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United States Department of State

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Office of Audits

November 2018

**Audit of the Bureau of Near Eastern
Affairs Selection and Management of
Contract Oversight Personnel in Iraq**

MIDDLE EAST REGION OPERATIONS



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-MERO-19-10

What OIG Audited

The Department of State (Department) often relies on contractors to execute important projects that support its mission. For contracts in Iraq, the Department's Bureau of Near Eastern Affairs (NEA) nominates Contracting Officer's Representatives (COR) and Government Technical Monitors (GTM) to oversee contracts valued at more than \$3.1 billion.

The Office of Inspector General (OIG) conducted this audit to determine whether (a) NEA's nomination and selection process for CORs and GTMs in Iraq resulted in the designation of qualified personnel, (b) NEA established and implemented an effective process to hold CORs and GTMs accountable for their performance, and (c) CORs and GTMs documented contractor performance in the official contract file in accordance with Federal and Department requirements.

What OIG Recommends

OIG made 13 recommendations to improve the process to nominate and select CORs and GTMs, promote accountability of oversight staff, and advance the completeness of COR files. On the basis of management's response to a draft of this report, OIG considers 1 recommendation closed and 12 recommendations resolved, pending further action. A synopsis of management's comments regarding the recommendations made and OIG's reply follow each recommendation in the Audit Results section of this report. Responses to a draft of this report from NEA and the Bureau of Administration, Office of the Procurement Executive, are reprinted in their entirety in Appendices B and C, respectively.

UNCLASSIFIED

November 2018

OFFICE OF AUDITS

Middle East Region Operations

Audit of the Bureau of Near Eastern Affairs Selection and Management of Contract Oversight Personnel in Iraq

What OIG Found

OIG found that NEA did not consistently nominate CORs and GTMs with the required certification level and technical expertise to oversee contracts in Iraq. Specifically, 11 of 17 CORs and none of the 14 GTMs reviewed for this audit possessed the required level of certification for the contracts assigned when nominated. In addition, oversight personnel did not always possess sufficient technical expertise relative to the contract's subject matter. These shortfalls occurred because NEA did not assess the qualifications and technical expertise needed and nominate qualified CORs and GTMs. In addition, the number of qualified CORs available was not sufficient to meet demand, which suggests a shortfall in human capital planning. Until these conditions are corrected, NEA will have limited assurance that contractors in Iraq are performing as required under the contract.

OIG also found that NEA did not consistently establish work commitments or seek feedback from the Contracting Officers (COs) to effectively hold CORs and GTMs accountable for their performance. For example, 7 of 13 CORs and 8 of 14 GTMs did not have work commitments that aligned with the duties assigned by the CO. According to NEA officials, this occurred because space on the evaluation form was too limited to include all work commitments. Furthermore, none of the CORs' supervisors solicited performance feedback from the COs as required. According to NEA officials, this was an oversight. Without appropriate work commitments and input in evaluating COR and GTM performance, contract oversight performance cannot be fully recognized and assessed.

Finally, OIG found that CORs did not always maintain complete COR files. According to the CORs, sometimes they relied on the contractor to maintain certain documentation, some documentation was maintained in a different location, and they had limited time to organize the files. In addition, incomplete files were not identified during monthly reviews because these reviews were either not completed or not structured to identify certain required documentation. Without complete files, the Department may not have the records to demonstrate nonconformity with the contract and hold contractors accountable.

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OBJECTIVE

The Office of Inspector General (OIG) conducted this audit to determine whether (a) the Bureau of Near Eastern Affairs (NEAs) nomination and selection process for Contracting Officer's Representatives (CORs) and Government Technical Monitors (GTMs) serving in Iraq resulted in the designation of qualified personnel, (b) NEA established and implemented an effective process to hold CORs and GTMs accountable for their performance, and (c) CORs and GTMs properly documented contractor performance in the official contract file in accordance with Federal and Department requirements.

BACKGROUND

The Department of State (Department) often relies on contractors to execute important projects that support its mission. In FY 2017 and FY 2018, NEA managed 10 active contracts in Iraq. OIG selected six contracts with a collective value of approximately \$3.1 billion to test for this audit (see Appendix A for additional details relating to OIG's sampling methodology).

Mission Support Contracts in Iraq

The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management—which became the Bureau of Administration, Office of the Procurement Executive, Office of Acquisitions Management (A/OPE/AQM) on July 30, 2018¹—awarded the following contracts on behalf of NEA to support the Department's mission in Iraq by providing essential services to U.S. personnel, contractors, and authorized foreign nationals working at Department sites in Iraq.²

Operations and Maintenance Support Services Contract

In July 2012, A/OPE/AQM awarded indefinite delivery/indefinite quantity contract number SAQMMA12D0165—referred to as the Operations and Maintenance Support Services (OMSS) contract—to PAE Government Services, Inc. to continue its provision of operations and maintenance services at the Baghdad Embassy Compound (BEC), Baghdad Diplomatic Support Center (BDSC), U.S. Consulate General Basrah (Basrah), and the Union III Compound (Union III). The OMSS contract includes, but is not limited to, services for fire alarm and suppression systems; the sanitary sewer and waste water treatment plant; water supply, purification, and distribution; fuel storage and distribution; electrical generation and distribution; and

¹ On July 30, 2018, the Assistant Secretary for the Bureau of Administration announced that the Office of Acquisitions Management would no longer report to the Office of Logistics Management but instead would report to the Office of the Procurement Executive. Therefore, all further references to that office in this report will reflect the new office reporting structure of A/OPE/AQM.

² Although these contracts are executed at multiple locations in Iraq, OIG only reviewed contract oversight personnel and processes at the Baghdad Embassy Compound (BEC), Baghdad Diplomatic Support Center (BDSC), U.S. Consulate General Basrah (Basrah), and Union III Compound (Union III) (see the Purpose, Scope, and Methodology section, Appendix A, of this report for additional details).

facility/building/structure maintenance, including janitorial services. The OMSS contract has a maximum performance period of 5 years (base year plus 4 option years) and a not-to-exceed cost of \$2 billion (inclusive of all direct costs, indirect costs, and profit/fees). As of August 2018, the Department issued 16 task orders under the OMSS contract with a total funded value of \$735 million.

Baghdad Life Support Services Contract

In July 2013, A/OPE/AQM awarded indefinite delivery/indefinite quantity contract number SAQMMA13D0120—referred to as the Baghdad Life Support Services (BLiSS) contract—to PAE Government Services, Inc. to provide life support services and logistics functions for U.S. Government personnel working at the same sites (the BEC, BDSC, Basrah, and Union III). The BLiSS contract includes requirements for food acquisition, preparation, and service; bottled water acquisition and distribution; fuel acquisition; postal services; waste management; recreation services; warehouse support; transportation; cargo and container management (loading and unloading); and fire protection services. The BLiSS contract has a maximum performance period of 5 years (base year plus 4 option years) and a not-to-exceed cost of \$1 billion (inclusive of all direct costs, indirect costs, and profit/fees). As of August 2018, the Department issued 17 task orders under the BLiSS contract with a total funded value of \$801 million.

Medical Support Services Iraq-Bridge Contract

In June 2017, A/OPE/AQM awarded contract number SAQMMA17C0180—referred to as the Medical Support Services Iraq-Bridge (MSSI) contract—to Comprehensive Health Services Middle East, LLC to provide medical support services to the BEC,³ BDSC, Basrah, U.S. Consulate General Erbil, and Union III. As of August 2018, the MSSI contract had a total funded value of \$85.1 million.

IT Support Contract

In September 2016, A/OPE/AQM awarded contract number SAQMMA16C0203 to Chenega Applied Solutions, LLC to provide IT support services to the BEC,⁴ BDSC, Basrah, and the U.S. Consulate General Erbil. As of August 2018, the IT Support contract⁵ had a total funded value of \$15.4 million.

Iraq Linguist Services Contract

In September 2016, A/OPE/AQM awarded contract number SAQMMA16C0313 to Chenega Applied Solutions, LLC to provide language-related services to support Department activities in Iraq. As of August 2018, the Linguist Services contract had a total funded value of \$14.7 million.

³ Medical services are also provided at Camp Condor, which is part of the BEC and houses security personnel.

⁴ IT Support services are also provided at the Embassy Heliport, which is part of the BEC and is used to transport U.S. Government personnel to and from the BEC.

⁵ The full title of this contract is the "Information Resource Management Information Technology Support Embassy Baghdad and Consulates General Iraq Contract."

Sully Compound Iraq Contract

In April 2017, A/OPE/AQM awarded contract number SAQMMA17C0085 to Alutiiq Commercial Enterprises, LLC to provide logistics support to the Sully Compound,⁶ BDSC, and U.S. Government personnel transiting in and out of Baghdad International Airport. As of August 2018, the Sully Compound contract had a total funded value of \$21.3 million.

Oversight Roles and Responsibilities

According to the Federal Acquisition Regulation (FAR),⁷ the A/OPE/AQM Contracting Officers (COs) are responsible for awarding, negotiating, administering, modifying, terminating, and making related contract determinations and findings on behalf of the U.S. Government. The CO can designate a COR or Alternate COR⁸ in writing to act as an authorized representative to assist in the technical monitoring or administration of a contract. The CO may also appoint a GTM to assist the COR because of the GTM's physical proximity to the contractor's work site or because of special skills or knowledge necessary for monitoring the contractor's work.⁹ Collectively, CORs and GTMs serve as the CO's eyes and ears to ensure that the Department receives high-quality supplies and services on time, within the agreed-upon price, and in accordance with all contract requirements. CORs are not directly supervised by the COs, but Department policy requires their supervisors to request input from the COs on their oversight performance.¹⁰

Among other things, COR or GTM oversight activities may include:

- Inspecting, accepting, or rejecting deliverables.
- Processing invoices.¹¹
- Reporting instances of fraud, waste, or abuse to the CO within 5 business days.
- Maintaining properly documented files.
- Evaluating and documenting contractor past performance in the Contractor Performance Assessment Reporting System.¹²
- Keeping the CO informed of contractor performance and contract administration issues.

The Bureau of Administration's Office of the Procurement Executive (A/OPE) issues the Department's procurement policies and regulations for both domestic and overseas contracting activities.

⁶ The Sully Compound is part of the BDSC and is where U.S. Government personnel are housed as they transit Iraq.

⁷ FAR 1.602, "Contracting Officers."

⁸ Because they are delegated similar authorities from the CO, OIG considers the Alternate CORs equivalent to the CORs in terms of oversight responsibilities. Therefore, all further references to CORs in this report include the Alternate CORs.

⁹ Department of State Acquisition Regulations 642.271(a), "Government Technical Monitor."

¹⁰ 14 Foreign Affairs Handbook (FAH)-2 H-114, "COR Work Commitments," (September 29, 2014).

¹¹ The CORs serving within the Contract Management Office in Iraq and appointed to the BLISS, OMSS, MSSI, IT Support, Linguist Services, and Sully Compound contracts have not been delegated oversight responsibility for processing contract invoices. This task is done by the Regional Contract Support Office in Frankfurt.

