



# OIG HIGHLIGHTS

AUD-MERO-18-35

## What OIG Audited

In September 2014, the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), awarded two Afghanistan Life Support Services (ALiSS) contracts on behalf of the Bureau of South and Central Asian Affairs (SCA) to DynCorp International, LLC (DynCorp) and Global Development Support Services, LLC (GDSS). Both ALiSS contracts are multiple-award indefinite-delivery, indefinite-quantity contracts with a combined value of more than \$1 billion to be executed over a 5-year period (1 base year and 4 option years). The contracts are executed through a series of task orders to provide services such as food operations, logistics, fire protection, medical services, warehouse operations, and miscellaneous support services. SCA Contracting Officer's Representatives (CORs) perform oversight duties such as inspecting goods and services, reviewing invoices, and advising the Contracting Officer on occurrences of unsatisfactory contractor performance.

OIG conducted this audit to determine whether SCA properly reviewed and approved invoices submitted under the ALiSS contracts between May 11, 2015, and July 20, 2017.

## What OIG Recommends

OIG made one recommendation to strengthen SCA's invoice review process and two recommendations to A/LM/AQM to address the questioned costs identified in this report. On the basis of responses received from SCA and A/LM/AQM to a draft of this report, OIG considers all three recommendations resolved pending further action. A synopsis of each response and OIG's reply follow each recommendation in the Results section of this report. SCA's and A/LM/AQM's response to a draft of this report are reprinted in their entirety in Appendices E and F, respectively.

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OFFICE OF AUDITS

Middle East Region Operations

## Audit of Costs Invoiced Under the Afghanistan Life Support Services Contracts

### What OIG Found

SCA CORs for the ALiSS contracts generally reviewed and approved invoices in accordance with Federal regulations, Department of State (Department) guidance, and contract requirements. However, OIG found a small percentage of invoiced costs that either did not meet contract requirements or lacked supporting documentation. Specifically, between May 11, 2015, and July 20, 2017, SCA CORs approved 53 invoices, valued at \$74,799,525. OIG reviewed all invoices and questioned \$822,243 (about 1 percent). Of this amount, \$507,940 was not allowed under the contract terms and conditions and \$314,303 lacked supporting documentation.

A recent OIG report\* stated that SCA CORs were sufficient in number, adequately trained, and properly processing invoices. This finding is affirmed in this audit, in which OIG questioned approximately 1 percent of reviewed costs. However, OIG identified some areas for improvement and noted that SCA management did not routinely monitor the results of its invoice reviews, which could explain the questioned costs. Language in 4 Foreign Affairs Handbook (FAH) 3 H-424.1 states that the "[p]ost and bureau/office personnel contracting or purchasing goods and services ... are responsible for determining that invoices or vouchers examined, approved or certified, are correct, just and proper for payment." The Contracting Officer and CORs told OIG that it would be useful if SCA established a quality assurance process to track invoice review results and periodically test invoice reviews for accuracy. Such a process would provide SCA management with information on the effectiveness of its invoice reviews and alert it to possible problems and performance issues.

\* *Audit of the Bureau of South and Central Asian Affairs Invoice Review Process for the Afghanistan Life Support Services Contract (AUD-MERO-17-47, June 2017).*

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