



OIG HIGHLIGHTS

AUD-CGI-18-50

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August 2018

OFFICE OF AUDITS

Contracts, Grants, and Infrastructure Division

Audit of the Bureau of European and Eurasian Affairs

Administration and Oversight of Selected Contracts and Grants

What OIG Audited

The Bureau of European and Eurasian Affairs (EUR) was responsible for administering and overseeing \$8.4 million in high-risk contract task orders from October 2014 through August 2016 and \$35.05 million in grants and cooperative agreements from FY 2014 through FY 2016. These contract task orders and grants support EUR's mission of promoting U.S. interests in Europe and Eurasia on issues such as international security, the North Atlantic Treaty Organization, coordination with the European Union, and other regional efforts.

The Office of Inspector General (OIG) conducted this audit to determine whether EUR's administration and oversight of selected contracts and grants were in accordance with Federal laws and Department of State (Department) policy.

What OIG Recommends

OIG made 17 recommendations to improve EUR's administration and oversight of contracts and grants. On the basis of the responses received from EUR and the Bureau of Administration's Office of Logistics Management, Office of Acquisitions Management (AQM), and the Office of the Procurement Executive (A/OPE) to a draft of this report, OIG considers 16 recommendations resolved pending further action and 1 recommendation unresolved.

A synopsis of EUR's, AQM's, and A/OPE's responses and OIG's reply follow each recommendation in the Results section of this report. EUR's, AQM's, and A/OPE's responses to a draft of this report are reprinted in Appendices C, D, and E, respectively.

What OIG Found

EUR did not consistently administer and oversee the contract task orders selected for this audit in accordance with Federal laws and Department policies. Specifically, Contracting Officer's Representatives' (COR) files were not properly maintained to include all required documents such as a quality assurance surveillance plan or documentary evidence that all invoice charges were reviewed and deliverables were accepted. In addition, OIG found instances in which EUR employees who served as the COR or Government Technical Monitor (GTM) were not formally designated. The failure to comply with required contract administration and oversight policies occurred, in part, because EUR did not have sufficient internal procedures to ensure adherence to Federal and Department contract administration policy. In addition, EUR management and Contracting Officers did not sufficiently oversee COR and GTM performance, and they did not always include required performance work commitments in the COR and GTM performance standards. Without comprehensive oversight of EUR contract task orders, EUR will not have reasonable assurance that the task orders are supporting EUR's mission as intended.

Similar to the concerns identified with respect to contract administration and oversight, OIG also found that EUR Grants Officers (GO) and Grants Officer Representatives (GOR) did not administer and oversee the grants selected for this audit in accordance with Federal law and Department policy. Specifically, grant agreements did not contain sufficient performance indicators to assess whether program objectives were being achieved. Furthermore, GOR files did not include all required documents, such as monitoring plans, evidence of reviews of performance and financial reports, or evidence of site visits. These deficiencies occurred, in part, because EUR did not have sufficient internal procedures to ensure required grant policies were followed. In addition, EUR management and the GOs did not sufficiently oversee GOR performance. Until these deficiencies are corrected, EUR will not have reasonable assurance that EUR is spending funds in accordance with grant terms, nor will it be able to affirm that grant awards are achieving expected program goals and objectives.

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