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Management Assistance Report: Contract Terms and Guidance for Approving Student Training Expenses Relating to the Justice and Corrections Programs in Afghanistan Require Attention

MANAGEMENT ASSISTANCE REPORT

Summary of Review

The Bureau of International Narcotics and Law Enforcement Affairs (INL) established the Justice Sector Support Program (JSSP) and the Corrections Systems Support Program (CSSP) to increase the Government of Afghanistan's ability to enforce the rule of law. The support includes, among other things, training for Afghan Government institutions. To implement these programs, the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), in support of INL, awarded a series of contracts to PAE Government Services, Inc. (PAE) between 2005 and 2017.

During the Office of Inspector General's (OIG) ongoing audit of INL's invoice review process for contracts in Afghanistan, OIG noted that some training expenses are being paid in support of the JSSP and CSSP, even though such expenses are not explicitly authorized in the contracts with PAE. The Federal Acquisition Regulation (FAR) states that in order for a cost to be allowable, it must be authorized by the terms of the contract.¹ OIG found that, except for transportation expenses that are explicitly authorized under the CSSP contract, no other student training expenses were authorized for payment. Specifically, neither the CSSP nor JSSP contract authorized student training expenses, such as per diem or other support stipends, refreshments, or training venue rentals. Nevertheless, INL approved approximately \$5 million in payments to PAE for these types of training expenses between 2011 and 2016. A/LM/AQM officials told OIG that INL did intend to pay these training expenses but acknowledged that the contracts did not explicitly state that these expenses were authorized for reimbursement. A/LM/AQM officials stated that they would modify both the JSSP and CSSP contracts to clearly specify the extent to which student training expenses are allowable and did so in September 2017.

OIG also found that INL paid invoices for student training without complete supporting documentation. The Department of State requires such supporting documentation to ensure that all payments are authorized, accurate, legal, correct, and that the goods were actually received or services actually performed.² OIG reviewed seven invoices for expenses incurred between 2007 and 2016 and found that student training expenses lacked supporting documentation. This occurred, in part, because neither the CSSP nor the JSSP contract provides specific instructions on invoicing such expenses and how they should be supported. In addition, INL's invoice review standard operating procedure currently does not address the appropriate manner of reviewing student training expenses. OIG made six recommendations to address the deficiencies identified in this report.

Both A/LM/AQM and INL concurred with the six recommendations offered and have taken steps to implement them. In particular, A/LM/AQM has modified the follow-on JSSP and CSSP contracts to specify the extent to which student training expenses are allowable. A/LM/AQM also stated that it would review the costs questioned by OIG and make a decision regarding

¹ FAR 31.201-2, "Determining Allowability."

² 4 FAH-3 H-423.5, "Supporting Documentation."

any part of the \$5 million paid to PAE that should be recovered. In addition, INL stated that it was developing Kabul-specific invoice review guidance, including how to review student training expenses. OIG therefore considers two of the recommendations offered closed and four resolved pending further action. A synopsis of management's response and OIG's reply follow each recommendation in the Results section of this report. A/LM/AQM's and INL's responses to a draft of this report are reprinted in Appendices A and B, respectively.

BACKGROUND

Since 2003, the Bureau of International Narcotics and Law Enforcement Affairs (INL) has worked with the Government of Afghanistan to reform law enforcement in an effort to build and sustain legal institutions, increase the government's ability to enforce the rule of law, and provide security and justice to the people of Afghanistan. INL established the Justice Sector Support Program (JSSP) and the Corrections Systems Support Program (CSSP) to increase the Government of Afghanistan's ability to enforce the rule of law. The support includes, among other things, training to Afghan Government institutions. To implement these programs, the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), in support of INL, awarded a series of contracts to PAE Government Services, Inc. (PAE) between 2005 and 2017.

During the Office of Inspector General's (OIG) ongoing audit of INL's invoice review process for contracts in Afghanistan, OIG noted that some training expenses are being paid in support of the JSSP and CSSP even though they are not explicitly authorized by the contracts with PAE. In addition, OIG identified deficiencies with the supporting documentation related to the student training expenses. Although OIG's overall audit of INL's invoice review process is still underway, OIG is issuing this management assistance report to promptly inform A/LM/AQM and INL of these findings.

OIG conducted this review in accordance with generally accepted government auditing standards. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report.

The JSSP and CSSP Contracts

The contract to support the JSSP was initially awarded in 2005 to assist the Government of Afghanistan's justice sector. The JSSP seeks to train and build Afghan officials' capacity within the Ministry of Justice, the Attorney General's Office, the Supreme Court, the Ministry of Women's Affairs, and other justice organizations. Until August 2017, PAE was executing the JSSP contract (SAQMMA16C0063), which had a total value of \$41.9 million. The current JSSP contract (SAQMMA17F1220) was awarded to Tetra Tech in May 2017, and execution began in August 2017. This contract has a value of \$116.5 million and a 5-year period of performance.