¹² The Contractor Performance Assessment Reporting System is a Government-wide evaluation reporting tool for all past performance reports on contracts and orders.

Oversight Structure of Contracts in Iraq

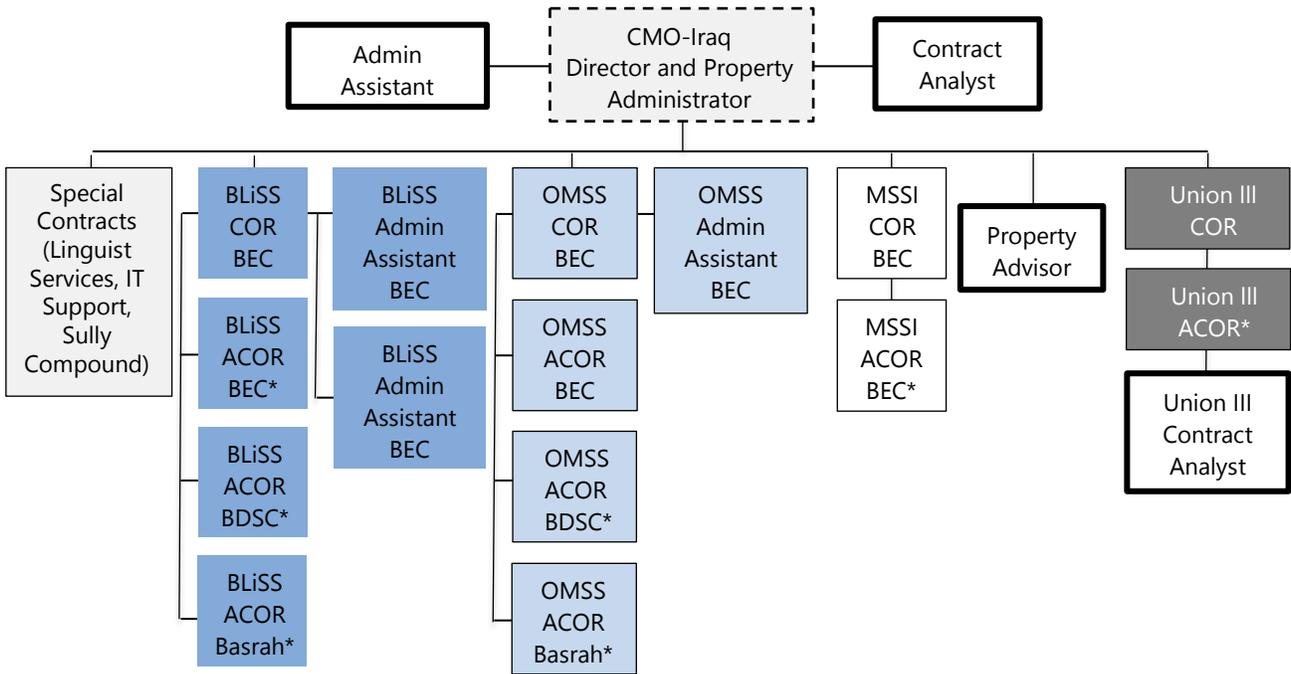
In August 2013, NEA established the Contract Management Office in Iraq (CMO-Iraq) to oversee NEA contracts.¹³ CMO-Iraq is led by a Director and is supported by CORs, GTMs, and support staff. CMO-Iraq organized its oversight structure by contract and by location. The overall oversight strategy for the OMSS, BLiSS, and MSSi contracts is to allocate CORs and GTMs to each contract, as needed. That is, the individuals are expected to be familiar only with the contract to which they are assigned. For these contracts, the CORs serve as the primary point of contact with the ultimate decision-making authority for their respective contracts.¹⁴ CMO-Iraq may also supplement contracts with GTMs assigned as technical experts to execute oversight duties as secondary work. The oversight strategy is slightly different at Union III, where two CORs are assigned to oversee both the OMSS and BLiSS contracts. That is, the individuals at this location must be familiar with both contracts. Department of Defense personnel also serve as GTMs on specific task orders and contract actions at Union III.¹⁵ Finally, one COR oversees the remaining contracts—IT Support, Linguist Services, and Sully Compound. Figure 1 shows the CMO-Iraq staffing strategy as of February 2018.

¹³ NEA also established the Regional Contract Support Office, which operates as a field office of NEA's Office of the Executive Director. This office provides support primarily on high-dollar contracts; it conducts invoice reviews, provides technical advisory support and training, and provides oversight personnel when needed.

¹⁴ Alternate CORs may also be assigned to conduct contract oversight and, although they are delegated the same functional authorities as the COR, they report to the COR for each contract.

¹⁵ The GTMs at Union III are Department of Defense personnel and were not included in the scope of this audit.

Figure 1: Contract Management Office-Iraq Staffing as of February 2018



*CMO-Iraq identifies Alternate CORs as ACORs. Because they are delegated similar authorities from the Contracting Officer (CO), OIG considers the Alternate CORs equivalent to the CORs in terms of oversight responsibilities.

Source: OIG-generated from organization and staffing information provided by CMO-Iraq.

Contracting Officer’s Representative Certification Requirements

To ensure that CORs are appropriately trained, experienced, and developed, the Office of Federal Procurement Policy issued guidance for Department officials in certifying CORs at the level commensurate with their training and experience. The Federal Acquisition Certification for Contracting Officer’s Representatives (FAC-COR)¹⁶ guidance applies a three-tiered structure (Levels I, II, and III). The training and experience requirements increase with each tier, which correspond with the complexity or dollar value of the contracts. A Level I certification requires at least 6 months of U.S. Government experience, but Level II and III certifications require 12 and 24 months of COR-related activities or appointed experience, respectively.¹⁷ GTMs who are assigned to perform contract administration duties are required to be certified at the same level

¹⁶ Office of Management and Budget, Office of Federal Procurement Policy, “Revisions to the Federal Acquisition Certification for Contracting Officer’s Representatives,” (September 6, 2011).

¹⁷ The Department’s Procurement Information Bulletin No. 2012-15, “The Revised Federal Acquisition Certification Program for Contracting Officer Representatives (CORs) and Government Technical Monitors (GTM) (FAC-COR),” 1 (August 8, 2012), defines appointed experience as performing as a COR or GTM appointed in writing by a CO. It defines activities experience as acquisition-related activities, such as performing market research; writing specifications, Statements of Work or Statements of Objectives; developing quality assurance surveillance plans; assisting the CO, COR, or GTM as a technical monitor; and participating as a subject matter expert on a technical evaluation team.

as the COR under whom they are assigned.¹⁸ Procurement Information Bulletin 2012-15 implemented the FAC-COR requirements within the Department and provided guidance on certification requirements for each tier, as shown in Table 1.

Table 1: COR Tier Structure and Associated Requirements as Defined by Procurement Information Bulletin 2012-15

| COR Level | COR Work Effort | Training and Experience Requirement |
|------------------|---|--|
| Level I | Appropriate for simple orders and contracts at or below the Simplified Acquisition Threshold* | 8 hours of training and at least 6 months of U.S. Government experience |
| Level II | Appropriate for more complex orders or contracts | 40 hours of training and 12 months of COR-related activities or appointed experience |
| Level III | Appropriate for use on any contract or order supporting a major investment, as defined by Office of Management and Budget Circular A-11 or contract or order that exceeds \$5 million | 60 hours of training and 24 months of COR-related activities or appointed experience |

* In 2017, the Simplified Acquisition Threshold was defined by the FAR as \$150,000, except for acquisitions of supplies or services that, as determined by the head of the agency, are to be used to support a contingency operation or to facilitate defense against or recovery from a nuclear, biological, chemical, or radiological attack. The Simplified Acquisition Threshold remained unchanged through August 2018.

Source: Generated by OIG from information in Procurement Information Bulletin 2012-15.

Within the Department, A/OPE evaluates training and experience requirements to grant the commensurate FAC-COR certification level to CORs and GTMs. A/OPE also has the authority to grant FAC-COR waivers for up to 1 month.¹⁹

Contracting Officer's Representative and Government Technical Monitor Nomination and Appointment Process

To qualify for nomination as a COR or a GTM, the individual must have sufficient technical expertise in the contract subject matter and possess a certification commensurate with the level of oversight experience required, as established by the FAC-COR. The CO is responsible for determining the appropriate certification level, and the program office (in this case, NEA) is responsible for determining the extent of necessary technical expertise²⁰ required of CORs and GTMs to oversee contracts in Iraq. Lastly, the CORs and GTMs must be U.S. Government

¹⁸ Procurement Information Bulletin No. 2012-15, at 3, states that COs may also, at their discretion, "appoint one or more GTMs to an action at the same or lower level as the cognizant COR's certification level. If the CO appoints a GTM with a lower certification level, all actions under the applicable GTM's cognizance for the respective contract...must meet the lower certification level requirements."

¹⁹ Procurement Information Bulletin No. 2012-15, at 9, states that waiver requests must be endorsed by the supervisor and the appointing CO and should contain a timeline for achieving certification within 1 month of the waiver.

²⁰ 14 FAH-2 H-113, "Qualifying as a COR: Federal Acquisition Certification: Contracting Officer's Representative (FAC-COR)," (September 29, 2014).

employees. The employee could be a full-time direct hire, a “when-actually-employed”²¹ retired Foreign Service Officer or former Civil Service employee, a temporary hire, a personal services contractor (PSC), or a locally employed staff member at post.

The process of appointing CORs and GTMs involves both the program office (NEA) and the CO. NEA provides a written nomination for a technically qualified, responsible, and certified COR or GTM to the CO. The nomination must include a summary of the nominee’s assignment and training history, work experience, licensing, and certifications, which collectively serve as the program office’s basis to determine whether the nominee’s technical skills are adequate for contract oversight. The CO reviews the technical qualifications and certification status of the nominee and, if approved, appoints the COR or GTM via a delegation memorandum, thereby providing the authority necessary to act on the CO’s behalf when conducting contract oversight.²²

AUDIT RESULTS

Finding A: NEA Should Improve the Process to Identify and Nominate Qualified Contract Oversight Personnel in Iraq

NEA did not consistently nominate CORs and GTMs with the required certification level and technical expertise to oversee contracts in Iraq. Specifically, 11 of the 17 CORs and none of the 14 GTMs reviewed for this audit possessed the appropriate level of certification for the contracts assigned when they were nominated.²³ In addition, oversight personnel did not always possess sufficient technical expertise relative to the contract’s subject matter. These shortfalls occurred, in part, because NEA did not assess what qualifications and technical expertise were needed to oversee the contracts and nominate CORs and GTMs who possess the necessary qualifications.²⁴ In addition, given the limited pool of personnel from which NEA is selecting its CORs, the number of qualified CORs available is not sufficient to meet demand, which suggests a shortfall

²¹ “When-actually-employed” employees are in a time-limited, non-status competitive appointment. They are normally retired Civil Service or Foreign Service employees rehired under an intermittent appointment.

