



# HIGHLIGHTS

Office of Inspector General  
United States Department of State

AUD-MERO-21-43

## What OIG Audited

The Department of State (Department) relies on contracts to provide essential support services to Mission Iraq including the Operations and Maintenance Support Services (OMSS) contract and the Baghdad Life Support Services (BLiSS) contract. The Department awarded the OMSS contract in 2012 and the BLiSS contract in 2013, both with a maximum period of performance of 5 years. In 2019, the Department awarded the Diplomatic Platform Support Services (DiPSS) contract that was intended to consolidate and replace the OMSS and BLiSS contracts.

The Office of Inspector General (OIG) conducted this audit to determine whether the Department complied with Federal and Department requirements in performing acquisition planning and controlling costs associated with contract actions for the OMSS and BLiSS contracts while preparing for the transition to the DiPSS contract. OIG assessed documentation of the DiPSS contract milestones, forecasting, requirements, and cost controls. OIG also reviewed all 65 OMSS and BLiSS noncompetitive continuation of service contract actions, valued at approximately \$663 million, and selected 14 of those actions, valued at more than \$339 million, to review cost-control measures undertaken.

## What OIG Recommends

OIG made eight recommendations to the Bureau of Administration to improve acquisition planning for high-dollar complex contracts and strengthen cost-control measures when using noncompetitive contract actions to continue services. On the basis of the Office of Procurement Executive's response to the recommendations offered, OIG considers all eight recommendations resolved, pending further action. A synopsis of management comments on the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. Management's response to a draft of this report is reprinted in Appendix D.

September 2021

OFFICE OF AUDITS

MIDDLE EAST REGION OPERATIONS

## Audit of Acquisition Planning and Cost Controls While Transitioning Support Service Contracts in Iraq

### What OIG Found

The Department did not fully comply with Federal and Department requirements for acquisition planning while preparing for the transition of services to the DiPSS contract. Specifically, OIG found that ineffective acquisition planning resulted in forgoing requirements and caused delays in awarding the DiPSS contract. In addition, incomplete acquisition planning led to 65 noncompetitive contract actions to continue OMSS and BLiSS essential services. These shortfalls occurred, in part, because of poor coordination and the absence of internal controls within the acquisition planning process. As of May 2021, more than 2 years after the DiPSS contract was awarded, the Department has not issued any Iraq-specific competitive task orders under DiPSS and continued to noncompetitively extend the OMSS and BLiSS contracts. As a result, anticipated cost savings of competing task orders under the DiPSS contract have not been realized.

OIG also found that the Department noncompetitively continued OMSS and BLiSS contracts excessively, based on quantity, duration, and dollar value, and unjustifiably used a Federal Acquisition Regulation (FAR) exception for other than full and open competition. Specifically, the Department executed 65 noncompetitive contract actions that spanned approximately 3 years valued at approximately \$663 million to continue OMSS and BLiSS services, citing "unusual and compelling urgency" under the FAR as justification. Instead, OIG found that poor planning, poor coordination, and a lack of internal controls necessitated the contract actions. OIG is therefore questioning the full value of the OMSS and BLiSS noncompetitive contract actions, approximately \$663 million, because Federal law does not permit poor planning as justification for the use of noncompetitive contracts.

Furthermore, the Department did not fully control costs for the noncompetitive OMSS and BLiSS contract awards in accordance with Federal and Department requirements. Specifically, the Department did not complete independent government cost estimates or obtain required cost data from the contractor for any of the 14 contract actions reviewed for this audit. According to Department officials, this occurred because of time and resource constraints associated with awarding numerous contract actions. Nevertheless, the Department's failure to complete independent government cost estimates or obtain relevant cost or pricing data from the contractor significantly diminished the Department's ability to assess whether costs associated with the noncompetitive contract awards were valid and reasonable.