The contract to support the CSSP was initially awarded in 2006 to assist the Government of Afghanistan in its efforts to modernize and develop the Afghan corrections system. Specifically,

the CSSP provides training, advisory, capacity-building, and small-scale infrastructure support to the Afghan Ministry of Interior's General Directorate for Prisons and Detention Centers and the Ministry of Justice's Juvenile Rehabilitation Directorate. The CSSP seeks to further develop a sustainable Afghan Government capacity to manage safe, secure, and humane correctional facilities in line with international standards and Afghan cultural requirements. Until June 2017, PAE was executing the CSSP contract (SAQMMA16C0027), which had a total value of more than \$29.0 million. The current CSSP contract (SAQMMA17F0502) is also being executed by PAE and was awarded in June 2017. This contract has a value of \$75.3 million and a 5-year period of performance.

PAE Paid Millions of Dollars for Student Training Expenses

Between 2011 and 2016, PAE paid approximately \$5.0 million for student training expenses (such as transportation, lodging, meals, and stipends) and training venue rentals (such as space rental, lunch, and refreshments): \$4.3 million under the JSSP and more than \$700,000 under the CSSP. These payments were made in cash.

Although PAE has paid student training expenses in cash since as early as 2007, it only has detailed information on the purpose of the cash expenditures since 2011. Factors contributing to the lack of earlier data are that (1) the earlier JSSP and CSSP contracts expired years ago, (2) PAE only started tracking and logging cash records after 2011, and (3) the earlier records are hard-copy files stored in multiple places. Prior to 2011, PAE records identified total cash disbursements but did not include the categories on which that cash was spent (such as salaries, work permits and visas, supplies, and student training expenses). As a result, OIG could not determine the amount of cash paid for student training expenses for the entire duration of the JSSP and CSSP contracts.

Contract Management Oversight Responsibilities

A/LM/AQM is responsible for the award and administration of the JSSP and CSSP contracts. According to the Federal Acquisition Regulation (FAR), Contracting Officers are responsible for awarding, negotiating, administering, modifying, terminating, and making related contract determinations and findings on behalf of the U.S. Government.³ The Contracting Officer has the authority to designate and authorize, in writing and in accordance with agency procedures, a Contracting Officer's Representative (COR) to assist in fulfilling these responsibilities.⁴

INL is responsible for providing support services, determining contract requirements, providing funding, and overseeing contracted services for the JSSP and CSSP contracts. INL also nominates CORs to assist the Contracting Officers. CORs ensure that the Department of State (Department) receives supplies and services on time, at the agreed-upon price, and in accordance with all contract requirements. CORs are required to have Federal Acquisition Certification and to

³ FAR 1.602-1(a), "Authority."

⁴ FAR 1.602-2(d), "Responsibilities"; Department of State Acquisition Regulation (DOSAR) 642.270, "Contracting Officer's Representative (COR)."

possess sufficient technical expertise on the contract subject matter to perform effective oversight.⁵ COR oversight duties include performing inspections to ensure that goods are delivered and services performed in accordance with contractual requirements, conducting invoice reviews, and informing the Contracting Officer of contractor performance issues.⁶

INL had two CORs at Embassy Kabul as of September 2017 who performed the various oversight duties for INL's mission support contracts. One of these CORs was responsible for both the JSSP and CSSP contracts.

Guidance on Reviewing Invoices and Determining Cost Allowability

The FAR, the Department's Foreign Affairs Manual (FAM) and Foreign Affairs Handbook (FAH), and INL-issued standard operating procedure (SOP) establish guidance on reviewing invoices and determining whether an invoiced cost is allowable.

Federal Acquisition Regulation

The FAR states that payment will be based on receipt of a proper invoice and satisfactory contract performance.⁷ Among other things, the FAR requires that a proper invoice include a description, quantity, unit of measure, unit price, and extended price of supplies delivered or services performed. Language in FAR 31.201-2, "Determining Allowability," states that a cost is allowable if it complies with five requirements: (1) reasonableness, (2) allocability, (3) standards promulgated by the Cost Accounting Standards Board, if applicable—otherwise, generally accepted accounting principles and practices appropriate to the circumstances, (4) terms of the contract, and (5) any limitations set forth in this subpart.⁸

Foreign Affairs Manual and Foreign Affairs Handbook

The Department's policy for processing vouchers—including the processes for receiving, sorting, approving, and examining vouchers—is contained in the FAM and the FAH. Language in 4 FAM 420, "Voucher Examination,"⁹ states that "Prepayment examination consists of checking for proper, legal, and correct payment and for proper supporting documentation." Language in 4 FAH-3 H-423.5, "Supporting Documentation," requires supporting documentation to ensure that all payments are authorized, accurate, legal, and correct and that the goods were actually received or services actually performed. Supporting documentation for voucher processing also

⁵ FAR 1.602-2(d)(2), "Responsibilities" and 14 FAH-2 H-113, "Qualifying as a COR: Federal Acquisition Certification: Contracting Officers Representative (FAC-COR)."