²² 14 FAH-2 H-143.2(a), “COR Appointment Procedures,” (December 24, 2014).

²³ OIG reviewed the certification levels for the oversight personnel assigned to all 6 contracts in the audit sample, for a total of 31 CORs and GTMs (17 CORs and 14 GTMs). In some instances, CORs were assigned to multiple contracts. Specifically, two CORs at Union III were appointed to both the BLISS and OMSS contracts and one COR at the BEC was appointed to the IT Support, Linguist Services, and Sully Compound contracts.

²⁴ The CO is ultimately responsible for appointing CORs and GTMs who possess the required Level of FAC-COR certification. During discussions with OIG, the CO on the contracts reviewed for this audit stated that he was aware that some CORs and GTMs he appointed did not possess the required Level of FAC-COR certification, which in this instance is a Level III certification. However, he correctly pointed out that each contract had at least one Level III FAC-COR-certified COR. OIG notes, though, that CORs may only perform tasks that fall within their certification level; that is, a Level II COR may not perform tasks that are required to be performed by a Level III COR. The CO also stated that his appointments are limited to those CORs and GTMs whom NEA nominates, and that, if he chose not to appoint the nominated individuals because they were unqualified, the Department would be at greater risk of contractor non-performance because the number of personnel available to oversee the contracts would be insufficient. OIG addresses this point subsequently.

in human capital planning. Until these conditions are corrected, NEA will have limited assurance that contractors supporting its mission in Iraq are performing as required under the contract.

Most Contract Oversight Personnel in Iraq Did Not Possess Level III FAC-COR Certifications

According to Department policy, CORs and GTMs appointed to contracts greater than \$5 million or of a particular contract type and complexity require a Level III FAC-COR certification,²⁵ which must be attained before being appointed to a contract unless A/OPE grants a temporary waiver.²⁶ Therefore, each of the six contracts that OIG reviewed for this audit required oversight personnel with a Level III FAC-COR certification on the basis of the dollar amount of the contract. As previously discussed (See Table 1), a Level III FAC-COR certification can only be obtained with 60 hours of training and 24 months of COR-related activities or appointed experience.²⁷ However, OIG found that only 11 of the 17 CORs and none of the 14 GTMs who were assigned to oversee these contracts possessed the required Level III FAC-COR certification. Furthermore, none of the CORs or GTMs without the requisite Level III FAC-COR certification had a waiver that would have permitted them to serve in that capacity.

Certification Levels by Contract

The CO delegated contract administration and oversight authority to 6 CORs and 10 GTMs on the OMSS contract. Four of the six CORs and none of the GTMs possessed the required Level III FAC-COR certification. Likewise, on the BLiSS contract, the CO delegated contract administration and oversight authority to six CORs and four GTMs. For this contract, only three of the six CORs and none of the GTMs possessed the required Level III FAC-COR certification. For the MSSI contract, one of two CORs appointed possessed the required Level III FAC-COR certification. Finally, the CO assigned a single COR to the IT Support, Linguist Services, and Sully Compound contracts.²⁸ This individual possessed a Level III FAC-COR certification at the time of assignment. However, the CO did not appoint any GTMs to help oversee these contracts, even though, collectively, these three contracts had a total value of \$51.5 million, as of August 2018. Figure 2 presents a breakdown of qualified and unqualified CORs and GTMs assigned to the six contracts reviewed for this audit.

²⁵ Procurement Information Bulletin 2012-15, at 12-21.

²⁶ Procurement Information Bulletin No. 2012-15, at 9-10, states that a temporary waiver may be granted for 1 month and must be endorsed by the COR's supervisor and the appointing CO and that the CO must remove any COR who does not obtain the appropriate FAC-COR certification by the waiver deadline.

²⁷ See Table 1 for details regarding the COR tier structure and associated requirements as defined by Procurement Information Bulletin 2012-15.

²⁸ OIG counted this individual as a separate COR for each contract to accurately represent the number of CORs assigned to each contract.

Figure 2: Qualified and Unqualified CORs and GTMs by Contract²⁹

| | Level III FAC-COR Certification | | Total Funded Contract Value (in millions) |
|---|---|--|---|
| | CORs ^a | GTM ^s ^{ab} | |
| OMSS |  |  | \$735.0 |
| BLiSS |  |  | \$801.0 |
| MSSI |  | none appointed | \$ 85.1 |
| IT Support |  | none appointed | \$ 15.4 |
| Linguist Services |  | none appointed | \$ 14.7 |
| Sully Compound |  | none appointed | \$ 21.3 |
| Legend:  Qualified  Unqualified | | | |

^a CORs and GTMs who are FAC-COR Level I or II certified and assigned to these contracts are considered unqualified because the dollar amount and complexity of the contracts require a FAC-COR Level III certification. The CO assigned 17 CORs and 14 GTMs to oversee these contracts.

^b Department of Defense personnel assigned as GTMs on the BLiSS and OMSS contracts at the Union III Compound are not included in the scope of this audit and therefore are not represented in Figure 2.

Source: OIG generated from contract data obtained from NEA and CMO-Iraq.

NEA Did Not Assess What Qualifications and Technical Expertise Were Needed To Oversee the Contracts and Nominate Qualified CORs and GTMs

The Foreign Affairs Handbook (FAH) states that "Contracting officer's representatives and government technical monitors must have sufficient technical expertise in the contract subject matter to be able to provide technical direction and to determine whether the contractor is providing conforming goods and services."³⁰ Relevant technical expertise is knowledge or practical experience in the technical or professional field of a specific contract and is generally acquired through education, job performance, or hands-on training.³¹ The FAH also requires that a nominee's technical expertise be included in the nomination package for the CO's review and consideration.³²

NEA officials stated that they did not perform an assessment of the six contracts reviewed for this audit to determine the necessary technical expertise needed to oversee each contract. In addition, prior to nominating CORs and GTMs, NEA did not consider the nominee's technical expertise with the contract subject matter or include the nominee's technical expertise in the

²⁹ Some individuals are represented more than once on this table because they were assigned to more than one contract.

³⁰ 14 FAH-2 H-113(a).

³¹ Department of Defense Instruction 5000.72, "DoD Standard for Contracting Officer's Representative (COR) Certification" 20 (March 26, 2015).

³² 14 FAH-2 H-143.2(a)(1) and (2), "COR Appointment Procedures," (December 24, 2014).

nomination package provided to the CO, as required by the FAH. Nevertheless, the CO appointed the CORs and GTMs nominated by NEA without independently affirming that the nominee's skills and qualifications were sufficient to oversee the contracts assigned.

Although OIG found that NEA nominated personnel with technical expertise specific to the OMSS, IT Support, Linguist Services, and Sully Compound contracts, the CORs nominated and appointed by the CO for the BLiSS and MSSi contracts did not always possess the technical expertise specific to those contracts.³³ For example, neither COR appointed to the MSSi contract possessed any technical expertise in health and human services. To be appointed a COR or a GTM for the BLiSS contract, the personnel should be required to have technical expertise in up to 10 service areas, including postal services, food services, waste management, fuel supply, recreation services, fire protection services, warehouse operations, airfield services, transportation services, and supplemental staffing and services to the Regional Security Office. OIG is not suggesting that every COR or every GTM must have expertise in every area, but, collectively, the individuals should have such expertise to address tasks in these service areas. Of the six CORs assigned to the BLiSS contract, four had technical expertise in 75 percent or more of the service areas, and two did not have technical expertise in any of the service areas.

NEA officials stated that unqualified personnel were nominated to be CORs because they believed that having someone in the position—even if that person lacked sufficient technical expertise—was better than having no one. In addition, NEA officials stated that they thought the CORs would perform effectively once they received training from NEA. However, NEA is not following Department policy when it nominates personnel who do not have the appropriate FAC-COR certification level to oversee the contract. Furthermore, nominating and appointing CORs who, at the outset of their obligations, lack the technical expertise necessary to oversee the contract may jeopardize the successful execution of the contract and could harm important mission support services. OIG is therefore offering the following recommendations.

Recommendation 1: OIG recommends that the Bureau of Near Eastern Affairs (a) analyze all contracts for which it assigns Contracting Officer's Representatives and Government Technical Monitors and determine the appropriate level of Federal Acquisition Certification for Contracting Officer's Representatives, the technical expertise, and other qualifications required; (b) document the analysis and determinations; (c) and provide the determinations to the Contracting Officers assigned to those contracts.

Management Response: NEA stated that per the FAH, the CO has the responsibilities OIG listed in the recommendation. However, NEA stated that it "will consult with the COs and implement the recommendation within 60 days."

³³ OIG made this determination by identifying the technical requirements in the six contracts in our audit sample and requesting that CORs and GTMs self-certify the areas for which they possessed technical expertise through education, job performance, or hands-on training for their assigned contract(s).

OIG Reply: On the basis of NEA's planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA, in consultation with the COs, has (a) analyzed all contracts for which it assigns CORs and GTMs and determine the appropriate level of FAC-COR, the technical expertise, and other qualifications required; (b) documented the analysis and determinations; (c) and provided the determinations to the COs assigned to those contracts.

Recommendation 2: OIG recommends that the Bureau of Near Eastern Affairs compare Contracting Officer's Representative and Government Technical Monitor nominee qualifications to the analysis conducted for the Bureau's contracts as noted in Recommendation 1 and only nominate those with the necessary technical expertise and level of Federal Acquisition Certification for Contracting Officer's Representatives to oversee the contract and hold contractors accountable for quality and cost performance in accordance with contract terms.

Management Response: NEA concurred with the recommendation, stating that it "will ensure [the recommendation] is implemented once the actions in Recommendation 1 are complete."

OIG Reply: On the basis of NEA's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA has compared COR and GTM nominee qualifications to the analysis conducted for NEA's contracts, as noted in Recommendation 1, and has nominated only those individuals with the necessary technical expertise and FAC-COR level to oversee the contract and hold contractors accountable for quality and cost performance in accordance with contract terms.

Recommendation 3: OIG recommends that the Bureau of Near Eastern Affairs include Contracting Officer's Representative and Government Technical Monitor nominees' technical expertise in the written nomination presented to the Contracting Officer, as required by 14 Foreign Affairs Handbook 2 H-143.2, "COR Appointment Procedures."

Management Response: NEA concurred with the recommendation, stating that it has already implemented the recommendation.

OIG Reply: On the basis of NEA's concurrence with the recommendation and stated actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA has included COR and GTM nominees' technical expertise in the written nomination presented to the CO, as required by 14 FAH 2 H-143.2, "COR Appointment Procedures."

Recommendation 4: OIG recommends that the Bureau of Near Eastern Affairs discontinue the practice of nominating Contracting Officer's Representatives and Government Technical Monitors who do not meet Level III Federal Acquisition Certification for Contracting Officer's Representatives and technical expertise requirements for its contracts or obtain a temporary waiver from the Bureau of Administration, Office of the Procurement Executive, as required by Procurement Information Bulletin No. 2012-15.

