



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-22-03

What OIG Audited

Over the past 5 years, the Department of State (Department) contracted for a wide array of services in Afghanistan and Iraq. The Competition in Contracting Act (CICA) requires full and open competition in awarding contracts, but there are certain exceptions under which an agency can award contracts using noncompetitive procedures. Federal Acquisition Regulation (FAR) and Department procedures require Contracting Officers to justify the reason for awarding noncompetitive contracts in writing.

The Office of Inspector General (OIG) conducted this audit to determine whether the Department (1) followed acquisition policy in awarding noncompetitive contracts in support of overseas contingency operations in Afghanistan and Iraq and (2) performed the required steps to ensure that the Department paid fair and reasonable prices for noncompetitively awarded contracts in Afghanistan and Iraq. To perform the audit, OIG reviewed 22 noncompetitive contracts awarded between FY 2016 and FY 2020 with a collective value of \$553 million.

What OIG Recommends

OIG made eight recommendations that are intended to improve the Department's administration of contracts in support of overseas contingency operations. On the basis of the Bureau of Administration's response and planned actions, OIG considers all eight recommendations resolved, pending further action. A synopsis of management's comments 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 its entirety in Appendix B.

October 2021

OFFICE OF AUDITS

MIDDLE EAST REGION OPERATIONS

Audit of Noncompetitive Contracts in Support of Overseas Contingency Operations in Afghanistan and Iraq

What OIG Found

The Department did not fully follow acquisition policy when awarding noncompetitive contracts in support of contingency operations in Afghanistan and Iraq. Specifically, OIG found that Contracting Officers failed to document award decisions in accordance with acquisition policy for 2 of 22 (9 percent) of the noncompetitive contracts reviewed for this audit and did not publicly disclose the decisions for all 11 noncompetitive contracts requiring public notice because they were over the Simplified Acquisition Threshold (SAT) of \$250,000. The administrative shortfalls occurred, in part, because contracting personnel did not follow the Department's internal control procedures for documenting and publicly posting award decisions, and those controls lacked a compliance mechanism. Until these deficiencies are addressed, the Department will lack assurance that all noncompetitive award decisions have been properly documented to demonstrate the need for exceptions from full and open competition and that interested parties are notified when such decisions are made.

OIG also found that the Department did not fully adhere to required steps intended to ensure that fair and reasonable prices were paid on noncompetitive contract awards. Specifically, 2 of 22 contract files (9 percent) did not contain required fair and reasonable price determination statements to demonstrate that contracting personnel sufficiently considered price factors before making the award. In addition, for 10 of 11 (91 percent) of the contracts above the SAT, Contracting Officers did not adequately document the principal elements of the price negotiation required by the FAR. OIG attributes these lapses, at least in part, to both Contracting Officers' inattention to completing and maintaining required documentation and internal control operating weaknesses. Without sufficiently documenting all elements of the negotiation, Contracting Officers failed to both comply with FAR requirements and preserve key information about the award decision that could be of future value to the Department.