⁶ 14 FAH-2 H-114, "COR Work Commitments."

⁷ FAR 32.905, "Payment Documentation and Process."

⁸ FAR 31.201-2, "Determining Allowability." The Cost Accounting Standards Board is a U.S. Government body that has the mandate of promoting consistency and uniformity in cost accounting activities involving Government grants and contracts. See FAR Appendix, 9901.302 Authority.

⁹ 4 FAM 425, "Voucher Prepayment Examination."

includes purchase orders and contracts, invoices and vouchers, and receiving reports and approvals.¹⁰

The FAM explains that a Certifying Officer may make payment only after obtaining approval of the voucher from an officer having knowledge of the receipt of the goods or services covered by the voucher. This approval shall be in the form of a signature on the voucher, the invoice, or the documents attached to the voucher.¹¹

INL Standard Operating Procedure

In September 2014, INL issued its SOP for invoice review, *INL Standard Operating Policy/Procedure on Certification of Invoice*, number 4040. The SOP establishes the standards and rules to guide pre-payment voucher examination. It describes the invoice review procedures and the responsibilities of the various participants who review invoices, including the COR. It contains several appendices, including a COR checklist and travel validation guidance. The travel validation guidance includes travel invoice review steps and identifies acceptable documentation. Travel invoice review steps include ensuring that travel authorization procedures provide for documented justification and approval of the official necessity of each trip. Preferred travel documentation for validating air transportation and lodging expenses includes ticket stubs and other original receipts and hotel bills signed by the employee. Preferred documentation for validating meals and incidental expenses (M&IE) includes signed employee expense reports showing all the above required information.

RESULTS

INL Paid for Student Travel and Other Training Expenses That Were Not Contractually Authorized








Pursuant to the FAR, a cost is not allowable unless it meets the terms of the contract.¹² OIG reviewed the current and prior JSSP and CSSP contracts and found that, although extensive contract language directs PAE to provide a variety of training, limited contract language authorized payment for student expenses associated with the training. In fact, OIG found that only transportation expenses are explicitly authorized under the CSSP contracts. Other student training expenses, such as per diem, other support stipends, refreshments, and venue rentals are not explicitly authorized under the CSSP and JSSP contracts. Figure 1 depicts contractually authorized student training expenses under the CSSP and JSSP contracts.

¹⁰ 4 FAH-3 H-423.5-1, "Purpose and Scope."

¹¹ 4 FAM 424, "Voucher Approval."

¹² FAR 31.201-2(a)(4), "Determining Allowability."

Figure 1: Contractually Authorized Student Training Expenses under the Current and Prior CSSP and JSSP Contracts

Expenses	Current CSSP Contract	Prior CSSP Contract	Current JSSP Contract	Prior JSSP Contract
 Transportation	✓	✓	X	X
 Lodging	X	X	X	X
 Meals	X	X	X	X
 Stipends	X	X	X	X
 Rental	X	X	X	X
 Lunch	X	X	X	X
 Refreshments	X	X	X	X

Source: OIG generated on the basis of an analysis of the terms and conditions associated with the current and prior JSSP and CSSP contracts.

The current CSSP contract states that “with written concurrence from the COR and INL/Kabul, the Contractor may reimburse students on a mile basis from their duty station to their city of training and back. From the city of training to their place of training, the Contractor shall either provide bus transportation or reimburse students for their reasonable transportation costs.” The recently expired CSSP contract contains similar authorization. However, the contracts are silent with regard to reimbursement of other student training expenses. With respect to the current and prior JSSP contract, a JSSP contract awarded in 2010 did authorize PAE to reimburse students for their travel expenses, per diem, and other associated expenses related to their attendance at an advanced course that focused on specialized training of police officers, prosecutors, judges, and defense attorneys. However, the current JSSP contract does not explicitly authorize payment for student travel expenses.

OIG also noted that PAE provided some students with stipends, rented training venues, and provided students with lunch and refreshments during the training courses even though these expenses were not explicitly authorized in the CSSP and JSSP contracts. For example, an invoice for the period from March 2007 through March 2008 included \$2,835 in student training stipends for the period of July 28 through August 22, 2008. No information exists about what the stipend covered and how the stipend amount was determined.

