



OIG HIGHLIGHTS

AUD-MERO-18-33

UNCLASSIFIED

March 2018

OFFICE OF AUDITS

Middle East Region Operations

Audit of the Administration and Oversight of Fuel Contracts at U.S. Embassy Amman, Jordan

What OIG Found

OIG found that the Department did not implement adequate controls for the acquisition of fuel at Embassy Amman. Specifically, OIG found that embassy personnel engaged in unauthorized commitments, did not close purchase orders once they were completed, and inappropriately destroyed contract files. These contract administration deficiencies occurred, in part, because embassy personnel ordered fuel and added funds to the fuel card account before the award of formal contracts. Other improper contracting practices occurred because Embassy Amman did not implement procedures to ensure compliance with the Federal Acquisition Regulation (FAR). As a result, the Department lost the ability to use funds that were not deobligated from completed contracts and the embassy could not provide complete contract files to support procurement decisions.

OIG also found that oversight of fuel contractors needs improvement. For example, the Contracting Officer's Representatives (CORs) did not always (1) develop and implement quality assurance surveillance plans that ensured contract requirements were met, (2) implement effective procedures to accept fuel, (3) maintain complete COR files, and (4) obtain the required oversight certifications. These deficiencies primarily occurred because Embassy Amman did not comply with FAR requirements and Department policies for conducting proper contract oversight. As a result, Embassy Amman cannot be certain that the fuel received between October 2012 and January 2017 met the contract's quality requirements and may have paid for fuel that it did not receive during that period.

Finally, according to a sample of invoices reviewed, Embassy Amman officials did not follow Federal regulations and Department guidance when approving invoices submitted by fuel contractors from October 2012 through January 2017. This occurred because Embassy Amman did not implement effective procedures for reviewing invoices. OIG is therefore questioning \$8.3 million paid by Embassy Amman for fuel purchases from October 2012 through January 2017.

Office of Inspector General
U.S. Department of State • Broadcasting Board of Governors

UNCLASSIFIED

What OIG Audited

U.S. Embassy Amman, Jordan, has grown in size over the last few years, leading to an increase in the number of leased residences requiring diesel fuel and the number of vehicles requiring gasoline. To procure diesel fuel and gasoline, Embassy Amman awarded three contracts in the last 5 years, two for residential diesel fuel and one for gasoline.

In July 2017, the Office of Inspector General (OIG) issued a report on inconsistent diesel fuel use at Embassy Amman and, in September 2017, issued a related report on controls over fuel storage and distribution at Embassy Amman. For this report, OIG's objective was to determine whether Department of State (Department) oversight personnel implemented adequate controls to ensure that the contractor provided fuel for Embassy Amman in accordance with contract terms, Federal regulations, and Department guidance.

What OIG Recommends

OIG made 28 recommendations to Embassy Amman and the Bureau of Administration, Office of the Procurement Executive (A/OPE) to improve contracting oversight procedures and determine if ratification is required for potential unauthorized commitments OIG identified. On the basis of responses received from Embassy Amman and A/OPE to a draft of this report, OIG considers all 28 recommendations resolved pending further action. A synopsis of management's comments and OIG's reply follow each recommendation in the Audit Results section of this report. Comments received from Embassy Amman and A/OPE are reprinted in their entirety in Appendices C and D, respectively.