional Security Officer, Deputy Regional Security Officer, or a designee responsible for the location, along with the applicable invoice for payment to avoid rejection for non-compliance.

¹⁰ Although only 10 invoices had questioned costs, 3 of the 10 invoices had multiple factors contributing to the questioned costs. Therefore, the invoice breakdown will not sum to 10.

¹¹ Section H.24 of the WPS base contract states that in addition to not being able to invoice the hours/days not worked, a reduction in the award price will be made if staffing falls below the minimum allowable, or the correct number of personnel are not deployed on time. Reductions are calculated by deducting the shortage amount from the invoice reflecting the staffing shortfall.

Questioned Training Invoices

Of the 52 invoices selected and reviewed, 15 contained \$6,754,766 in training costs. Kearney found all 15 of the training invoices reviewed to be unsupported. The WPS base contract¹² requires that DynCorp submit a completion certificate for each training course invoiced, as well as information about the trained individual, such as deployment date, work location, and biometric data showing that the individual deployed to the work location.¹³ Kearney found that none of the 15 invoices reviewed contained biometric data because DynCorp failed to establish a fully functional biometric time and attendance tracking and reporting system as required by the contract. According to AQM officials, DynCorp was allowed to use muster sheets instead of biometric data. However, Kearney found that AQM did not formally modify the contract to reflect this change in requirements and the COR was unable to provide support that this agreement was documented.

In addition to the missing biometric data, Kearney found that 2 (13.3 percent) of the 15 training invoices reviewed were missing additional supporting documentation. Specifically, Kearney found:

- 1 of the 15 training invoices reviewed did not include training completion certificates for 6 individuals, resulting in \$45,036 in unsupported costs.
- 1 of the 15 training invoices reviewed was missing the muster sheet, resulting in \$2,211,136 in unsupported costs.

Questioned Travel Invoices

Of the 52 invoices selected and reviewed, 2 contained \$526,345 in travel costs covering 340 travel itineraries. Kearney found both travel invoices reviewed contained unallowable and unsupported costs. Specifically, Kearney questions \$241,809 (45.9 percent) of \$526,345 reviewed, of which \$4,649 was unallowable and \$237,160 was unsupported. The Federal Acquisition Regulation states that airfare costs in excess of the lowest priced airfare available to the contractor are unallowable, unless the contractor meets certain conditions and documents those costs.¹⁴ Kearney found that for 8 (2.4 percent) of the 340 travel itineraries included in the 2 travel invoices reviewed, the supporting documentation indicated the airfare that was booked was not the lowest available fare and there was no documentation to support the purchase of the higher airfare. Kearney determined the difference between the airfare booked and the lowest available airfare was unallowable.

¹² Section G5 of the WPS base contract requires that training invoices be supported by specific information about the trainee, training course completion certificate, and biometric data record at task order place of performance.

¹³ Section G5 of the WPS base contract states, "The Government will only pay the Contractor the training rate for each qualified individual who completes the course and successfully deploys to Task Order place of performance."

¹⁴ FAR 31.205-46(b).

Kearney found that \$237,160 in travel costs was unsupported. The WPS base contract¹⁵ requires specific supporting documentation for travel costs. For example, airfare must be supported with a cost reasonableness analysis or a reasonable explanation as to why an analysis could not be performed.¹⁶ In reviewing travel invoices and supporting documentation, Kearney found that for 170 (50 percent) of the 340 travel itineraries included in the 2 travel invoices reviewed, there was no documentation to show that a cost reasonableness analysis was performed or a reasonable explanation as to why the analysis was not performed.

Other Direct Cost Invoices Questioned

Of the 52 invoices selected and reviewed, 47 invoices contained \$44.4 million in other direct costs. Other direct costs for Task Order 8 include payments for firm fixed price expenses, Defense Base Act (DBA) insurance expenses, cost reimbursable expenses, legal settlement expenses, post differential¹⁷ and hazard compensation¹⁸ expenses, and other incentive compensation expenses. Kearney questions \$3,495,320 (7.9 percent) of \$44.4 million on 41 (87.2 percent) of the 47 invoices with other direct costs. Specifically, Kearney found 34 invoices contained \$516,527 of unallowable costs and 7 invoices contained \$2,978,793 of unsupported costs.