INL has also reimbursed PAE for renting training venues. Training has been held at a variety of venues, including regional training centers, a National Training Center in Kabul built for training corrections systems personnel under CSSP, INL facilities, and outside venues such as hotels. PAE officials stated that it uses the trainees' facilities to conduct training in support of the JSSP when possible, but it has rented outside venues in the past when the trainees did not have adequate facilities.¹³ PAE also said, however, that most training in support of CSSP was held at the trainees' facilities or INL facilities and that it seldom rented venues.

PAE officials told OIG that they always assumed student travel was authorized as part of providing the training under the JSSP and CSSP contracts. PAE officials, furthermore, told OIG that they were not aware of any discussions regarding whether student travel expenses were allowable and that paying student travel expenses never raised a concern or became an issue. In their view, potential students would not participate in training if they were not reimbursed for their travel expenses, and the Afghan Government would find it difficult to make funds available for student travel.

INL officials agreed that paying student training expenses was a routine practice and that INL had not focused on whether paying them was contractually authorized. They said that INL intended for student training expenses to be paid but, through an oversight, the language was not included in the contracts. They explained that when they drafted the current JSSP and CSSP contracts, they relied on language from the previous contracts and did not remember to add language authorizing payment for student training expenses. For their part, A/LM/AQM officials agreed that language regarding paying student training expenses in both the JSSP and CSSP contracts is vague and should be clarified. The officials agree with OIG that they should modify the CSSP and JSSP contracts to specify which student training expenses are allowable. A/LM/AQM officials told OIG that they would modify the contracts by September 2017 and provide OIG with copies of the modifications. A/LM/AQM modified the contracts on September 14, 2017.

Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management modify the new Corrections Systems Support Program contract (SAQMMA17F0502) to specify what student travel expenses, venue rental expenses, and refreshment expenses are contractually allowable.

Management Response: On September 14, 2017, the Office of Acquisitions Management issued modification M002 to the new Corrections Systems Support Program contract (SAQMMA17F0502) to specify the student travel expenses, venue rental expenses, and refreshment expenses that are contractually allowable. The office included a copy of the contract modification with its response to a draft of this report.

¹³ PAE officials state that almost all training is now conducted in-house at the trainees' facilities rather than rented facilities. However, as recently as October 2016, OIG found JSSP invoices for renting hotels as training venues.

OIG Reply: OIG reviewed the Office of Acquisitions Management modification M002 to the Corrections Systems Support Program contract. OIG accepts modification M002 as satisfactory evidence of final action to implement Recommendation 1. Therefore, OIG considers this recommendation to be closed, and no further action is required.

Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management modify the new Justice Sector Support Program contract (SAQMMA17F1220) to specify what student travel expenses, venue rental expenses, and refreshment expenses are contractually allowable.

Management Response: On September 14, 2017, the Office of Acquisitions Management issued modification M001 to the new Justice Sector Support Program contract (SAQMMA17F1220) to specify the student travel expenses, venue rental expenses, and refreshment expenses that are contractually allowable. The office included a copy of the contract modification with its response to a draft of this report.

OIG Reply: OIG reviewed the Office of Acquisitions Management modification M001 to the Justice Sector Support Program contract. OIG accepts modification M001 as satisfactory evidence of final action to implement Recommendation 2. Therefore, OIG considers this recommendation to be closed, and no further action is required.

INL Authorized the Payment of Invoices for Student Training Expenses that Lacked Supporting Documentation

OIG found that INL paid student training expenses that lacked supporting documentation. Specifically, OIG reviewed seven invoices for expenses incurred between 2007 and 2016, each covering between 6 and 12 months' expenses, and found that they lacked supporting documentation. This occurred, in part, because neither the CSSP nor the JSSP contract provides specific instructions on invoicing such expenses and how they should be supported. In addition, INL's invoice review SOP does not provide guidance on reviewing and approving student training expenses.

Student Training Expenses Lacked Supporting Documentation

The FAH requires supporting documentation to ensure that all payments are authorized, accurate, legal, and correct and that the goods were actually received or services actually performed.¹⁴ OIG reviewed seven invoices and found that they all lacked supporting documentation. OIG noted that, although the invoices identified the type and quantity of expense, unit of measure, and extended price, they did not include documentation supporting those numbers. Rather, the available documentation was limited to purchase requests listing the number of people to be trained (but not their names). Furthermore, proof of participation was limited to sign-in sheets, including instances in which multi-day training events were supported

¹⁴ 4 FAH-3 H-423.5-1, "Purpose and Scope."

by only a single day's sign-in sheet. Details of the seven invoices OIG reviewed are presented below.

