



# OIG HIGHLIGHTS

AUD-MERO-18-55

UNCLASSIFIED  
August 2018  
OFFICE OF AUDITS  
Middle East Region Operations

## Audit of Cost Controls Within the Baghdad Life Support Services Contract Food Services Task Order SAQMMA14F0721

### What OIG Audited

The Department of State (Department) provides life support services, including food and water, to personnel working in Iraq through Baghdad Life Support Services (BLiSS) food services task order SAQMMA14F0721. The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), awarded the BLiSS food services task order on March 1, 2014.

The Office of Inspector General (OIG) conducted this audit to determine whether (1) A/LM/AQM established, implemented, and held the contractor accountable for complying with cost controls during the life of task order SAQMMA14F0721 and (2) A/LM/AQM and the Bureau of Near Eastern Affairs (NEA) held the contractor accountable for complying with its cost control plan. In March 2018, OIG issued AUD-MERO-18-31, which addressed the first objective. This report communicates OIG's findings regarding the second objective.

### What OIG Recommends

OIG made four recommendations intended to improve the administration and oversight of current and future food services contracts. NEA concurred with one recommendation, which is resolved pending further action. The Bureau of Administration, Office of the Procurement Executive, Office of Acquisition Management (A/OPE/AQM), nonconcurred with three recommendations. On the basis of A/OPE/AQM's responses and proposed actions, one is resolved pending further action and two are unresolved. A synopsis of management's comments follows each recommendation in the Audit Results section of this report. A/OPE/AQM's and NEA's responses to a draft of this report are reprinted in Appendices C and D, respectively.

### What OIG Found

In March 2018, OIG reported that the Department established, but did not effectively implement, four cost controls under BLiSS food services task order SAQMMA14F0721. The Contracting Officer partially implemented one of four contractually established cost controls but did not implement the other three. For example, plans to convert BLiSS food services from a cost-reimbursement to a fixed-price task order and to implement a point-of-sale cafeteria system were not implemented. Furthermore, a requirement to limit the number of Department-subsidized meals for individuals who do not live on Department posts in Iraq was not implemented. That report addressed objective 1 of the audit and offered 14 recommendations.

With respect to this report and the second audit objective, OIG found that A/LM/AQM and NEA did not hold PAE accountable for complying with its cost control plan. This occurred, in part, because the BLiSS food services inspection checklist used by contract oversight personnel in Iraq only included steps for monitoring one of seven elements contained in PAE's cost control plan. OIG therefore concludes that contracting personnel did not fulfill their obligations to safeguard the interests of the Department and the public. Moreover, the annual assessments of PAE's cost control efforts were ineffectual.

In addition, OIG found that the Contracting Officer assigned to the BLiSS contract did not comply with the Federal Acquisition Regulation when definitizing the BLiSS food services task order. Specifically, the Contracting Officer did not definitize the option years within the 180-day maximum definitization date, exceeding that requirement by 761 days for option year 1, 368 days for option year 2, and 31 days for option year 3. In response to a July 2016 OIG report describing the Department's challenges in definitizing contracts supporting operations in Iraq, A/LM/AQM issued a directive that established a tracking system to foster timely definitization. Because this problem nonetheless persists, OIG recommends that the Department revisit this issue to determine why the Contracting Officer did not comply with the definitization requirement and implement a corrective action plan.

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