Firm Fixed Price Expenses

Of the 47 other direct cost invoices reviewed, 21 invoices contained firm fixed price expenses. Kearney found 20 of the 21 invoices contained \$311,780 in unallowable firm fixed price costs. The WPS base contract references pricing information contained in Task Order modifications and pricing tables. However, Kearney found that the amount invoiced was calculated based on pricing that differed from the pricing contained in the Task Order modification in effect at the time of performance. DS officials indicated that this occurred because the pricing modification in effect at the time of performance was not approved until after the modification's effective date. Therefore, DynCorp and DS were using previous pricing schedules as a basis for calculating and approving invoiced amounts. Subsequent to modification approval, DynCorp would submit a revised invoice reflecting any pricing changes.¹⁹

Defense Base Act (DBA) Insurance Expenses

¹⁵ Section G5 of the WPS base contract requires a detailed itinerary from travel agency or airline, receipt/invoice from the travel agency or airline, boarding pass, evidence of payment, and evidence of cost reasonableness.

¹⁶ Section G5 (a) of the WPS base contract states that evidence of cost reasonableness (e.g., by means of competition, in which case contractor should submit multiple (three) airline or train carrier quotes) is required as supporting documentation for air travel expenses. If the contractor cannot submit evidence of competition, the contractor should provide a written explanation.

¹⁷ Post differential compensation is the additional compensation of 5, 10, 15, 20, 25, 30, or 35 percent over basic compensation granted at differential posts.

¹⁸ Hazard compensation is the additional compensation of up to 35 percent over basic compensation granted to employees at designated danger pay posts.

¹⁹ Kearney only reviewed a sample of invoices and as a result did not review any of these revisions if they were not in Kearney's sample.

Of the 47 other direct cost invoices reviewed, 5 invoices contained DBA insurance expenses. Kearney found four of the five invoices for DBA insurance included \$1,776,534 in unsupported costs. The WPS base contract²⁰ states that a contractor must have a DBA insurance policy in place. However, four of the invoices reviewed did not have supporting documentation in the form of an insurance policy or proof of a premium payment²¹ for \$1,776,534 in DBA insurance costs.

Cost Reimbursable Expenses

Of the 47 other direct cost invoices reviewed, two invoices contained cost reimbursable expenses. Kearney found two invoices for cost reimbursable expenses included \$209,220 in unsupported costs. The WPS base contract²² states, "Contractor shall provide adequate documentation to support all invoiced amounts." However, Kearney found both of the invoices reviewed were missing the receipts and other required support.

Legal Settlement Expenses

Of the 47 other direct cost invoices reviewed, 3 invoices contained costs related to a legal settlement. The settlement invoices related to a legal agreement between DynCorp and the Department regarding deductions resulting from insufficient staffing levels during the base year.²³ Kearney found all three settlement invoices agreed to the terms and conditions set forth in the signed settlement agreement.

Post Differential and Hazard Compensation Expenses

Of the 47 other direct cost invoices reviewed, 14 invoices contained post differential and hazard compensation expenses. The WPS base contract,²⁴ Bureau of Administration policy,²⁵ and the Department of State Standardized Regulations govern post differential and hazard compensation rates.^{26, 27} Kearney found a portion of each invoice was unallowable because (1)

²⁰ WPS base contract Section H.11.

²¹ FAR 52.228-3 states, "The Contractor shall (a) provide, before commencing performance under this contract, such workers' compensation insurance or security as the Defense Base Act requires and (b) continue to maintain it until performance is completed."

²² Section G4 of the WPS base contract states, "The Contractor shall provide adequate documentation to support all invoiced amounts."

²³ The deductions totaled \$12,016,200.

²⁴ WPS base contract Section B.3, "General Pricing Information," states that the Contractor "may be paid for or recover such costs, but only if such payment/recovery is . . . 3) based on the number of actual hours worked rather than based on compensation."

²⁵ The Bureau of Administration, Office of Operations, Allowances by Location, website contains historical allowance compensation rates for locations across the world. Kearney accessed the website <<https://aoprals.state.gov>> numerous times during fieldwork to obtain allowance compensation rates to recalculate allowance compensation amounts on vendor invoices.

²⁶ Department of State Standardized Regulations, Chapter 654.1, states, "Danger pay allowance commences on the date of designation by the Secretary of State for employees present at the post on assignment or detail, and on the date of arrival at post for subsequently assigned or detailed employees or for employees returning to post after temporary absence."

the days billed exceeded the days on the muster sheets, (2) the incorrect post differential and hazard compensation rates were used, (3) employees received post differential and/or hazard compensation prior to their eligibility date, and (4) the calculation of post differential or hazard compensation amounts contained mathematical errors. This resulted in \$204,747 in unallowable costs.