- A JSSP invoice for the period from March 31, 2007, to March 30, 2008, included costs incurred from multiple training events. One of these events was a multi-day training held in August 2007. The invoice included costs for student stipends and transportation, but the only documentation supporting these costs was a sign-in sheet that the students signed once rather than signing for each day of training to demonstrate complete attendance for the multi-day event. Furthermore, students received stipends for differing numbers of training days, ranging from 6 to 10 days for one training event and 9 to 10 days for another. OIG could not correlate the stipends with student attendance since it could not determine how many students attended each training event because the sign-in sheets were incomplete. In addition, a "Province Students' Weekend Stipends" sheet appears to show that students from provinces outside of Kabul received a weekend stipend to attend training. No information, however, was available as to what the stipend covered and how the stipend amount was determined.¹⁵ Another expense in this invoice identified stipends for 31 students who received 10 days of training from January 5 to 16, 2008. Again, a single sign-in sheet with the students' signatures was provided as supporting documentation, but the students themselves did not check off specific dates.
- A CSSP invoice for the period from February 1, 2008, to January 31, 2009, included a blanket purchase request for student transportation for the entire invoice period. All other training events covered by the invoice referenced this blanket request as approval for the travel. Some training events included a sign-in sheet with student signatures, the amount of money paid to students for their transportation expenses, and the students' duty stations. Each sign-in sheet was signed by a PAE/INL/CSSP trainer/advisor and a Central Prison Planning and Rehabilitation Directorate representative confirming that the students attended the training and received travel payment.¹⁶ For other training events, however, sign-in sheets lacked signatures by both the PAE and Central Prison Directorate Representatives.
- A JSSP invoice for the period from May 31, 2010, to May 30, 2011, included student training-related expenses. Supporting documentation included a purchase request, original and translated receipts for meals and tea or cake for a total of 116 participants, a participant sign-in sheet, a receipt for four bottles of water per day per participant, and a list of per-diem payments for each participant. The total number of people on the food receipts, however, did not match the number of participant signatures on the sign-in sheets.
- A CSSP invoice for the period from May 1, 2011, to December 31, 2011, included student training expenses for a Provincial Case Management/Classification New Hire Training

¹⁵ On October 12, 2017, following receipt of a draft of this report, INL Kabul staff advised OIG that stipends were paid to Afghan trainees because they only receive a salary when they are at their assigned place of work. However, INL Kabul staff also stated that they had no knowledge of how the stipend amounts were determined. INL Kabul staff further stated that, as of October 2017, Afghan trainees continue to receive stipends as part of student expenses.

¹⁶ The Central Prison Planning and Rehabilitation Directorate is an Afghan Government entity.

Program. A blanket cash purchase request included several training events and their related expenses (for example, training events from June 18 to July 1 for 16 students, from July 2 to 15 for 20 students, and from July 16 to 29 for 20 students). The only supporting documentation for these training events, however, was for a cash advance for a 14-day training event for 18 students that did not include the training dates. The cash purchase request included travel and food costs for students but no additional supporting documentation.

- A JSSP invoice for the period from January 1, 2015, to June 30, 2015, included a variety of training-related expenses. For example, the invoice included a purchase request for an organizational capacity building training in Afghan provinces for May through June 2015 for 21 participants and 3 PAE staff members. The costs associated with the purchase request included venue rental, lunch, refreshments for students and PAE staff, student transportation, per diem, and lodging for 10 participants for 34 nights. For a May 9–10, 2015, training for project management, documentation included a receipt from a restaurant where the training was held, including 2 lunches for 21 participants and 3 PAE advisors, refreshments for 21 participants and 3 PAE staff members for 2 days, and lodging for 10 participants. PAE paid the venue for rent, lunches, refreshments, and lodging. In addition, participants were paid \$15 per day, for a 2-day training in May. A sign-in sheet showed that participants received their payments. A transportation per-diem sign in sheet for 10 participants accompanied taxi receipts. Although in this instance the supporting documentation had improved, it was still not always complete. For example, a purchase request for a May 10–11, 2015, training included a meal and incidental expenses allowance for 13 students and transportation stipends for 21 students. However, no information was given about how the meal and incidental expenses were determined, and a single sign-in sheet covered both days without identifying which days each student attended.
- A CSSP invoice for the period from January 1, 2015, to June 14, 2015, included extensive documentation for PAE's local national employees travel, including travel expense reports showing taxi fare, accommodations, per diem, and air fare; hotel and taxi receipts; and flight itineraries, but not for student trainees. Students were paid \$10 per day for transportation expenses for a total of 5 days. Although students were given a total of \$50, only a single sign-in sheet for the 5-day period was provided as supporting documentation. It did not include a checklist showing day-by-day participation that would have established that all participants were eligible for the full 5 days' payment. Moreover, the sign-in sheet only verified that the 10 students were to receive a reimbursement for transportation costs, not that they attended the training.
- A JSSP invoice for the period from September 1, 2015, to February 29, 2016, included documentation for a number of student trainings. A purchase request for a 2-day training in Kabul for 21 students included costs for lunch, water, and refreshments; venue rental for both days; and student transportation allowances. The supporting documentation included a daily sign-in sheet signed by the training advisor, the team lead, and the section lead. Student transportation allowance lists for each day with student signatures indicated receipt of a transportation allowance. However, no documentation was presented to indicate that Max Group International, the contractor