Management Response: NEA concurred with the recommendation but requested "to defer action on this recommendation until NEA, in consultation with the COs, has completed the actions under Recommendation 1."

OIG Reply: On the basis of NEA's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA has discontinued the practice of nominating CORs and GTMs who do not meet FAC-COR Level III and technical expertise requirements for NEA's contracts or obtained a temporary waiver from A/OPE, as required by Procurement Information Bulletin No. 2012-15.

Identifying Foreign Service Personnel With a Level III FAC-COR Certification and Technical Expertise in the Contract Subject Matter is a Challenge

Foreign Service Officers use the Foreign Service job assignment system to research and formally request their next assignments (a process known as "bidding" in the Foreign Service) at posts worldwide. According to an NEA official, NEA receives a sufficient number of Foreign Service Officers bidding on oversight positions in Iraq because those positions are highly desirable for career advancement purposes. However, the official also stated that it is a challenge to find Foreign Service Officers who are Level III FAC-COR certified and possess the technical expertise needed, especially in the field of life support and medical services such as with the BLISS and MSSI contracts in Iraq.

The FAH requires CORs and GTMs to be qualified and must have sufficient technical expertise,³⁴ and, as OIG found, some Foreign Service Officers do not have the required expertise or FAC-COR level certification needed to qualify for the appointment. To expand its pool of qualified personnel, NEA could use Civil Servants or PSCs. For example, if NEA does not attract qualified Foreign Service Officers during the bidding process, it could determine that the positions are "hard to fill."³⁵ Taking this step would allow NEA to expand the applicant pool by using Civil Servants serving in "limited [non-career] appointments."³⁶ NEA personnel stated they have not

³⁴ 14 FAH-2 H-113.

³⁵ Hard-to-fill positions are those that have not received sufficient bidders through the Foreign Service assignments process.

³⁶ The use of limited non-career appointments is authorized under the Foreign Service Act, and 3 FAM 2293(b), "Types of Limited Non-career Appointments Under Section 303 of the Foreign Service Act," (April 18, 2014).

used this approach to fill COR positions in Iraq because they receive sufficient bidders and, therefore, the positions are not considered hard-to-fill. However, Foreign Service Officers who do not meet the minimum qualifications should not be considered for COR and GTM appointments. That is, if NEA were to exclude unqualified individuals, it could properly declare the position hard-to-fill and thereby potentially obtain additional candidates. Furthermore, NEA received approval from the Director General of the Bureau of Human Resources to hire PSCs³⁷ who possess the required FAC-COR and technical expertise qualifications in Iraq,³⁸ which both expands the pool of qualified CORs available and allows the position to be filled for up to 5 years rather than the typical 1 year tour served by Foreign Services Officers.³⁹

In addition, the lack of qualified personnel to serve as CORs and GTMs suggests a shortfall in human capital planning. According to the Merit Systems Protection Board, "CORs comprise a crucial workforce for the Government... [and] should specifically be included in agencies' strategic human capital plans. These human capital plans should cover issues such as how many CORs agencies need now and in the future, and what competencies those CORs should have.... Finally, agencies need to...develop plans to alleviate any shortcomings in COR numbers and competencies."⁴⁰ OIG reviewed the Department's human capital plan and found that, notwithstanding this guidance, it did not assess the number of CORs and GTMs needed to meet Department needs now and in the future.

Furthermore, in October 2013, the Under Secretary for Management recognized the challenges with the Department's COR workforce and approved the creation of a multi-bureau working group led by the Office of Management, Policy, Rightsizing, and Innovation (M/PRI) to explore the existing COR structure, analyze gaps, and recommend initiatives to meet Department-wide demands. The working group's tasks included reviewing "the need and feasibility of special pay incentives for certifications related to critically needed skills in contingency activities as a motivating influence for employees to seek COR opportunities within the Department, including deployment to critical environments"; performing "a study to determine if the creation of a new COR skill code or employment track is warranted"; ensuring "the continuous improvement of the Department's COR database so that it can serve as a tool to fill gaps and to possibly meet worldwide surge needs"; and developing "standardized work requirements for [Civil Service] and

³⁷ 6 FAH-5 H-352.3, "Personal Services Contractors (PSCs)," (November 7, 2008), states that PSCs are individuals with a contract that establishes an employer-employee relationship for some purposes.

³⁸ Despite a January 2017 hiring freeze, NEA received approval in July 2017 to hire a PSC to serve as the COR at Union III. In February 2018, NEA received approval to hire two additional PSCs to serve as a CORs on the OMSS contract at BDSC and Basrah. As of May 2018, NEA was in the process of announcing these two additional positions. OIG agrees with the expanded use of PSCs in lieu of assignments of unqualified CORs and has included a recommendation to promote wider consideration of this approach.

³⁹ A PSC can serve in Iraq for up to 5 years, versus the standard 1-year tour served by Foreign Service Officers assigned as CORs or GTMs in Iraq. In addition to the challenges created by frequent COR and GTM turn-over, Foreign Service Officers who serve as CORs or GTMs on a 1-year tour in Iraq are also granted a total of 9 weeks of rest and recuperation travel throughout the year. This results in approximately 17 percent of their 1-year tour spent on rest and recuperation travel, creating additional gaps in oversight.

⁴⁰ U.S. Merit Systems Protection Board, "Contracting Officer Representatives: Managing the Government's Technical Experts to Achieve Positive Contract Outcomes," 36-37 (December 2005).

[Foreign Service] CORs...and GTMs as employees discharging these responsibilities are currently not being rated for their performance.” However, an M/PRI official who was part of this working group told OIG that some of the working group’s recommended initiatives were not further considered or studied after the group concluded. For example, the Department did not further review the need and feasibility of special pay incentives as a motivating factor for employees to seek COR opportunities or perform a study to determine if the creation of a new COR skill code or employment track was warranted. During the course of the audit, Department officials stated that a working group to further explore COR workforce-related issues would now be best organized and led by A/OPE.

According to the U.S. Merit Systems Protection Board, CORs with greater expertise in the contract’s technical or functional area were related to better contract outcomes in the areas of quality and cost.⁴¹ Using all available resources to seek and nominate oversight personnel who meet FAC-COR certification requirements and possess sufficient technical expertise in the contract subject matter, and strategically planning for a qualified current and future COR workforce, will result in more sufficient contract oversight and strengthen the Department’s ability to hold contractors accountable for contract performance.

Recommendation 5: OIG recommends that the Bureau of Administration, Office of the Procurement Executive create, organize, and lead a multi-bureau working group with the goal of remedying identified shortfalls with the current and future Contracting Officer’s Representative (COR) workforce. The working group should, at a minimum: (a) explore building a roster of certified Federal Acquisition Certification for Contracting Officer’s Representatives and their technical expertise and a mechanism to keep this roster current, (b) research the inclusion of CORs in the strategic human capital plan with the goal of addressing current and future COR needs and developing plans Department-wide to alleviate identified shortfalls, (c) study other alternatives for feasibility of implementation, such as using special pay incentives or a new COR skill code or employment track within the Foreign Service, and (d) provide its documented results and recommendations to the Under Secretary for Management for his awareness and consideration.

Management Response: A/OPE concurred with the recommendation, stating that it “is committed to re-establishing a COR Advisor Panel that is tasked with engaging the Department to identify challenges and solutions that may assist bureaus reduce shortfalls in access to qualified candidates for COR positions.” A/OPE requested that OIG recognize that this process “will take significant resources” that were not budgeted for FY 2019 and that this effort may therefore not produce results for 18 to 24 months. A/OPE stated that it will “seek to provide OIG with documentation of progress made toward implementing solutions that are necessary to meet the intent of the recommendation.” A/OPE also requested that OIG “modify the recommendation at

⁴¹ U.S. Merit Systems Protection Board, at 31-32. To assess whether contract outcomes had improved, the Board examined the areas of quality, completeness, cost, and timeliness.

subparagraph (d) to reflect [A/OPE] providing results of activities conducted to implement the recommendation to the Under Secretary for Management (M) in lieu of the Deputy Secretary of State.”

OIG Reply: On the basis of A/OPE’s concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. OIG recognizes this recommendation will take significant resources to implement but requests that A/OPE consider this recommendation a top priority. At A/OPE’s request, OIG has redirected the requirement in subparagraph (d) from providing the results of A/OPE’s activities to the Deputy Secretary of State to providing the results to the Under Secretary for Management. This recommendation will be closed when OIG receives and accepts documentation demonstrating that A/OPE has created, organized, and led a multi-bureau working group with the goal of remedying identified shortfalls with the current and future COR workforce. The working group should, at a minimum: (a) explore building a roster of FAC-COR certified CORs and their technical expertise and a mechanism to keep this roster current, (b) research the inclusion of CORs in the strategic human capital plan with the goal of addressing current and future COR needs and developing plans Department-wide to alleviate identified shortfalls, (c) study other alternatives for feasibility of implementation, such as using special pay incentives or a new COR skill code or employment track within the Foreign Service, and (d) provide its documented results and recommendations to the Under Secretary for Management for his awareness and consideration.

Recommendation 6: OIG recommends that the Bureau of Near Eastern Affairs, in coordination with the Bureau of Human Resources, evaluate and document the expanded use of personal services contractors to serve as Contracting Officer’s Representatives for large and complex contracts requiring a Level III Federal Acquisition Certification for Contracting Officer’s Representatives and sufficient technical expertise in the contract’s subject matter, and report the results of the evaluation to the Deputy Secretary of State for his awareness and consideration.

Management Response: NEA concurred with the recommendation, stating that it “will report the results of the evaluation to the Deputy Secretary as soon as they are available.”

OIG Reply: On the basis of NEA’s concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA has evaluated and documented the expanded use of PSCs to serve as CORs for large and complex contracts requiring a Level III FAC-COR certification and sufficient technical expertise in the contract’s subject matter and has reported the results to the Deputy Secretary of State for his awareness and consideration.

Recommendation 7: OIG recommends that the Bureau of Near Eastern Affairs evaluate and document the use of limited non-career appointees to serve as Contracting Officer's Representatives (CORs) when Foreign Service Officers bidding for COR positions in Iraq are not qualified with the appropriate level of Federal Acquisition Certification for Contracting Officer's Representatives and sufficient technical expertise in the contract subject matter, and report the results of the evaluation to the Deputy Secretary of State for his awareness and consideration.

Management Response: NEA concurred with the recommendation, stating that it "has begun to evaluate the use of [limited non-career appointments]." NEA further stated that it would report the results of its evaluation to the Deputy Secretary "when sufficient experience permits."

OIG Reply: On the basis of NEA's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA has evaluated and documented the use of limited non-career appointees to serve as CORs when Foreign Service Officers bidding for COR positions in Iraq are not qualified with the appropriate FAC-COR level and sufficient technical expertise in the contract subject matter and has reported the results of the evaluation to the Deputy Secretary of State for his awareness and consideration.