Other Incentive Compensation Expenses

Of the 47 other direct cost invoices reviewed, 2 invoices contained incentive compensation expenses.²⁸ According to the WPS base contract, contractors may pay their employees incentive compensation.²⁹ The contractor is responsible for establishing the criteria for employee incentive compensation in its task order proposal. According to DynCorp's Price Proposal, incentive compensation is calculated as a percentage of payroll dollars, either base payroll or total payroll.³⁰ Kearney found 1 of the 2 invoices for other incentive compensation contained \$993,039 in unsupported costs because DynCorp did not provide employee salary amounts to support incentive compensation payments.

Insufficient Invoice Review and Approval Procedures

Although Kearney identified questioned costs, the Department had paid these costs on DynCorp's invoices. The main reason that the questioned costs were paid is that DS did not have formal documented procedures to review and approve WPS invoices during the period of performance for Task Order 8. However, DS officials stated that DS implemented new invoice review procedures for the WPS contract in 2014. Because Kearney reviewed invoices for services rendered between September 15, 2011, and September 14, 2013, the new invoice review procedures were not yet in effect during the scope of this audit. OIG did not assess the new procedures and as a result is not making any recommendations related to the new procedures. Additionally, Kearney found DS did not provide training to desk officers and CORs related to invoice review and approval for the WPS contract. Further, AQM did not formally modify the WPS base contract for instances where AQM allowed DynCorp to deviate from invoice submission requirements stated in the contract. Finally, Kearney found that AQM processed the contract modifications to change the pricing schedules after they were already in effect.

Procedures To Review and Approve Invoices

Kearney found that the COR approved invoices without adequately verifying DynCorp's invoices against the supporting documentation. Although the WPS base contract states the CO is

²⁷ Department of State Standardized Regulations, Chapter 531.1, states, "The hardship differential prescribed for an employee's post shall commence as of the latest of the following dates: a) date of employee's arrival at a new post."

²⁸ DS officials stated that retention bonuses were paid to DynCorp employees who completed one year of service and to newly hired contractors whose clearances were delayed for reasons beyond their control in order to retain them on the contract.

²⁹ Section B.10 of the WPS base contract.

³⁰ DynCorp's Price Proposal, Volume 1.

ultimately responsible for inspection and acceptance of services under the WPS base contract, the contract states that the COR will review invoices and supporting documentation. The COR delegates some of this review to the desk officers within the WPS Division who are responsible for an in-depth review of invoices and supporting documentation to determine whether costs are allowable and supported. The task order COR is then responsible for the second review of supporting documentation and final approval of invoices.

Training

While Department guidance contains requirements for reviewing invoices based on the type of expense contained in the invoice, Kearney found that DS did not provide any specific guidance or training to desk officers and CORs related to invoice review and approval for the WPS contract. Desk Officers and CORs were uncertain as to what level of review was required for invoices and how the requirements for invoice review and approval varied across the types of expenses. Effective training programs are critical to ensure the success of a manual process that relies on the participation of many individuals. In order for the invoice review and approval process to be effective for identifying unsupported and unallowable costs, the Department must have clearly documented procedures and an effective training program. Without an effective training program, the process is at risk for misunderstandings and inconsistencies.

Contract Modifications Were Untimely or Absent

Kearney found that AQM did not formally modify the contract for instances where it allowed DynCorp to veer from the WPS base contract invoice requirements. For example, AQM officials stated that DynCorp was not required to submit cost reasonableness evidence for airfare, even though this was a requirement in the WPS base contract. Similarly, AQM officials stated that DynCorp was allowed to use muster sheets as proof of deployment for training invoices, despite the WPS base contract requirement to provide a biometric data record. While the WPS base contract states the CO is authorized to change terms and conditions of the contract, it also states that all changes and revisions to the contract are accomplished through issuance of contract modifications.³¹ Further, the *Standards for Internal Control in the Federal Government* note that "internal controls, transactions, and other significant events need to be clearly documented and the documentation should be readily available for examination."³² AQM did not document these changes through formal contract modifications and was unable to provide any alternate form of written approval.

³¹ Section G.1 of the WPS base contract, "The CO is the only government representative authorized to change the terms and conditions of the Contract."

