

June 2018

OFFICE OF AUDITS

Middle East Region Operations

Audit of the Bureau of Diplomatic Security's Invoice Review Process for Worldwide Protective Services Contracts

What **OIG** Found

DS followed Federal Acquisition Regulation requirements, Department guidance, and its own SOP in reviewing invoices. However, rather than review all supporting documentation associated with the corresponding invoices, DS Desk Officers sampled supporting documentation for cost reimbursable invoices. According to the DS Desk Officers, the primary reason that all supporting documentation was not being reviewed was the limited review time and the need to comply with the Prompt Payment Act. When **OIG** informed DS managers that sampling was being employed, they stated that sampling was not permitted. This prohibition is not, however, made explicit in the bureau's invoice review SOP. Although **OIG** found that DS's invoice review process demonstrated that at least a sample of supporting documentation was being reviewed, the use of such informal sampling increases the risk that unallowable or unsupported costs for high-dollar, high-risk invoices could go undetected.

With respect to the number of assigned staff members qualified to oversee the WPS contracts, **OIG** found that staffing shortfalls have affected DS's ability to perform effective invoice review and contractual oversight. Specifically, **OIG** found that the two DS offices charged with WPS contract oversight responsibilities had 26 percent fewer staff members than required as of November 2017. This was due, in part, to a Department-imposed hiring freeze in addition to staffing challenges that predate the hiring freeze. DS requested two waivers from the hiring freeze; however, its requests remained pending as of May 2018.

OIG also found that DS performed required oversight of contractor performance. Specifically, DS conducted Program Management Reviews and Post Assistance Visits between July 2014 and December 2017. However, **OIG** noted that DS had not developed standardized oversight reporting formats, which would be helpful in uniformly documenting contractor performance and further affirming that contract terms and conditions are being fulfilled.

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OIG HIGHLIGHTS

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What **OIG** Audited

In Iraq and Afghanistan, the Bureau of Diplomatic Security (DS) oversees the Worldwide Protective Services (WPS) contracts that provide the Department of State (Department) with static guard security services, protective movement security services, emergency response teams, and explosive detection security services for diplomatic missions. The WPS contracts require the contractor to plan, manage, and provide these services. DS's WPS Division and Operational Support Division share invoice review and contract oversight responsibilities.

The Office of Inspector General (**OIG**) conducted this audit to determine: (1) whether DS is following Federal regulations, Department guidance, and its own standard operating procedures (SOP) when reviewing invoices under the WPS contracts for guard services in Iraq and Afghanistan; (2) whether DS assigned a sufficient number of qualified staff members to oversee the WPS contracts; and (3) the extent to which DS provided oversight of contractor performance. **OIG** reviewed 57 out of 1,189 invoices DS approved for the WPS contract Task Orders 10 and 12 between May 2016 and May 2017.

What **OIG** Recommends

OIG made four recommendations that are intended to improve DS's invoice review and associated contract oversight activity. DS agreed with all four recommendations offered, and **OIG** considers each recommendation resolved pending further action. A synopsis of DS's response to the recommendations offered and **OIG**'s reply follow each recommendation in the Audit Results section of this report. DS's response to a draft of this report is reprinted in Appendix B.