



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-19-19

What OIG Audited

Between March 2017 and June 2018, the Office of Inspector General (OIG) issued a series of audit reports assessing the invoice review process used by four bureaus that relied on contracted support to conduct their missions in Iraq and Afghanistan: the Bureaus of Near Eastern Affairs (NEA), International Narcotics and Law Enforcement Affairs (INL), South and Central Asian Affairs (SCA), and Diplomatic Security (DS). At the time OIG conducted these audits, the combined value of the contracts reviewed was more than \$6.6 billion.

OIG conducted this review to determine the (1) common challenges identified in its series of invoice review audits, (2) best practices across the bureaus that can be implemented across the Department of State (Department) to improve invoice review accuracy, and (3) invoice review practices of other U.S.

Government agencies involved in overseas contingency operations that could be adopted by the Department to improve the efficacy of its invoice review process.

What OIG Recommends

OIG made seven recommendations to strengthen the invoice review process throughout the Department. On the basis of the Department's responses to a draft of this report, OIG considers all the recommendations resolved pending further action. A synopsis of management's comments regarding the recommendations and OIG's reply follow each recommendation in the Audit Results section of the report. Management's responses to a draft of this report are reprinted in their entirety in Appendices B through D.

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April 2019

OFFICE OF AUDITS

Middle East Region Operations

Lessons Learned from Office of Inspector General Audits Concerning the Review and Payment of Contractor Invoices Supporting Overseas Contingency Operations

What OIG Found

In its series of audits involving NEA, INL, SCA, and DS, OIG identified three common challenges that confronted these bureaus during the invoice review process. First, OIG found that NEA, INL, and DS experienced staffing shortages, which hampered their efforts to thoroughly review invoices. Second, OIG found that NEA and INL were not fully prepared to monitor contractor performance, which increased the risk that the Department paid for services that did not meet contract requirements. Third, OIG found that the use of cost reimbursable contracts had a significant effect on the workload of the invoice reviewers because of the complexity of the invoices.

In addition, OIG identified two best practices that, if adopted Department-wide, could improve the invoice review process and the accuracy of such reviews. First, CGFS independently conducts periodic quality control reviews to verify the accuracy of bureau invoices approved for payment. CGFS then communicates the results of these reviews directly to the bureau involved. This practice helps the Department recover improper payments, address weaknesses, and improve the invoice review process. Second, NEA developed and implemented contract-specific training that improved the accuracy of its invoice review process. This training enhanced reviewers' familiarity with the contracts' unique terms and conditions and contributed to increasing the accuracy of the review process. In addition, DS implemented training for its invoice review personnel specific to the Worldwide Protective Service contract.

OIG also found that the invoice review process of the Department of Defense and the U.S. Agency for International Development differed from that of the Department. Therefore, OIG did not identify any invoice review practices from either that could be adopted to improve the Department's invoice review process.

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