³² Under FAR 43.201(a), the CO makes changes within the general scope of the contract by the issuance of a written change order which cross-references to Standard Form 30, Amendment of Solicitation/Modification of Contract (SF 30). The FAR also specifies the change order documentation in FAR 43.204(a). Additionally, under FAR 43.103, contract modifications must be signed by both parties (CO and the contractor) for bilateral modifications or by only the CO for unilateral modifications.

DS officials stated that the process to modify the WPS base contract was lengthy. Kearney found a number of contract modifications that AQM approved with retroactive effective dates. Specifically, there were modifications modifying DynCorp's approved pricing schedules that were signed as much as a year after their stated effective dates. CORs and desk officers reviewed invoices using pricing that was retroactively modified after the invoices were paid. DynCorp was required to adjust previously approved invoices subsequent to payment to reflect new pricing.³³ The affected invoices were those submitted between the effective date and signed date of a contract modification. Because some of these modifications decreased pricing, this resulted in questioned costs.

Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (a) determine whether the \$10.8 million in questioned costs related to Worldwide Protective Services Task Order 8 expenses as identified in this audit are allowable or supported and (b) recover any costs determined to be unallowable or unsupported.

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

OIG Reply: Although A/LM/AQM concurred with this recommendation, OIG considers this recommendation unresolved until a final Contracting Officer determination is made.³⁴ This recommendation will be considered resolved when OIG receives and accepts A/LM/AQM's determination regarding the allowability of \$10.8 million in questioned costs. This recommendation will be closed when OIG receives and accepts documentation demonstrating that A/LM/AQM has recovered all costs determined to be unallowable or unsupported from DynCorp.

Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, issue guidance requiring that the Contracting Officer promptly modify the contract or otherwise formally document when the Contracting Officer approves deviations from the terms and conditions of the contract.

A/LM/AQM Response: A/LM/AQM concurred with the recommendation, stating that AQM will take the necessary steps to review the OIG findings, make a Contracting Officer determination as necessary, and issue any contract modifications resultant of a Contracting Officer determination.

³³ Kearney did not review 100 percent of the invoices submitted under Task Order 8. As a result, Kearney did not validate whether DynCorp appropriately adjusted amounts invoiced based on old pricing.

³⁴ Inspector General Act, as amended, Public Law No. 95-452 § 5(a)(8).

OIG Reply: Although A/LM/AQM concurred with this recommendation, OIG considers this recommendation unresolved until AQM makes a Contracting Officer determination and issues contract modifications guidance. This recommendation will be considered resolved when OIG receives and accepts A/LM/AQM's contracting officer determination and contract modifications guidance. This recommendation will be closed when OIG receives and accepts A/LM/AQM's issued guidance requiring that the Contracting Officer promptly modify the contract or otherwise formally document when the Contracting Officer approves deviations from the terms and conditions of the contract.

Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of Diplomatic Security, conduct a comprehensive review of all Task Order 8 contractor invoices and supporting documentation to determine whether all costs, including those identified in this report, are allowable and supported.

A/LM/AQM Response: A/LM/AQM concurred with the recommendation and requested that DS coordinate with AQM, noting that the delegated Contracting Officer's Representative is functionally a part of DS, and that DS 's Office of Overseas Protective Operations contributes significant resources toward training and invoice review support services for CORs delegated under WPS task orders. DS provided comments (Appendix D) stating that it will assist AQM.

OIG Reply: A/LM/AQM concurred with this recommendation. However, based on AQM's response and DS's comments, OIG has modified Recommendation 3 to include DS as a coordinating office. OIG considers this recommendation unresolved until AQM conducts a comprehensive review of all Task Order 8 contractor invoices and supporting documentation to determine whether all costs, including those identified in this report, are allowable and supported. This recommendation will be considered resolved when OIG receives and accepts A/LM/AQM's documentation showing a comprehensive review of all Task Order 8 contractor invoices has been conducted. This recommendation will be closed when OIG receives and accepts documentation demonstrating that a comprehensive review of all Task Order 8 contractor invoices and supporting documentation was completed.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (a) determine whether the \$10.8 million in questioned costs related to Worldwide Protective Services Task Order 8 expenses as identified in this audit are allowable or supported and (b) recover any costs determined to be unallowable or unsupported.

Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, issue guidance requiring that the Contracting Officer promptly modify the contract or otherwise formally document when the Contracting Officer approves deviations from the terms and conditions of the contract.

Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of Diplomatic Security, conduct a comprehensive review of all Task Order 8 contractor invoices and supporting documentation to determine whether all costs, including those identified in this report, are allowable and supported.

APPENDIX A: SCOPE AND METHODOLOGY

The Office of Inspector General (OIG) initiated this audit to determine whether the Department of State's (Department) review and approval processes and procedures for invoices submitted under the Worldwide Protective Service (WPS) contract Task Order 8 (Security Services at U.S. Consulate Erbil) are effective for identifying unsupported and unallowable costs. Specifically, the objective of the audit was to determine the extent to which the Department's invoice review and approval procedures are effective for ensuring the accuracy and completeness of costs. An external audit firm, Kearney & Company, P.C. (Kearney), acting on behalf of OIG, performed this audit.

To determine the extent to which the Department appropriately reviewed and approved invoices, Kearney reviewed the WPS base contract, Task Order 8, modifications to the base contract and the task order, the *Foreign Affairs Manual*, the *Federal Acquisition Regulation*, Government Accountability Office reports, and prior OIG reports. In Virginia, Kearney met with officials from the Bureau of Diplomatic Security (DS) and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM,) to discuss their invoice review and approval procedures. Kearney limited the audit scope to the period from July 21, 2011 (Task Order 8 start date), through September 30, 2015.

Additionally, Kearney reviewed a statistical sample of 52 invoices (from the total 339 invoices) DynCorp International LLC (DynCorp) submitted through September 30, 2015. For each invoice, Kearney reviewed each cost to ensure that all costs met contract requirements for proper support. For example, the contract requires training costs be supported by course completion certificates and biometric data records at the task order place of performance. Kearney compared quantities of labor hours and items purchased with contract requirements to ensure that all costs were allowable. For example, some labor invoices included costs for more days or hours than the contract required for that month. Kearney also recalculated labor and training costs to ensure that the invoice costs were mathematically correct and compared training and labor costs with applicable pricing to ensure that the invoices reflected proper rates.

Kearney conducted fieldwork from August 2015 to December 2015 in Arlington, Virginia. Kearney conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

Prior Reports

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

- In 2012, OIG conducted an audit of WPS Task Order 5 for Bagdad, Iraq, protective movement security services provided by Triple Canopy, Inc. (*Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract – Task Order 5 for Bagdad Movement Security*, AUD-MERO-13-25, March 2013). The audit found that the contractor staffing requirements for WPS Task Order 5 exceeded the staffing needs for the Baghdad movement security missions. During the audit, the Department took action to reduce overstaffing including de-scoping the contract, resulting in \$362 million in estimated cost savings over the life of the task order. In addition, OIG found contractor invoices with unallowable, unsupported, and erroneous costs totaling \$1.7 million.
- In 2014, OIG conducted an audit of WPS Task Order 10 for Kabul, Afghanistan, static security services provided by Aegis Defense Services (*Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 10 Kabul Embassy Security Force*, AUD-MERO-15-03, October 2014). The audit found issues with Department oversight over Aegis's maintenance of personnel and payroll records and compliance with the requirements of Procurement Information Bulletin No. 2012-10 for the prevention of trafficking in persons. The audit also found that 25 of 333 files reviewed were missing required personnel, training, or investigation records; and identified \$8.6 million in questioned costs due to unallowable or unsupported labor costs.
- In 2015, OIG conducted an audit of WPS Task Order 3 for Baghdad, Iraq, Embassy security services provided by SOC, LLC (SOC) (*Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 3 - Baghdad Embassy Security Services*, AUD-MERO-16-28, February 2016). The audit found that SOC did not initially meet several contracting requirements such as staffing, English language proficiency, and implementing a biometric time and attendance system. SOC executed corrective actions to address the deficiencies during the audit. In addition, OIG found contractor invoices with unallowable and unsupported costs totaling \$7.2 million.

Work Related to Internal Controls

Kearney performed steps to assess the adequacy of internal controls related to management and oversight of Task Order 8, including reviewing policies, procedures, and processes applicable to the areas audited. As noted above, Kearney performed tests of internal controls, including a review of the Department's oversight and invoice review and approval procedures. Kearney summarized internal control deficiencies and weaknesses found from the invoice review under the Audit Results section of this report.