Finding B: NEA Did Not Have an Effective Process To Fully Recognize and Evaluate Contract Oversight Performance

OIG found that NEA did not consistently establish work commitments⁴² or seek feedback from the COs to effectively hold CORs and GTMs accountable for their performance. For example, 7 of 13 CORs and 8 of 14 GTMs⁴³ did not have work commitments that aligned with the oversight duties assigned by the CO. According to NEA officials, this occurred because space on the evaluation form was too limited to include all the recommended work commitments. Furthermore, none of the CORs' supervisors solicited performance feedback from the COs, as required by Department policy. NEA officials stated that this was an oversight. Without

⁴² Work commitments for Foreign Service Officers who perform COR or GTM duties are included in the Core Work Responsibilities section of their Foreign Service Employee Evaluation Report. Work commitments for an eligible family member who performs GTM duties are included in the Work Requirements Statement section of the Employee Performance Report for Not Ordinarily Resident Employees. Work commitments for the GTMs who are locally employed staff are referred to as Job Elements in the employee's Employee Performance Report for Locally Employed Staff. OIG collectively refers to these elements as work commitments and collectively refers to the employee's appraisal reports as performance evaluations in this report.

⁴³OIG analyzed the work commitments for 22 of the 27 CORs and GTMs in our review (11 of 13 CORs who were Foreign Service Officers and 11 of 14 GTMs who were either Foreign Service Officers, Locally Employed Staff, or an eligible family member). OIG did not review work commitments for the remaining five CORs and GTMs because one GTM did not spend at least 25 percent of his time performing oversight, two GTMs and one COR were PSCs who did not receive formal performance evaluations, and one COR was a "when-actually-employed" employee who also did not receive a formal performance evaluation.

appropriate work commitments and input in evaluating COR and GTM performance, the execution of contract oversight performance cannot be fully recognized and assessed.

Department Policy for Establishing COR Delegations and Work Commitments

According to the FAH, COs can delegate the technical monitoring and administration of a contract to CORs and GTMs.⁴⁴ In the delegation memoranda, the CO authorizes CORs and GTMs to perform specific tasks, outlines the limitations of their positions, and states that the delegated tasks are not subject to re-delegation. The FAH further requires that CORs and GTMs who perform contract administration and oversight duties that comprise "at least 25 percent of their workload must have work commitments that reflect COR and GTM responsibilities."⁴⁵ The FAH provides several examples of work commitments that may be modified, as necessary, to reflect the individual COR or GTM assignment. For example, a COR or GTM:

- Inspects, accepts, or rejects deliverables in conformance with contract terms and conditions.
- Reports contractor instances of fraud, waste, and abuse to the CO within 5 business days.
- Maintains traceability of oversight through properly documented files that are compliant with agency standards and regulations.
- Evaluates and documents contractor past performance in the Contractor Performance Assessment Reporting System within the required timeframe.
- Keeps the CO informed of contractor performance and contract administration issues by coordinating any changes in cost or delivery within 5 business days.
- When delegated responsibility for government property management, maintains accountability by enforcing contract inventory requirements and taking corrective actions as stated in the contract.
- Creates a trafficking-in-persons monitoring program commensurate with the risk environment of contract performance and monitors at least annually.

Work Commitments Related to Oversight Duties Not Always Established

According to the U.S. Merit Systems Protection Board, "CORs who are rated on the performance of their contracting work...reported more positive contract outcomes, especially in terms of timeliness, quality, and cost, than did CORs who are not rated on their contracting work."⁴⁶ To hold CORs accountable for their contract oversight duties, they must be clearly informed of their responsibilities through their delegation memorandums and then assessed on their performance by way of their established work commitments. During discussions with the OIG, the CORs, GTMs, and their respective rating officials stated that they believed their work commitments reflected the oversight duties assigned to them. However, OIG found that seven

⁴⁴ 14 FAH-2 H-143, "Designating a Contracting Officer's Representative (COR)," (December 24, 2014), and 14 FAH-2 H-143.2.

⁴⁵ 14 FAH-2 H-114.

⁴⁶ U.S. Merit Systems Protection Board, at 44.

CORs and eight GTMS⁴⁷ assigned to the six contracts OIG reviewed for this audit did not have work commitments that aligned with the oversight duties delegated by the CO or that reflected the suggested work commitments recommended by the FAH.

Specifically, OIG found that the COR and GTM work commitments were inconsistently applied from contract to contract. For example, maintaining COR files was included as a work commitment for the BLiSS COR but was not included for the Sully Compound CORs, even though the CO had delegated this duty in the delegation memorandums. Furthermore, work commitments for all 11 CORs included measures for inspecting, accepting, and rejecting contract deliverables and keeping the CO informed of contractor performance. However, work commitments for performing trafficking-in-persons reviews were frequently omitted from work commitments, including those of a GTM assigned to the BLiSS contract who was specifically delegated this duty. Finally, two GTMs—one assigned to the OMSS contract and one assigned to the BLiSS contract—did not have any work commitments related to their GTM oversight duties. The two GTMs stated that at least 25 percent of their duties were related to contract oversight; therefore, their supervisors should have established work commitments that reflected their oversight duties for them per the FAH. Tables 2 and 3 provide comparisons of COR and GTM oversight duties and work commitments as they relate to suggested work commitments from the FAH.

⁴⁷ Ten of 11 CORs that OIG reviewed stated that 100 percent of their duties were related to contract oversight, and all 11 GTMs who OIG reviewed stated that at least 25 percent of their duties were related to contract oversight.

Table 2: Comparison of Oversight Duties Included as Work Commitments for CORs

| | OMSS | | BLiSS | | Sully Compound | | MSSI | |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Delegated Duties | Work Commitments |
| Work Commitments per FAH | | | | | | | | |
| Inspects, accepts, or rejects deliverables in conformance with contract terms | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Reports instances of fraud, waste, and abuse to CO | ✗ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ | ✗ |
| Maintains traceability of oversight through properly documented contract files | ✓ | ✗ | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ |
| Evaluates and documents performance in the Contractor Performance Assessment Reporting System | ✓ | ✓ | ✗ | ✗ | ✓ | ✗ | ✗ | ✗ |
| Keeps CO informed of contractor performance | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Administers contract requirements and obligations relating to Government property | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ |
| Performs trafficking-in-persons reviews | ✓ | ✓ | ✓ | ✗ | ✗ | ✗ | ✗ | ✗ |

Legend: ✓ Included ✗ Excluded

Source: OIG generated from information obtained from the FAH, COR delegation memoranda, and COR performance appraisals.

Table 3: Comparison of Oversight Duties Included in Work Commitments for GTMs

| Work Commitments per FAH | OMSS | | BLISS | |
|---|------------------|------------------|------------------|------------------|
| | Delegated Duties | Work Commitments | Delegated Duties | Work Commitments |
| Inspects, accepts, or rejects deliverables in conformance with contract terms | ✓ | ✗ | ✓ | ✓ |
| Reports instances of fraud, waste, and abuse to CO | ✗ | ✗ | ✗ | ✗ |
| Maintains traceability of oversight through properly documented contract files | ✗ | ✗ | ✗ | ✗ |
| Evaluates and documents performance in the Contractor Performance Assessment Reporting System | ✗ | ✗ | ✗ | ✗ |
| Keeps CO informed of contractor performance | ✓ | ✗ | ✓ | ✓ |
| Administers contract requirements and obligations relating to Government property | ✗ | ✗ | ✗ | ✗ |
| Performs Trafficking-in-Persons reviews | ✗ | ✗ | ✓ | ✗ |

Legend: ✓ Included ✗ Excluded

Source: OIG generated from information from the FAH, GTM delegation memorandums, and GTM performance appraisals.

An NEA official stated that limited space on the evaluation form made it a challenge to incorporate all the recommended work commitments. Although the space is limited, OIG found it sufficient to include the recommended work commitments from the FAH. Rather than include all the COR-related work commitments, Foreign Service Officers who served as CORs often negotiated with their supervisors to include “special projects” to be rated against. However, not aligning delegated oversight duties with work commitments and including all pertinent work commitments on the evaluation form to be rated against makes it difficult to hold CORs and GTMs accountable for their oversight duties or, conversely, to acknowledge employees who fulfill these obligations conscientiously and consistently.

Feedback Not Obtained From COs or Other Contracting Personnel for COR and GTM Performance Evaluations

The FAH requires a COR’s rating official to solicit the CO’s feedback on performance in writing.⁴⁸ COs are in a unique position to assess the performance of the CORs because, per the FAH, CORs oversee the contract on behalf of the CO.⁴⁹ Therefore, COs would know whether the COR accepted non-conforming deliverables, fairly evaluated the contractor in the Contractor Performance Assessment Reporting System, and kept the CO timely informed of contractor performance issues. However, contrary to Department policy, COs stated that the COR’s rating

⁴⁸ 14 FAH-2 H-114 g.

⁴⁹ Ibid.

officials did not solicit any input from them on the CORs' performance. An NEA official stated that not obtaining COs' input on the CORs' annual ratings was an oversight and that corrective action would be implemented in the future to obtain their input.

OIG notes that the FAH does not address whether, or from whom, supervisors of GTMs should solicit feedback on the oversight work performed. Oversight work is typically auxiliary to the GTM's official position, and a GTM's rating official may not have insight into the oversight duties that the GTM performed in support of the COR. Because GTMs conduct oversight work in support of the CORs, the CORs can provide input to the GTM's supervisor regarding performance. Without a requirement to request and receive input from the COR regarding the GTM's performance, the rating official does not know whether the GTM provided adequate support to the COR and executed oversight responsibilities effectively.

Contract outcomes are typically better when CORs are rated on the performance of their contracting duties.⁵⁰ NEA should align contract administration and oversight responsibilities to the employee work commitments that are the basis of COR and GTM ratings and receive input from contracting personnel who are familiar with the CORs' and GTMs' execution of their delegated responsibilities. Without doing so, NEA may lose opportunities to promote successful contract outcomes through effective oversight. It also reduces its ability to identify CORs and GTMs who perform their obligations well or to identify those who do not effectively execute their oversight responsibilities. OIG is therefore offering the following recommendations.

Recommendation 8: OIG recommends that the Bureau of Near Eastern Affairs develop and implement a process that requires Contracting Officer's Representatives and Government Technical Monitors whose contract administration and oversight duties entail 25 percent or more of their workload to establish work commitments in annual performance evaluations that are aligned with their delegated contracting administration and oversight responsibilities and consistent with 14 Foreign Affairs Handbook-2 H-114, "COR Work Commitments."

Management Response: NEA concurred with the recommendation, stating that it "has begun to implement this recommendation."

OIG Reply: On the basis of NEA's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA has developed and implemented a process that requires CORs and GTMs whose contract administration and oversight duties entail 25 percent or more of their workload to establish work commitments in annual performance evaluations that are aligned with their delegated contracting administration and oversight responsibilities and consistent with 14 FAH-2 H-114, "COR Work Commitments."

