

**Information Report: The Bureau of Administration Took Action to Address Expired Office of Facilities Management Services Contracts, AUD-CGI-19-12, December 2018**  
**Summary of Review**

In March 2018, officials of the Bureau of Administration's Office of Acquisitions Management (AQM) identified issues concerning acquisition planning, the "misuse" of Federal Acquisition Regulation (FAR) clauses for contract extensions, disregard for the Department of State Acquisition Regulation (DOSAR), and inadequate contract administration associated with 15 Facilities Management Services (FMS) contracts. In April 2018, the Office of Inspector General (OIG) received information from AQM that included a detailed assessment performed by the Functional Bureau Support Branch in AQM's Worldwide Division of 15 FMS contracts valued at approximately \$160 million. The information asserted that the Department of State (Department) issued, in most cases, multiple extensions for the contracts after the periods of performance had expired by "misusing" FAR clauses. In addition, the Bureau of Administration, Office of the Procurement Executive (OPE), had not approved the extensions as required by the DOSAR.

To determine whether AQM's information was supported, OIG initiated a limited-scope evaluation and selected 5 of the 15 FMS contracts in question to validate the conclusions reached by AQM's Functional Bureau Support Branch. After evaluating the assessment, OIG confirmed that acquisition planning was indeed lacking and that FMS contracts had been improperly extended multiple times by misusing FAR clauses. In addition, OIG confirmed that OPE had not approved extensions for the five contracts reviewed, as required by the DOSAR.

While OIG was engaged in evaluating the FMS contracts, AQM was in the process of remediating the contract administration deficiencies identified by the Functional Bureau Support Branch. Specifically, AQM sought and received approval from OPE to extend the applicable contracts beyond their period of performance, which provided time for AQM to prepare and award follow-on contracts. In addition, FMS developed and moved forward with an acquisition plan to address the expiring FMS contracts. The acquisition plan established two indefinite-delivery, indefinite-quantity contracts, and as of October 2018, those contracts were awarded with separate task orders consolidating multiple FMS contracts. The acquisition plan was approved, and fully implemented as of November 1, 2018.

OIG commends AQM for identifying these concerns and for its efforts to resolve them. The actions undertaken by AQM to address the contract administration deficiencies identified with the FMS contracts are important to effectuate open and fair competition for the facilities management services sought by the Department. Fair and open competition is also important for those small businesses seeking opportunities to provide the Department with services. Because of the significance of this issue and the related contract administration deficiencies, OIG will commence with a full-scope performance audit of the contracting practices related to FMS contracts. As part of the performance audit, OIG plans to examine, among other things, the reasons why the misuse of FAR clauses went unaddressed by contract officials and how deviations from DOSAR requirements were allowed to occur.

The Bureau of Administration's Office of Operations provided a response to this report confirming that FMS established and approved an acquisition plan with two indefinite-delivery, indefinite quantity contracts that have been fully implemented as of November 1, 2018. The Bureau of Administration's response is included in Appendix A.