Use of Computer-Processed Data

Kearney used computer-processed data in the determination of the universe of WPS Task Order 8 invoices. Kearney obtained this universe electronically from the Department's Global Financial Management System (GFMS), the Department's core financial system used to produce the financial statements. To verify the completeness of the obtained universe, OIG requested an independent list of WPS Task Order 8 invoices from the Bureau of Diplomatic Security, Overseas Protective Operations, Worldwide Protective Services Division (DS/OPO/WPS). Kearney

compared both lists and found no material differences. From this analysis, Kearney concluded that the obtained universe was complete. The Department has controls in place to ensure that the expenses recorded in the GFMS are accurate and complete. Kearney performed procedures to evaluate the accuracy and completeness of the information in GFMS during the audits of the Department's FY 2014 and FY 2015 financial statements and concluded that the data was sufficiently reliable for sample selection. The source documentation from the sample supplied the dollar values for the findings, recommendations, and conclusions in this report.

Detailed Sampling Methodology

Kearney extracted all the invoices submitted by and paid to DynCorp, the awardee for Task Order 8, utilizing the Vendor Invoice Query in the GFMS. To do so, Kearney input DynCorp's vendor code and the WPS base contract number in the "Vendor Code" and "Contract Number" fields. This resulted in a universe of all invoices under the WPS contract submitted by DynCorp. Kearney notes that DynCorp had two task orders under this contract. To isolate only those invoices associated with Task Order 8, Kearney removed all invoices paid relating to Task Order 1 based on DynCorp's standard invoice numbering scheme, which includes the Task Order number in the invoice number. Kearney then removed all the invoices with a \$0 payment amount. The total universe of invoices paid during the scope period was 339 invoices for approximately \$157 million. From the 339 invoices remaining, using IDEA®,¹ Kearney selected a monetary unit sample² of 52³ invoices with a value of \$93,273,223 to review. See detailed information regarding the sample selected in Table 1.

Table A.1: Invoice Sample Summary

Summary	Total Invoice Count	Total Dollar Value
Universe	339	\$ 157,333,404
Sample	52 [*]	\$ 93,273,223
Percent Reviewed	15.34	59.28

*Kearney originally selected a sample of 54 invoices using the IDEA® software; however, Kearney found 2 samples were duplicates and therefore only reviewed 52 unique invoices.

Source: Kearney prepared based on results from IDEA® software analysis of GFMS transactions.

The findings, by invoice, are summarized in Appendix B, Tables B.1 through B.4.

¹ IDEA® is an Audimation Services, Inc., computer program used to analyze data and, based upon the parameters input by the user, select a sample to aid in evaluating the results of the sample.

² Monetary unit sampling is a method of statistical sampling in which each dollar in a transaction is treated as a separate sampling unit.

³ The sample size of 54 (52 unique invoices) was computed from the universe of 339, given a 95% confidence level and a 5% expected error rate.

APPENDIX B: INVOICES WITH QUESTIONED COSTS

Table B 1: Questioned Labor Costs

Item Number	Invoice Number	Unsupported	Unallowable	Total Questioned Costs
1	2011-0008-25S2	-	\$15,232.00	\$15,232.00
2	2011-0008-30S	-	\$464.00	\$464.00
3	2011-0008-37	-	\$1,198.00	\$1,198.00
4	2011-0008-39R	-	\$7,433.33	\$7,433.33
5	2011-0008-39S	-	\$502.00	\$502.00
6	2011-0008-42R	-	\$2,406.08	\$2,406.08
7	2011-0008-44	-	\$3,316.37	\$3,316.37
8	WP1008F-0613R	-	\$249,630.89	\$249,630.89
9	WP1008F-0713	-	\$892.50	\$892.50
10	WP1008F-1212R	\$18,000.00	\$5,256.00	\$23,256.00
Total		\$18,000.00	\$286,331.17	\$304,331.17

Source: Kearney generated based upon Worldwide Protective Services (WPS) Task Order 8 invoices and supporting documentation provided by the Bureau of Diplomatic Security, Office of Overseas Protective Operations, Worldwide Protective Services (DS/OPO/WPS).