⁵⁰ U.S. Merit Systems Protection Board, at 44.

Recommendation 9: OIG recommends that the Bureau of Near Eastern Affairs develop and implement procedures that require rating officials of Contracting Officer's Representatives to solicit performance input from the Contracting Officer via email or memorandum for related work commitments when the Contracting Officer's Representatives' duties entail 25 percent or more of their workload, as required by 14 Foreign Affairs Handbook-2 H-114, "COR Work Commitments."

Management Response: NEA concurred with the recommendation, stating that it "has begun to implement this [recommendation]."

OIG Reply: On the basis of NEA's concurrence with the recommendation and stated actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA has developed and implemented procedures that require rating officials of CORs to solicit performance input from the CO via email or memorandum for related work commitments when the COR's duties entail 25 percent or more of their workload, as required by 14 FAH-2 H 114, "COR Work Commitments."

Recommendation 10: OIG recommends that the Bureau of Administration, Office of the Procurement Executive update 14 Foreign Affairs Handbook-2 H-114, "COR Work Commitments," to include a requirement for rating officials of Government Technical Monitors to solicit performance input from the Contracting Officer's Representative or other informed contracting personnel via email or memorandum for related work commitments when the Government Technical Monitors' duties entail 25 percent or more of their workload.

Management Response: A/OPE concurred with the recommendation, stating that it "will seek to update the Foreign Affairs Handbook prior to the end of FY 2019."

OIG Reply: On the basis of A/OPE's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that A/OPE has updated 14 FAH-2 H-114, "COR Work Commitments," to include a requirement for rating officials of GTMs to solicit performance input from the COR or other informed contracting personnel via email or memorandum for related work commitments when the GTM's duties entail 25 percent or more of their workload.

Finding C: Contracting Officer's Representatives Did Not Always Maintain Complete Oversight Files

OIG found that CORs for the MSSJ contract maintained proper types of documentation in their COR file.⁵¹ However, although some improvements were noted since past reviews,⁵² CORs for the OMSS, BLiSS, IT Support, Linguist Services, and Sully Compound contracts did not always maintain complete COR files. According to the CORs, sometimes they relied on the contractor to maintain certain documentation, some documentation was maintained in a different location, and they had limited time to organize the COR files. In addition, incomplete files were not identified during CMO-Iraq's monthly reviews because monthly reviews were either not completed or not structured to verify that CORs retained certain documentation in their files. Without complete COR files, the Department may not have the records needed to demonstrate nonconformity with contract requirements and hold contractors accountable.

Requirements for Contracting Officer's Representative Files

According to the FAR and the FAH,⁵³ CORs are responsible for maintaining a proper file for each contract assigned to them, to "provide easy access to technical contract information and...ease the transition to a new COR." Well-maintained COR files also provide a complete background and explain decisions made at each step during the acquisition, support actions taken, provide information for reviews and investigations, and furnish essential facts in the event of litigation.⁵⁴ The FAH⁵⁵ lists the types of documentation that are required to be maintained in the COR file, which include but are not limited to, copies of the contract, modifications, contractor's technical and cost proposals, contractor progress reports, documentation of the acceptability of deliverables, and documentation of on-site visit results.⁵⁶

To ensure the completeness of COR files and compliance with the FAR and the FAH, NEA developed its own guidance. Specifically, NEA's Contract and COR File Maintenance Standard Operating Procedure includes a requirement for CMO-Iraq personnel to perform monthly COR

⁵¹ OIG limited its review of the COR files to the contract's technical proposals, copies of contractor progress and technical reports as identified by the contract, documentation of acceptance of goods and services, and on-site visit results.

⁵² In that review, titled *Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq* (AUD-MERO-17-16, December 2016), OIG reviewed COR files for the BLiSS and OMSS contracts and found that they lacked documentation regarding the acceptability of goods and services and site-visit results and did not contain copies of all correspondence and synopses of telephone calls between the contractor and CO.

⁵³ FAR 1.604, "Contracting Officer's Representative (COR)," and 14 FAH-2 H-517, "Standard Contracting Officer's Representative (COR) Working File."

⁵⁴ FAR 4.801(b), "General."

⁵⁵ 14 FAH-2 H-517, "Standard Contracting Officer's Representative (COR) Working File," (August 6, 2014).

⁵⁶ Examples of on-site visit results include trafficking-in-persons inspections and bi-weekly, monthly, or final quality assurance inspections or contract surveillance inspections, as identified by the contract.

file inspections using a COR File Checklist to ensure that the files are complete and that non-compliance is reported to the appropriate supervisor.⁵⁷

Contracting Officer's Representative Files Showed Progress but Still Need Improvement

OIG reviewed the COR files for the six contracts in our sample and found that the MSSI COR file included all required documentation. However, although the BLiSS and OMSS contract files showed improvements since OIG's last review, the BLiSS COR file was missing contractor progress reports and the OMSS COR file was missing contractor progress reports and trafficking-in-persons inspections. In addition, the COR files for the Linguist Services, IT Support, and Sully Compound contracts were missing trafficking-in-persons inspections, quality assurance documentation, and the contractor's technical proposal. The COR file for the Sully Compound contract was also missing contractor progress reports.

According to NEA personnel, the CORs for the BLiSS and OMSS contracts did not maintain contractor progress reports for either contract because these files are large; instead, they were maintained by the contractor on the COR's behalf. The OMSS COR stated that he separately kept trafficking-in-persons inspections in a location other than the official COR file. The COR for the Linguist Services, IT Support, and Sully Compound contracts stated he did not maintain trafficking-in-persons inspections, technical proposals, and quality assurance documentation in the COR files because he did not have enough time to organize these materials, and that he maintained contractor progress reports for the Sully Compound contract in a location other than the official COR file.

The missing documentation could have been identified during monthly inspections of the BLiSS and OMSS COR files had CMO-Iraq included a step in its COR File Checklist to review the files for contract deliverables. Furthermore, CMO-Iraq did not identify the missing documents in the Linguist Services, IT Support, and Sully Compound contracts because a COR file review was not completed for these contracts, as NEA's Contract and COR File Maintenance Standard Operating Procedure required.

COR file requirements as set forth in the FAH and monthly reviews of those COR files as required by NEA's guidance are control measures meant to ensure that the CO and COR have a complete and accurate record of the contractor's ability to meet contract requirements. Unless NEA consistently implements these controls, and, as discussed in Finding B, consistently establishes and rates CORs against work commitments regarding properly documented COR files, issues with incomplete COR files may continue. Moreover, maintaining contractor reports and

⁵⁷ The requirement for monthly COR file inspections was added to NEA's Contract and COR File Maintenance Standard Operating Procedure in March 2017 in response to a recommendation in OIG's *Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq* (AUD-MERO-17-16, December 2016). Despite this requirement, OIG found in the *Audit of Food Safety Controls Under Baghdad Life Support Services Task Order SAQMMA14F021* (AUD-MERO-18-38, May 2018) that monthly food service inspections were missing from the BLiSS COR file through June 2017. OIG recommended in that report that NEA develop a process to verify that monthly COR file inspections are completed as required. NEA concurred with that recommendation, which is resolved as of August 2018.

documentation of the acceptability of deliverables in the COR file improves the transparency of contract actions, provides traceability of the contractor's performance, and prevents the contractor from subsequently changing the reports. Finally, all required documentation should be maintained in the COR files to meet FAH requirements to "provide easy access to technical contract information and work progress and to ease the transition to a new COR, if one is appointed during the life of a contract,"⁵⁸ and FAR requirements to "provide a complete background and explain decisions made at each step during the acquisition, support actions taken, provide information for reviews and investigations, and furnish essential facts in the event of litigation."⁵⁹ Therefore, OIG is offering the following recommendations.

Recommendation 11: OIG recommends that the Bureau of Near Eastern Affairs require the Contract Management Office in Iraq to update its Contract and Contracting Officer's Representative (COR) File Maintenance Standard Operating Procedure and corresponding checklists to require CORs to maintain all pertinent documentation, including contractor progress reports, in the COR files in accordance with 14 Foreign Affairs Handbook-2 H-517, "Standard Contracting Officer's Representative (COR) Working File."

Management Response: NEA concurred with the recommendation, stating that CMO-Iraq implemented it in August 2018. NEA included its updated Contract and COR File Maintenance Standard Operating Procedure with its response.

OIG Reply: On the basis of NEA's concurrence with the recommendation and documentation provided, OIG considers this recommendation closed. OIG reviewed the Contract and COR File Maintenance Standard Operating Procedure and verified that it and the corresponding checklists were updated to include a requirement for CORs to maintain all pertinent documentation, including contractor progress reports, in the COR files in accordance with 14 FAH-2 H-517, "Standard Contracting Officer's Representative (COR) Working File." This meets the intent of the recommendation, and no further action is required.

Recommendation 12: OIG recommends that the Bureau of Near Eastern Affairs require the Contracting Officer's Representatives (CORs) for contracts SAQMMA12D0165, SAQMMA13D0120, SAQMMA17C0180, SAQMMA16C0203, SAQMMA16C0313, and SAQMMA17C0085 to retroactively populate the COR files for these contracts to include all contractor progress reports, contract-related documentation, trafficking-in-persons inspections, and other deliverables.

Management Response: NEA concurred with the recommendation, stating that its CMO-Iraq office "has begun implementing [the recommendation], retroactively populating the

⁵⁸ 14 FAH-2 H-517(a).

⁵⁹ FAR 4.801(b), "General."

COR files for the referenced contracts where the documentation exists.” NEA noted that many files were destroyed during the 2014 drawdown of Embassy Baghdad.

OIG Reply: On the basis of NEA’s concurrence with the recommendation and stated actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA has populated the COR files for contracts SAQMMA12D0165, SAQMMA13D0120, SAQMMA17C0180, SAQMMA16C0203, SAQMMA16C0313, and SAQMMA17C0085 to include all available contractor progress reports, contract-related documentation, trafficking-in-persons inspections, and other deliverables.

Recommendation 13: OIG recommends that the Bureau of Near Eastern Affairs require the Contract Management Office in Iraq to (a) conduct inspections of the Contracting Officer’s Representative (COR) files for contracts SAQMMA12D0165, SAQMMA13D0120, SAQMMA17C0180, SAQMMA16C0203, SAQMMA16C0313, and SAQMMA17C0085 within 30 days of the date of this report and (b) certify whether the COR files are complete and, if not, report the corresponding COR’s non-compliance to the appropriate supervisor in accordance with the bureau’s guidance.

Management Response: NEA concurred with the recommendation, stating that its CMO-Iraq office “has begun to implement it.”