PAE used to pay students for all transportation related costs, had reimbursed students. Furthermore, no receipt from the hotel for lunch, water, and refreshments or rental costs was presented.

In a May 2015 letter issued to PAE, the COR expressed concerns about the amount of cash being disbursed under the JSSP contract and sought to improve supporting documentation for cash transactions.¹⁷ Specifically, she requested that PAE take steps to control and reduce the use of cash and recommended that all venues used for training have an established banking system that would allow payment only electronically. She also stated in the letter of concern that verification of student participation required improvement. To accomplish this, she recommended that PAE submit a pre-approved list of student names and their Tazkira numbers.¹⁸ This information would allow the COR to verify actual attendance with the invoices and supporting documentation submitted.

OIG found that PAE took steps to address the COR's requests and recommendations. To address the request to reduce cash payments, PAE increased use of electronic payments, and OIG's review of invoices submitted in 2016 did find that many training expenses were paid electronically. OIG also found that student attendance sheets included their Tazkira numbers. However, when requesting COR approval for training events, PAE continues to provide the total number of people to be trained rather than identifying the training attendees by name.

Because most student training expenses were not allowable under the terms of the contracts and were, moreover, inadequately supported, OIG considers these questioned costs. On the basis of data provided by PAE, OIG questions \$5.0 million in payments made between 2011 and 2016 for costs that were not allowable under the terms of the contracts and that were inadequately supported. The FAR requires the Contracting Officer to issue a written decision on any Government claim against the contractor within 6 years after accrual of the claim, unless the contracting parties agreed to a shorter time period.¹⁹ Because millions of dollars in questionable or unsupported payments were made, OIG suggests an expeditious resolution of this matter to enable the Department to maximize recovery of any of those costs.

Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management review and, as appropriate, take action to recover that part of the \$5 million in student travel and venue rental expense payments that is determined to be unallowable.

Management Response: The Office of Acquisitions Management stated that it agrees with the recommendation and will review the \$5 million in student travel and venue rental

¹⁷ The COR did not issue a letter of concern to PAE regarding the CSSP contract. Rather, the COR told PAE to follow guidance contained in the letter of concern issued for JSSP.

¹⁸ Tazkira is the National ID for Afghan citizens.

¹⁹ FAR 33.206, "Initiation of a Claim."

expense payments that OIG determined to be unallowable and make a decision on any part of the \$5 million that should be recovered.

OIG Reply: On the basis of the Office of Acquisitions Management concurrence and actions planned to implement the recommendation, OIG considers this recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that the Office of Acquisitions has made a determination regarding the unsupported and unallowable costs identified by OIG and has recovered all costs determined to be unallowable.

Contracts and INL's Invoice Review Guidance Do Not Address Student Training Expenses

PAE lacked supporting documentation for student training expenses, in part, because of the lack of guidance. Specifically, the CSSP and the JSSP contracts and INL's invoice review SOP do not address invoicing student training expenses.

The JSSP and CSSP contracts do, however, contain instructions on how to prepare and submit invoices for PAE employees' travel. For example, the JSSP contract statement of work requires that PAE include detailed line items of all authorized travel expenses as an attachment to each applicable invoice. These details should include traveler name; dates of travel; and expense elements, including airfare, lodging, M&IE, and ground transportation. Similarly, INL's invoice review SOP provides instructions on reviewing invoices for PAE employees' travel expenses. INL's guidance includes travel invoice review steps and acceptable documentation. Information required to validate lodging and M&IE expenses include detailed prices, room charges, taxes, and room service. For mileage reimbursement claims, the contractor must submit mileage claims based on allowable rates. Preferred documentation supporting air transportation and lodging expenses includes ticket stubs, hotel bills signed by the employee, and other original receipts.

Because the criteria for the documentation required to support contractor employees' travel expenses are extensive in the JSSP and CSSP contracts, A/LM/AQM and INL could apply them to student training expenses. Applying these or similarly developed criteria would improve accounting of funds, including ensuring that student training expenses are contractually authorized and properly supported.

