



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-20-19

What OIG Audited

To aid in carrying out its mission, Mission Turkey and Embassy Beirut, Lebanon, procure fuel for the operation of motor vehicles and generators. Diesel fuel and gasoline are both procured through contracts awarded by Contracting Officers (COs) at these posts. From October 1, 2013, to September 30, 2018, Mission Turkey paid approximately \$1.3 million for fuel for use at Embassy Ankara, Consulate General Istanbul, and Consulate Adana. Embassy Beirut paid approximately \$2.2 million for gasoline and diesel fuel over the same period of time.

In May 2019 and July 2019, the Office of Inspector General (OIG) issued reports related to controls over fuel storage and distribution at Mission Turkey and Embassy Beirut, respectively. For this report, OIG's objective was to determine whether Department of State (Department) oversight officials implemented adequate controls to ensure that the contractor-provided fuel met contract terms and conformed to Federal regulations and Department guidance.

What OIG Recommends

OIG made 33 recommendations to Mission Turkey and 11 recommendations to Embassy Beirut to improve contract oversight and payment procedures and to safeguard against improper payments. On the basis of Mission Turkey's response to a draft of this report, OIG considers 33 recommendations resolved pending further action. Because Embassy Beirut did not respond timely to a draft of this report, OIG considers 11 recommendations unresolved and will closely monitor management's actions during the audit compliance process. A synopsis of management's comments and OIG's reply follow each recommendation in the Audit Results section of this report. Mission Turkey's response to a draft of this report is reprinted in its entirety in Appendix B.

January 2020

OFFICE OF AUDITS

MIDDLE EAST REGION OPERATIONS

Audit of Mission Turkey and Embassy Beirut Fuel Oversight and Payment Process

What OIG Found

Oversight of fuel contractors at Mission Turkey and Embassy Beirut needs improvement to ensure compliance with contract terms. Specifically, OIG found that COs did not (1) always appoint Contracting Officer's Representatives (CORs) to oversee fuel contracts, (2) implement proper procedures to accept fuel from the contractors, (3) develop and implement quality surveillance assurance plans to ensure that contractual requirements were met, and (4) maintain complete contract and COR files. These deficiencies occurred because the COs and the COR did not follow Federal Acquisition Regulation requirements and Department guidance when performing oversight of the fuel contracts. As a result, Mission Turkey and Embassy Beirut could not be certain that the fuel received met fuel quality standards set forth in the contract and may have paid for fuel they did not receive.

OIG also found that Mission Turkey and Embassy Beirut oversight officials did not conform with Federal regulations and guidance concerning fuel payments. Specifically, oversight officials did not (1) verify that invoices included all of the required information to make them proper or to certify them for payment and (2) always verify that prices complied with contract terms. These deficiencies occurred, in part, because the Financial Management Offices at Mission Turkey and Embassy Beirut did not implement effective internal controls to ensure that contractor-submitted invoices included all elements of a proper invoice prior to authorizing payment or track the dates that invoices were received and paid. In addition, the assigned COs and the COR did not establish and implement invoice review procedures to ensure that invoices were accurate and supported. Further, the COs and COR allowed unauthorized officials to approve invoices on their behalf. OIG is therefore questioning \$1.2 million paid by Mission Turkey and \$2.2 million paid by Embassy Beirut for fuel from October 1, 2013, through September 30, 2018.