OIG Reply: On the basis of NEA’s concurrence with the recommendation and stated actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that NEA has (a) conducted inspections of the COR files for contracts SAQMMA12D0165, SAQMMA13D0120, SAQMMA17C0180, SAQMMA16C0203, SAQMMA16C0313, and SAQMMA17C0085 within 30 days of the date of this report and (b) certified whether the COR files are complete and, if not, reported the corresponding COR’s non-compliance to the appropriate supervisor in accordance with NEA’s guidance.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Bureau of Near Eastern Affairs (a) analyze all contracts for which it assigns Contracting Officer's Representatives and Government Technical Monitors and determine the appropriate level of Federal Acquisition Certification for Contracting Officer's Representatives, the technical expertise, and other qualifications required; (b) document the analysis and determinations; (c) and provide the determinations to the Contracting Officers assigned to those contracts.

Recommendation 2: OIG recommends that the Bureau of Near Eastern Affairs compare Contracting Officer's Representative and Government Technical Monitor nominee qualifications to the analysis conducted for the Bureau's contracts as noted in Recommendation 1 and only nominate those with the necessary technical expertise and level of Federal Acquisition Certification for Contracting Officer's Representatives to oversee the contract and hold contractors accountable for quality and cost performance in accordance with contract terms.

Recommendation 3: OIG recommends that the Bureau of Near Eastern Affairs include Contracting Officer's Representative and Government Technical Monitor nominees' technical expertise in the written nomination presented to the Contracting Officer, as required by 14 Foreign Affairs Handbook 2 H-143.2, "COR Appointment Procedures."

Recommendation 4: OIG recommends that the Bureau of Near Eastern Affairs discontinue the practice of nominating Contracting Officer's Representatives and Government Technical Monitors who do not meet Level III Federal Acquisition Certification for Contracting Officer's Representatives and technical expertise requirements for its contracts or obtain a temporary waiver from the Bureau of Administration, Office of the Procurement Executive, as required by Procurement Information Bulletin No. 2012-15.

Recommendation 5: OIG recommends that the Bureau of Administration, Office of the Procurement Executive create, organize, and lead a multi-bureau working group with the goal of remedying identified shortfalls with the current and future Contracting Officer's Representative (COR) workforce. The working group should, at a minimum: (a) explore building a roster of certified Federal Acquisition Certification for Contracting Officer's Representatives and their technical expertise and a mechanism to keep this roster current, (b) research the inclusion of CORs in the strategic human capital plan with the goal of addressing current and future COR needs and developing plans Department-wide to alleviate identified shortfalls, (c) study other alternatives for feasibility of implementation, such as using special pay incentives or a new COR skill code or employment track within the Foreign Service, and (d) provide its documented results and recommendations to the Under Secretary for Management for his awareness and consideration.

Recommendation 6: OIG recommends that the Bureau of Near Eastern Affairs, in coordination with the Bureau of Human Resources, evaluate and document the expanded use of personal services contractors to serve as Contracting Officer's Representatives for large and complex contracts requiring a Level III Federal Acquisition Certification for Contracting Officer's

Representatives and sufficient technical expertise in the contract's subject matter, and report the results of the evaluation to the Deputy Secretary of State for his awareness and consideration.

Recommendation 7: OIG recommends that the Bureau of Near Eastern Affairs evaluate and document the use of limited non-career appointees to serve as Contracting Officer's Representatives (CORs) when Foreign Service Officers bidding for COR positions in Iraq are not qualified with the appropriate level of Federal Acquisition Certification for Contracting Officer's Representatives and sufficient technical expertise in the contract subject matter, and report the results of the evaluation to the Deputy Secretary of State for his awareness and consideration.

Recommendation 8: OIG recommends that the Bureau of Near Eastern Affairs develop and implement a process that requires Contracting Officer's Representatives and Government Technical Monitors whose contract administration and oversight duties entail 25 percent or more of their workload to establish work commitments in annual performance evaluations that are aligned with their delegated contracting administration and oversight responsibilities and consistent with 14 Foreign Affairs Handbook-2 H-114, "COR Work Commitments."

Recommendation 9: OIG recommends that the Bureau of Near Eastern Affairs develop and implement procedures that require rating officials of Contracting Officer's Representatives to solicit performance input from the Contracting Officer via email or memorandum for related work commitments when the Contracting Officer's Representatives' duties entail 25 percent or more of their workload, as required by 14 Foreign Affairs Handbook-2 H-114, "COR Work Commitments."

Recommendation 10: OIG recommends that the Bureau of Administration, Office of the Procurement Executive update 14 Foreign Affairs Handbook-2 H-114, "COR Work Commitments," to include a requirement for rating officials of Government Technical Monitors to solicit performance input from the Contracting Officer's Representative or other informed contracting personnel via email or memorandum for related work commitments when the Government Technical Monitors' duties entail 25 percent or more of their workload.

Recommendation 11: OIG recommends that the Bureau of Near Eastern Affairs require the Contract Management Office in Iraq to update its Contract and Contracting Officer's Representative (COR) File Maintenance Standard Operating Procedure and corresponding checklists to require CORs to maintain all pertinent documentation, including contractor progress reports, in the COR files in accordance with 14 Foreign Affairs Handbook-2 H-517, "Standard Contracting Officer's Representative (COR) Working File."

Recommendation 12: OIG recommends that the Bureau of Near Eastern Affairs require the Contracting Officer's Representatives (CORs) for contracts SAQMMA12D0165, SAQMMA13D0120, SAQMMA17C0180, SAQMMA16C0203, SAQMMA16C0313, and SAQMMA17C0085 to retroactively populate the COR files for these contracts to include all contractor progress reports, contract-related documentation, trafficking-in-persons inspections, and other deliverables.

Recommendation 13: OIG recommends that the Bureau of Near Eastern Affairs require the Contract Management Office in Iraq to (a) conduct inspections of the Contracting Officer's Representative (COR) files for contracts SAQMMA12D0165, SAQMMA13D0120, SAQMMA17C0180, SAQMMA16C0203, SAQMMA16C0313, and SAQMMA17C0085 within 30 days of the date of this report and (b) certify whether the COR files are complete and, if not, report the corresponding COR's non-compliance to the appropriate supervisor in accordance with the bureau's guidance.

APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

The Office of Inspector General (OIG) conducted this audit to determine whether (a) the Bureau of Near Eastern Affairs (NEA) nomination and selection process for Contracting Officer's Representatives (COR) and Government Technical Monitors (GTM) serving in Iraq has resulted in the designation of qualified personnel, (b) NEA established and implemented an effective process to hold CORs and GTMs accountable for their performance, and (c) CORs and GTMs are properly documenting contractor performance in the official contract file in accordance with Federal and Department of State (Department) requirements.

This report relates to overseas contingency operation Operation Inherent Resolve and was completed in accordance with OIG's oversight responsibilities described in Section 8L of the Inspector General Act of 1978, as amended. OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

OIG conducted fieldwork for this audit from March to September 2018 at the U.S. Consulate General Frankfurt, Germany, and the Baghdad Embassy Compound and Baghdad Diplomatic Support Center in Iraq.⁶⁰ To obtain background information for this audit, OIG researched and reviewed Federal laws and regulations and Department policies and procedures and other guidance. Specifically, OIG reviewed the Code of Federal Regulations, the Federal Acquisition Regulation, Office of Management and Budget circulars, the Foreign Affairs Manual, the Foreign Affairs Handbook, the Department of State Acquisition Regulations, and policy and guidance for the Contract Management Office in Iraq.

To determine whether NEA was nominating and selecting oversight personnel who are technically qualified, OIG interviewed NEA officials and oversight personnel in Washington, DC, and Iraq. OIG also reviewed oversight personnel's performance work statements and evaluations to determine if they are being held accountable for their oversight work. Additionally, OIG reviewed the COR files to determine if oversight personnel are properly documenting contractor performance in the official contract file in accordance with Federal and Department requirements.

Prior Reports

In *Audit of Baghdad Life Support Services Contract Food Services Task Order SAQMMA14F0721* (AUD-MERO-18-38, May 2018), OIG reported that CORs and Alternate CORs were not properly trained on food safety principles and, therefore, did not conduct sufficient oversight of the task

⁶⁰ OIG conducted fieldwork related to the Union III Compound and the U.S. Consulate General Basrah at the Baghdad Embassy Compound.

order, which, in part, was attributed to the shortage of subject-matter expertise within the Department. The report also noted that the COR files did not contain all monthly food service inspections, which was attributed to challenges encountered during a security-related crisis in Iraq in 2014. OIG made eight recommendations in the report, all of which are considered resolved pending further action as of August 2018.

In *Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq* (AUD-MERO-17-16, December 2016), OIG reported that NEA did not nominate personnel with the contract experience and technical expertise necessary to conduct oversight of fuel-related activities because NEA's oversight structure was inadequate to ensure that the OMSS and BLISS contracts were staffed with sufficient numbers of trained, experienced, and certified personnel. The report also noted that NEA did not develop and implement a process to ensure that CORs adequately documented the contractor's performance, in part, because NEA did not comply with Federal Acquisition Regulation requirements and Department policies for conducting proper oversight. OIG made 18 recommendations in the report and, as of August 2018, 13 have been closed and 5 are considered resolved pending further action.

In *Audit of Task Orders for the Union III Compound Awarded Under the Operations and Maintenance Support Services Contract* (AUD-MERO-16-41, July 2016), OIG reported that NEA officials did not formally and consistently assign oversight personnel and develop and implement a process to ensure that personnel properly conducted oversight activities or adequately documented the contractor's performance. These conditions occurred, in part, because NEA personnel did not implement requirements prescribed in Federal regulations and Department policies to effectuate proper oversight of the task orders. OIG made 10 recommendations in the report and, as of August 2018, 9 have been closed and 1 is considered resolved pending further action.

Use of Computer-Processed Data

OIG did not use computer-processed data for evidence for this audit. Therefore, information system controls were not significant to the audit objectives and it was not necessary to assess the use of controls for computer-processed data.

Work Related to Internal Controls

OIG performed steps to assess the adequacy of internal controls related to the areas audited. For example, for the six contracts in our sample, OIG reviewed the processes and procedures used by NEA to nominate and select oversight personnel. Specifically, OIG reviewed COR qualifications and nomination packages to determine compliance with Federal and Department policies for nominating and assigning oversight personnel. In addition, OIG reviewed work commitments and performance evaluations for each of the CORs and GTMs overseeing the six contracts and compared them to the requirements established in 14 Foreign Affairs Handbook-2 H-114, "COR Work Commitments." OIG also reviewed Federal and Department policies, procedures, and related controls for COR file maintenance and tested the COR files to ensure

that CORs and GTMs were in compliance. Internal control deficiencies identified in the areas audited are presented in the Audit Results section of this report.

Detailed Sampling Methodology

OIG used a detailed sampling methodology to identify active contracts managed by NEA in Iraq in FY 2017 and FY 2018. Ten active contracts were identified with a total value of approximately \$3.13 billion. OIG selected the six contracts with the greatest dollar value to test for this audit, valued at approximately \$3.1 billion (see Table A1). The total value of the four contracts not selected was approximately \$29.1 million (see Table A2).