Table B.2: Questioned Training Costs

Item Number	Invoice Number	Unsupported	Unallowable	Total Questioned Costs
1	2011-0008-10	\$1,329,078.00	-	\$1,329,078.00
2	2011-0008-12R2	\$2,211,136.00	-	\$2,211,136.00
3	2011-0008-19SUP	\$566,522.00	-	\$566,522.00
4	2011-0008-25S2	\$48,951.00	-	\$48,951.00
5	2011-0008-37	\$671,411.00	-	\$671,411.00
6	2011-0008-39R	\$515,277.00	-	\$515,277.00
7	2011-0008-39S	\$18,324.00	-	\$18,324.00
8	2011-0008-42R	\$155,205.00	-	\$155,205.00
9	2011-0008-44	\$587,412.00	-	\$587,412.00
10	2011-0008-49R	\$387,693.00	-	\$387,693.00
11	WP1008F-0113	\$44,673.00	-	\$44,673.00
12	WP1008F-0213	\$104,961.00	-	\$104,961.00
13	WP1008F-1012	\$56,457.00	-	\$56,457.00
14	WP1008F-1112	\$29,661.00	-	\$29,661.00
15	WP1008F-1212R	\$28,005.00	-	\$28,005.00
Total		\$6,754,766.00	\$ -	\$6,754,766.00

Source: Kearney generated based upon Worldwide Protective Services (WPS) Task Order 8 invoices and supporting documentation provided by the Bureau of Diplomatic Security, Office of Overseas Protective Operations, Worldwide Protective Services (DS/OPO/WPS).

Table B.3: Questioned Travel Costs

Item Number	Invoice Number	Unsupported	Unallowable	Total Questioned Costs
1	2011-0008-57	\$170,329.22	\$4,351.60	\$174,680.82
2	2011-0008-58	\$66,830.45	\$297.54	\$67,127.99
Total		\$237,159.67	\$4,649.14	\$241,808.81

Source: Kearney generated based upon Worldwide Protective Services (WPS) Task Order 3 invoices and supporting documentation provided by the Bureau of Diplomatic Security, Office of Overseas Protective Operations, Worldwide Protective Services (DS/OPO/WPS).

Table B.4: Questioned Other Direct Costs

Item Number	Invoice Number	Unsupported	Unallowable	Total Questioned Costs
1	2011-0008-05		\$7,239.50	\$7,239.50
2	2011-0008-25S2		\$22,222.69	\$22,222.69
3	2011-0008-27R2S3	\$18,514.80		\$18,514.80
4	2011-0008-29S2		\$1,987.33	\$1,987.33
5	2011-0008-30S		\$22,725.92	\$22,725.92
6	2011-0008-31R		\$33,151.99	\$33,151.99
7	2011-0008-32R		\$15,656.55	\$15,656.55
8	2011-0008-37		\$27,609.91	\$27,609.91
9	2011-0008-38R3		\$11,498.22	\$11,498.22
10	2011-0008-39R		\$27,609.91	\$27,609.91
11	2011-0008-39S		\$22,725.92	\$22,725.92
12	2011-0008-40		\$5,947.13	\$5,947.13
13	2011-0008-42R		\$27,609.91	\$27,609.91
14	2011-0008-43R		\$10,390.15	\$10,390.15
15	2011-0008-44		\$39,816.33	\$39,816.33
16	2011-0008-45		\$12,411.15	\$12,411.15
17	2011-0008-46R		\$26,490.84	\$26,490.84
18	2011-0008-49R		\$289.21	\$289.21
19	WP1008C-0213		\$12,559.75	\$12,559.75
20	WP1008C-0313	\$363,681.57	\$37,841.70	\$401,523.27
21	WP1008C-0413	\$363,681.57	\$33,851.09	\$397,532.66
22	WP1008C-0912		\$2,887.42	\$2,887.42
23	WP1008C-1012		\$6,993.21	\$6,993.21
24	WP1008C-1112	\$404,499.36	\$7,208.85	\$411,708.21
25	WP1008C-1212R		\$12,362.32	\$12,362.32
26	WP1008F-0113		\$8,969.98	\$8,969.98
27	WP1008F-0213		\$28,314.68	\$28,314.68
28	WP1008F-0313		\$1,766.01	\$1,766.01

Item Number	Invoice Number	Unsupported	Unallowable	Total Questioned Costs
29	WP1008F-0413		\$2,087.10	\$2,087.10
30	WP1008F0613R		\$4,358.27	\$4,358.27
31	WP1008F-0713		\$6,101.55	\$6,101.55
32	WP1008F-0813		\$8,932.58	\$8,932.58
33	WP1008F-1012		\$8,969.98	\$8,969.98
34	WP1008F-1112		\$8,969.98	\$8,969.98
35	WP1008F-1212R		\$8,969.98	\$8,969.98
36	WP1008M-0002	\$993,038.88		\$993,038.88
37	WP1008M-0017	\$190,705.65		\$190,705.65
38	WP1008M-0020R2	\$644,671.51		\$644,671.51
Total		\$2,978,793.34	\$516,527.11	\$3,495,320.45

Source: Kearney-generated based upon Worldwide Protective Services (WPS) Task Order 8 invoices and supporting documentation provided by the Bureau of Diplomatic Security, Office of Overseas Protective Operations, Worldwide Protective Services (DS/OPO/WPS).

