



OIG HIGHLIGHTS

AUD-CGI-17-63

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September 2017

OFFICE OF AUDITS

Contracts, Grants, and Infrastructure Division

Audit of Invoices Submitted by Torres Advanced Enterprise Solutions, LLC, for Select Local Guard Force Contracts

What OIG Audited

Every overseas diplomatic mission operates under a security program designed and maintained by the Bureau of Diplomatic Security (DS). As part of the security program, DS contracts with qualified security firms to provide local guard services to overseas posts. One of the firms that provides local guard services overseas is Torres Advanced Enterprise Solutions, LLC (Torres). As of June 30, 2016, DS had 12 local guard force (LGF) contracts with Torres, with an estimated total value of \$202.4 million. This audit selected four LGF contracts being performed at Embassies Islamabad, Kampala, Lima, and Panama City. OIG sampled invoices submitted over the life of each selected contract from award through September 30, 2016.

OIG conducted this audit to determine whether the Department of State (Department) approved invoices that contained unsupported or unallowable costs submitted by Torres for select LGF contracts.

What OIG Recommends

OIG made seven recommendations intended to address the deficiencies and questioned costs identified in this report. One recommendation concerning the recovery of \$11,705 has been closed because Torres took corrective actions during audit fieldwork.

Based on the Bureau of Administration, Office of Logistics Management's (A/LM) and DS' response to a draft of this report, OIG considers the six recommendations resolved pending further action. A synopsis of A/LM's and DS' response to the recommendations and OIG's reply follow each recommendation in the Audit Results section of this report. A/LM's and DS' comments are reprinted in Appendices C and D, respectively.

What OIG Found

OIG identified instances in which the Contracting Officer's Representatives (CORs) approved invoices submitted by Torres that contained unsupported or unallowable costs. Specifically, OIG reviewed a sample of 35 invoices associated with four selected LGF contracts, valued at \$11,193,655, and found that 30 of 35 invoices (approximately 86 percent) contained unsupported or unallowable costs, for a total of \$113,614 in questioned costs. The amount of questioned costs identified represents approximately 1 percent of the overall value of the invoices tested. In addition, OIG identified a systemic error that resulted in a \$4,881 recovery from Torres for invoices not sampled.

Although OIG generally concluded that invoices were accurate and were being reviewed appropriately, OIG found areas for improvement and identified three primary COR oversight deficiencies that led to the approval of unsupported and unallowable costs. First, three of four posts did not maintain sufficient contract oversight documentation prior to 2015. However, each post has since implemented centralized, electronic methods to document COR oversight, and OIG noted significant improvement. Second, the COR was not always aware of contract requirements, such as the need for Torres to submit invoice packages with supporting documentation. For example, the Mission Peru LGF contract requires Torres to submit a monthly Quality Assurance and Compliance Report (QACR). However, none of the 13 invoices that OIG tested at Mission Peru included a QACR. The COR stated that he was unaware of the requirement. Third, the CORs did not always complete required invoice review procedures. For example, the LGF contracts reviewed for this audit state that the total number of hours invoiced must be equal to the total number of hours contained in individual timesheets. However, OIG found that the CORs at two of four audited posts did not review any LGF timesheets, while the CORs at the two other posts reviewed a portion of the timesheets but did not verify that the total number of invoiced hours was supported.

As a result, OIG identified \$102,898 in unsupported costs and \$15,597 in unallowable costs, for a total of \$118,495 in questioned costs related to the four LGF contracts audited.

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