Recommendation 4: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, modify the new Corrections System Support Program contract to provide direction specifying requirements for documenting student training expenses.

Management Response: Both A/LM/AQM and INL agreed with the recommendation and stated that the contract had been modified "outlining the training support required and providing direction specifying requirements for documenting student training expenses."

A/LM/AQM included a copy of the contract modification M002 with its response to a draft of this report.

OIG Reply: Although A/LM/AQM stated that it modified the contract as recommended and provided OIG a copy, OIG did not identify language in modification M002 that provides direction specifying requirements for documenting student training expenses. Consequently, OIG considers the recommendation resolved pending further action. This recommendation will be closed when A/LM/AQM provides OIG evidence that the new Corrections System Support Program contract has been modified to provide direction specifying requirements for documenting student training expenses.

Recommendation 5: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, modify the new Justice Sector Support Program contract to provide direction specifying requirements for documenting student training expenses.

Management Response: Both A/LM/AQM and INL agreed with the recommendation and stated that the contract had been modified "outlining the training support required and providing direction specifying requirements for documenting student training expenses." A/LM/AQM included a copy of the contract modification M001 with its response to a draft of this report.

OIG Reply: Although A/LM/AQM stated that it modified the contract as recommended and provided OIG a copy, OIG did not identify language in modification M001 that provides direction specifying requirements for documenting student training expenses. Consequently, OIG considers the recommendation resolved pending further action. This recommendation will be closed when A/LM/AQM provides OIG evidence that the new Justice Sector Support Program contract has been modified to provide direction specifying requirements for documenting student training expenses.

Recommendation 6: OIG recommends that the Bureau of International Narcotics and Law Enforcement Affairs revise its Standard Operating Procedure for invoice review, entitled *INL Standard Operating Policy/Procedure on Certification of Invoice*, to include additional invoice review steps to verify the validity of invoiced student training expenses, including confirming that (1) all student travel and other training expenses are contractually authorized and approved by the Contracting Officer's Representative, (2) student travel and other training expenses are properly supported, including identifying what constitutes proper support, and (3) cash payments have accompanying supporting documentation that establish cash payments were received by the intended recipient for the amount approved.

Management Response: INL stated that it agrees with the recommendation and is developing a post-specific standard operating procedure that will detail additional invoice

review steps. It expects to complete the standard operating procedure document in November 2017.

OIG Reply: On the basis of INL's agreement with the recommendation and its description of actions taken, OIG considers this recommendation resolved pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that INL has revised its invoice review standard operating procedure to include additional invoice review steps that verify the validity of invoiced student training expenses.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management modify the new Corrections Systems Support Program contract (SAQMMA17F0502) to specify what student travel expenses, venue rental expenses, and refreshment expenses are contractually allowable.

Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management modify the new Justice Sector Support Program contract (SAQMMA17F1220) to specify what student travel expenses, venue rental expenses, and refreshment expenses are contractually allowable.

Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management review and, as appropriate, take action to recover that part of the \$5 million in student travel and venue rental expense payments that is determined to be unallowable.

Recommendation 4: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, modify the new Corrections System Support Program contract to provide direction specifying requirements for documenting student training expenses.

Recommendation 5: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, modify the new Justice Sector Support Program contract to provide direction specifying requirements for documenting student training expenses.

Recommendation 6: OIG recommends that the Bureau of International Narcotics and Law Enforcement Affairs revise its Standard Operating Procedure for invoice review, entitled *INL Standard Operating Policy/Procedure on Certification of Invoice*, to include additional invoice review steps to verify the validity of invoiced student training expenses, including confirming that (1) all student travel and other training expenses are contractually authorized and approved by the Contracting Officer's Representative, (2) student travel and other training expenses are properly supported, including identifying what constitutes proper support, and (3) cash payments have accompanying supporting documentation that establish cash payments were received by the intended recipient for the amount approved.

APPENDIX A: RESPONSE FROM BUREAU OF ADMINISTRATION, OFFICE OF LOGISTICS MANAGEMENT, OFFICE OF ACQUISITIONS MANAGEMENT



United States Department of State


Washington, D.C. 20520

October 12, 2017

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MEMORANDUM

TO: OIG/AUD – Norman P. Brown

FROM: A/LM – Jennifer A. McIntyre 

SUBJECT: Management Assistance Report *Contract Terms and Guidance for Approving Student Training Expenses Related to the Justice and Corrections in Afghanistan Require Attention*

Thank you for the opportunity to provide our comments on the subject draft OIG MAR. The points of contact for this response are Mr. Matthew Colantonio who may be reached at 703-875-5848, and Mr. James Moore who may be reached at 703-875-6285.