APPENDIX C: BUREAU OF ADMINISTRATION RESPONSE



United States Department of State

Washington, D.C. 20520

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February 23, 2016

MEMORANDUM

TO: OIG/AUD – Norman P. Brown

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

SUBJECT: Draft Report on *Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 8 – Security Services at U.S. Consulate - Erbil*

Thank you for the opportunity to provide comments on the subject draft audit report, with regard to Recommendations 1, 2, and 3. The points of contact for this response are Mr. Matthew Colantonio who may be reached at 703-875-(b)(6) and Mr. James Moore who may be reached at 703-875-(b)(6)

Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (a) determine whether the \$10.8 million in questioned costs related to Worldwide Protective Services Task Order 8 expenses as identified in this audit are allowable or supported and (b) recover any costs determined to be unallowable or unsupported.

Management Response – Draft Report (02/23/2016): The Office of Acquisitions Management (AQM) concurs with the recommendation. AQM will take the necessary steps to review the OIG findings, make a Contracting Officer determination as necessary on questioned costs, and seek to recover any unallowed costs.

Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management issue guidance requiring that the Contracting Officer promptly modify the contract or otherwise formally document when the Contracting Officer approves deviations from the terms and conditions of the contract.

Management Response – Draft Report (02/23/2016): AQM will take the necessary steps to review the OIG findings, make a Contracting Officer determination as necessary, and issue any contract modifications resultant of a Contracting Officer determination.

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- 2 -

Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, conduct a comprehensive review of all Task Order 8 contractor invoices and supporting documentation to determine whether all costs, including those identified in this report, are allowable and supported.

Management Response – Draft Report (02/23/2016): A/LM respectfully requests the Bureau of Diplomatic Security (DS) be included as a joint action office. Please note the delegated Contracting Officer's Representative is functionally a part of DS, and – as the OIG has recognized under similar WPS audits – DS's Office of Overseas Protective Operations contributes significant resources toward training and invoice review support services for COR's delegated under WPS task orders.

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APPENDIX D: BUREAU OF DIPLOMATIC SECURITY COMMENTS



United States Department of State

*Assistant Secretary of State
for Diplomatic Security*


Washington, D.C. 20520

~~SENSITIVE BUT UNCLASSIFIED~~

February 5, 2016

~~(UNCLASSIFIED~~ when separated from attachments)

INFORMATION MEMO TO INSPECTOR GENERAL LINICK – OIG

FROM: DS – Gregory B. Starr  FEB 08 2016

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

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

Attachments:

As stated.

~~SENSITIVE BUT UNCLASSIFIED~~

~~(UNCLASSIFIED~~ when separated from attachments)

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OIG Resolution Analysis
Audit of Bureau of Diplomatic Security
Worldwide Protective Services Contract Task Order 8
Security Services at U.S. Consulate - Erbil

Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics management, Office of Acquisition Management, conduct a comprehensive review of all Task Order 8 contractor invoices and supporting documentation to determine whether all costs, including those identified in this report, are allowable and supported.

DS Response (2/18/2016): The Bureau Diplomatic Security (DS) reviewed this report. DS thanks the Office of Inspector General (OIG) for their oversight of Task Order 8 of the Worldwide Protective Services contract. DS will assist the Office of Acquisition Management (A/LM/AQM) in the review of Task Order 8 contractor invoices and supporting documentation to determine whether all costs, including those identified in this report, are allowable and supported. DS estimates it can complete a comprehensive review of all Task Order 8 invoices in 90 days.

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ABBREVIATIONS

A/LM/AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management
CO	Contracting Officer
COR	Contracting Officer's Representative
DBA	Defense Base Act
DS	Bureau of Diplomatic Security
DS/OPO/WPS	Bureau of Diplomatic Security, Office of Overseas Protective Operations, Worldwide Protective Services
GFMS	Global Financial Management System
WPS	Worldwide Protective Services

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