Recommendation 1: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management modify the new Corrections Systems Support Program contract (SAQMMA17F0502) to specify what student travel expenses, venue rental expenses, and refreshment expenses are contractually allowable.

Management Response to Draft Report: The Office of Acquisitions Management modified the new Corrections Systems Support Program contract to specify what student travel expenses, venue rental expenses, and refreshment expenses are contractually allowable. The specifications are in Modification 002 which is attached (Tab 1- SAQMMA17F0502).

Recommendation 2: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management modify the new Justice Sector Support Program contract (SAQMMA17F1220) to specify what student travel expenses, venue rental expenses, and refreshment expenses are contractually allowable.

Management Response to Draft Report: The Office of Acquisitions Management modified the new Justice Sector Support Program contract to specify what student travel expenses, venue rental expenses, and refreshment expenses are

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contractually allowable. The specifications are in Modification 001 which is attached (Tab 2- SAQMMA17F1220).

Recommendation 3: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management review and, as appropriate, take action to recover that part of the \$5 million in student travel and venue rental expense payments that is determined to be unallowable.

Management Response to Draft Report: The Office of Acquisitions Management agrees with this recommendation and will review the \$5 million in student travel and venue rental expense payments that the OIG determined to be unallowable and make a decision on any part of the \$5 million that should be recovered.

Recommendation 4: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, modify the new Corrections System Support Program contract to provide direction specifying requirements for documenting student training expenses.

Management Response to Draft Report: The Office of Acquisitions Management modified the new Corrections Systems Support Program contract to provide direction specifying requirements for documenting student training expenses. The requirements are specified are in Modification 002 which is attached (Tab 1- SAQMMA17F0502).

Recommendation 5: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, modify the new Justice Sector Support Program contract to provide direction specifying requirements for documenting student training expenses.

Management Response to Draft Report: The Office of Acquisitions Management modified the new Justice Sector Support Program contract to provide direction specifying requirements for documenting student training expenses. The requirements are specified in Modification 001 which is attached (Tab 2- SAQMMA17F1220).

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APPENDIX B: RESPONSE FROM BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS




United States Department of State

Washington, D.C. 20520

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October 13, 2017

**MEMORANDUM FOR NORMAN P. BROWN, ASSISTANT INSPECTOR
GENERAL FOR AUDITS**

FROM: INL – Jeffrey C. Lee, Acting Executive Director 

SUBJECT: INL Response to the Draft Report, “Management Assistance
Report: Contract Terms and Guidance for Approving Student
Training Expenses Relating to the Justice and Corrections
Programs in Afghanistan Require Attention” (AUD-MERO-18-
XX, October 2017)

The Bureau of International Narcotics and Law Enforcement Affairs (INL) welcomes the opportunity to comment on this draft OIG report and offers additional information and clarification for your consideration.

INL Responses to the OIG’s Draft Recommendations

Recommendation 4: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, modify the new Corrections System Support Program contract to provide direction specifying requirements for documenting student training expenses.

INL Response (October 2017): INL agrees with this recommendation. INL modified the Corrections System Support Program (CSSP) contract on September 14, 2017, outlining the training support required and providing direction specifying requirements for documenting student training expenses. The CSSP contract with this modification is attached at Tab 1.

Recommendation 5: OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of International Narcotics and Law Enforcement Affairs, modify the new Justice Sector Support Program contract to provide direction specifying requirements for documenting student training expenses.

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INL Response (October 2017): INL agrees with this recommendation. INL modified the Justice System Support Program (JSSP) contract on September 14, 2017, outlining the training support required and providing direction specifying requirements for documenting student training expenses. The JSSP contract with this modification is attached at Tab 2.

Recommendation 6: OIG recommends that the Bureau of International Narcotics and Law Enforcement Affairs revise its Standard Operating Procedure for invoice review, entitled INL Standard Operating Policy/Procedure on Certification of Invoice, to include additional invoice review steps to verify the validity of invoiced student training expenses, including confirming that (1) all student travel and other training expenses are contractually authorized and approved by the Contracting Officer's Representative, (2) student travel and other training expenses are properly supported, including identifying what constitutes proper support, and (3) cash payments have accompanying supporting documentation that establish cash payments were received by the intended recipient for the amount approved.

INL Response (October 2017): INL agrees with this recommendation. We are working to draft a Post-specific SOP which will detail additional review steps and we anticipate this process will be completed in November 2017.

Attachments :

Tab 1 – Modified CSSP Contract

Tab 2 – Modified JSSP Contract

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OIG AUDIT TEAM MEMBERS

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