Table A1: Contract Number, Title, and Corresponding Value Selected for Testing

| Contract Number | Contract Title/Description | Contract Value |
|-----------------------------|--|----------------------|
| SAQMMA12D0165 | Operations and Maintenance Support Services (OMSS) | \$2.0 billion |
| SAQMMA13D0120 | Baghdad Life Support Services (BLiSS) | \$1.0 billion |
| SAQMMA17C0180 | Medical Support Services Iraq-Bridge (MSSI) | \$85.1 million |
| SAQMMA16C0203 | IT Support Contract* | \$15.4 million |
| SAQMMA16C0313 | Iraq Linguist Services | \$14.7 million |
| SAQMMA17C0085 | Sully Compound Iraq | \$21.3 million |
| Total Contract Value | | \$3.1 billion |

* The full title of this contract is "Information Resource Management Information Technology Support Embassy Baghdad and Consulates General Iraq."

Source: OIG-generated with data obtained from USAspending.gov.

Table A2: Contract Number, Title, and Corresponding Value Not Selected for Testing

| Contract Number | Contract Title/Description | Contract Value |
|-----------------------------|--|------------------------|
| SAQMMA16F5721 | Subject Matter Expert | \$2.8 million |
| SAQMMA16F5713 | Subject Matter Expert | \$24.0 million |
| SAQMMA17F4450 | Independent Verification and Validation - Iraq | \$2.0 million |
| SAQMMA16C0203 | Independent Verification and Validation - Invoice Review | \$0.2 million |
| Total Contract Value | | \$29.1 million* |

* Numbers may not add due to rounding.

Source: OIG-generated with data obtained from USAspending.gov.

APPENDIX B: BUREAU OF NEAR EASTERN AFFAIRS RESPONSE



United States Department of State

Washington, D.C. 20520

UNCLASSIFIED

November 13, 2018

MEMORANDUM

TO: OIG/AUD – Norman P. Brown

FROM: NEA – Deputy Executive Director Jefferson Smith *JS*

SUBJECT: NEA Response to draft report: *Audit of the Bureau of Near Eastern Affairs Selection and Management of Contract Oversight Personnel in Iraq* (AUD-MERO-18-XX)

Thank you for giving us the opportunity to respond to this draft report. We agree that we must carefully select and oversee our Contracting Officer Representatives (COR) and Government Technical Monitors (GTM) in order to provide proper oversight to our contracts in Iraq, which are critical to our operations there. As the OIG is aware, NEA has put considerable effort into improving the quality of our contract oversight and has been working to address the issues raised by the OIG. For the record, our response to each one is listed below.

Recommendation 1: OIG recommends that the Bureau of Near Eastern Affairs (a) analyze all contracts for which it assigns Contracting Officer's Representatives and Government Technical Monitors and determine the appropriate level of Federal Acquisition Certification for Contracting Officer's Representatives, the technical expertise, and other qualifications required; (b) document the analysis and determinations; (c) and provide the determinations to the Contracting Officers assigned to those contracts.

Management Response (11-13-2018): Per 14 FAH-2 H-113, the Contracting Officer (CO) has this responsibility. NEA, however, will consult with the COs and implement the recommendation within 60 days.

Recommendation 2: OIG recommends that the Bureau of Near Eastern Affairs compare Contracting Officer's Representative and Government Technical Monitor nominee qualifications to the analysis conducted for the Bureau's contracts as noted in Recommendation 1 and only nominate those with the necessary technical expertise and level of Federal Acquisition Certification for Contracting Officer's Representatives to oversee the contract and hold contractors accountable for quality and cost performance in accordance with contract terms.

Management Response (11-13-2018): NEA concurs with this recommendation and will ensure it is implemented once the actions in Recommendation 1 are complete.

Recommendation 3: OIG recommends that the Bureau of Near Eastern Affairs include Contracting Officer's Representative and Government Technical Monitor nominees' technical expertise in the written nomination presented to the Contracting Officer, as required by 14 Foreign Affairs Handbook 2 H-143.2, "COR Appointment Procedures."

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Management Response (11-13-2018): NEA concurs with this recommendation and has implemented it.

Recommendation 4: OIG recommends that the Bureau of Near Eastern Affairs discontinue the practice of nominating Contracting Officer's Representatives and Government Technical Monitors who do not meet Level III Federal Acquisition Certification for Contracting Officer's Representatives and technical expertise requirements for its contracts or obtain a temporary waiver from the Bureau of Administration, Office of the Procurement Executive, as required by Procurement Information Bulletin No. 2012-15.

Management Response (11-13-2018): NEA concurs with this recommendation in principle, however NEA requests to defer action on this recommendation until NEA, in consultation with the COs, has completed the actions under Recommendation 1.

Recommendation 6: OIG recommends that the Bureau of Near Eastern Affairs, in coordination with the Bureau of Human Resources, evaluate and document the expanded use of personal services contractors to serve as Contracting Officer's Representatives for large and complex contracts requiring a Level III Federal Acquisition Certification for Contracting Officer's Representatives and sufficient technical expertise in the contract's subject matter, and report the results of the evaluation to the Deputy Secretary of State for his awareness and consideration.

Management Response (11-13-2018): NEA concurs with this recommendation and will report the results of the evaluation to the Deputy Secretary as soon as they are available.

Recommendation 7: OIG recommends that the Bureau of Near Eastern Affairs evaluate and document the use of limited non-career appointees to serve as Contracting Officer's Representatives (CORs) when Foreign Service Officers bidding for COR positions in Iraq are not qualified with the appropriate level of Federal Acquisition Certification for Contracting Officer's Representatives and sufficient technical expertise in the contract subject matter, and report the results of the evaluation to the Deputy Secretary of State for his awareness and consideration.

Management Response (11-13-2018): NEA concurs with this recommendation and has begun to evaluate the use of LNAs. When sufficient experience permits, NEA will report the results of this evaluation to the Deputy Secretary.

Recommendation 8: OIG recommends that the Bureau of Near Eastern Affairs develop and implement a process that requires Contracting Officer's Representatives and Government Technical Monitors whose contract administration and oversight duties entail 25 percent or more of their workload to establish work commitments in annual performance evaluations that are aligned with their delegated contracting administration and oversight responsibilities and consistent with 14 Foreign Affairs Handbook-2 H-114, "COR Work Commitments."

Management Response (11-13-2018): NEA concurs with this recommendation and has begun to implement this recommendation.

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Recommendation 9: OIG recommends that the Bureau of Near Eastern Affairs develop and implement procedures that require rating officials of Contracting Officer's Representatives to solicit performance input from the Contracting Officer via email or memorandum for related work commitments when the Contracting Officer's Representatives' duties entail 25 percent or more of their workload, as required by 14 Foreign Affairs Handbook-2 H-114, "COR Work Commitments."

Management Response (11-13-2018): NEA concurs with this recommendation and has begun to implement this.

Recommendation 11: OIG recommends that the Bureau of Near Eastern Affairs require the Contract Management Office in Iraq to update its Contract and Contracting Officer's Representative (COR) File Maintenance Standard Operating Procedure and corresponding checklists to require CORs to maintain all pertinent documentation, including contractor progress reports, in the COR files in accordance with 14 Foreign Affairs Handbook-2 H-517, "Standard Contracting Officer's Representative (COR) Working File."

Management Response (11-13-2018): NEA concurs with this recommendation, and CMO implemented it in August 2018 (See Tab 1 and Tab 2).

Recommendation 12: OIG recommends that the Bureau of Near Eastern Affairs require the Contracting Officer's Representatives (CORs) for contracts SAQMMA12D0165, SAQMMA13D0120, SAQMMA17C0180, SAQMMA16C0203, SAQMMA16C0313, and SAQMMA17C0085 to retroactively populate the COR files for these contracts to include all contractor progress reports, contract-related documentation, trafficking-in-persons inspections, and other deliverables.

Management Response (11-13-2018): NEA concurs with this recommendation. CMO has begun implementing it, retroactively populating the COR files for the referenced contracts where the documentation exists. CMO notes that many files were destroyed during the 2014 drawdown of Embassy Baghdad.

Recommendation 13: OIG recommends that the Bureau of Near Eastern Affairs require the Contract Management Office in Iraq to (a) conduct inspections of the Contracting Officer's Representative (COR) files for contracts SAQMMA12D0165, SAQMMA13D0120, SAQMMA17C0180, SAQMMA16C0203, SAQMMA16C0313, and SAQMMA17C0085 within 30 days of the date of this report and (b) certify whether the COR files are complete and, if not, report the corresponding COR's non-compliance to the appropriate supervisor in accordance with the bureau's guidance.

Management Response (11-13-2018): NEA concurs with this recommendation, and CMO has begun to implement it.

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Attachments:

Tab 1 – Email from CMO Director regarding COR File Maintenance SOP

Tab 2 – COR File Maintenance SOP

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Approved: NEA-SCA/EX: Jefferson D. Smith, Deputy Executive Director

Drafted: NEA/EX – Daniel Aaron, ext. 7-1140 and home/cell: 802-356-4984

| | | |
|----------|------------------------------|----|
| Cleared: | NEA-SCA/EX: JSmith | OK |
| | NEA-SCA/EX: EAllaham | OK |
| | Embassy Baghdad CMO: SSpodek | OK |
| | RCSO Frankfurt: THanway | OK |
| | A/OPE: JMoore | OK |

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APPENDIX C: BUREAU OF ADMINISTRATION, OFFICE OF THE PROCUREMENT EXECUTIVE RESPONSE



United States Department of State

Washington, D.C. 20520

UNCLASSIFIED

November 14, 2018

MEMORANDUM

TO: OIG/AUD – Norman P. Brown

FROM: A/OPE – Cathy J. Read 

SUBJECT: Draft Report on *Audit of the Bureau of Near Eastern Affairs' Selection and Management of Contract Oversight Personnel in Iraq*

Thank you for the opportunity to provide a comments and an initial response for the subject audit report.

Recommendation 5: OIG recommends that the Bureau of Administration, Office of the Procurement Executive create, organize and lead a multi-bureau working group with the goal of remedying identified shortfalls with the current and future Contracting Officer's Representative (COR) workforce. The working group should, at a minimum: (a) explore building a roster of certified Federal Acquisition Certification for Contracting Officer's Representatives and their technical expertise and a mechanism to keep this roster current, (b) research the inclusion of CORs in the strategic human capital plan with the goal of addressing current and future COR needs and developing plans Department-wide to alleviate identified shortfalls, (c) study other alternatives for feasibility of implantation, such as using special pay incentives or a new COR skill code or employment track within the Foreign Service, and (d) provide its documented results and recommendations to the Deputy Secretary of State for his awareness and consideration.

Management Response to Draft Report (11/14/2018): The Bureau of Administration, Office of the Procurement Executive (OPE) concurs with the recommendation with comments.

To augment the OPE hosted COR Council, OPE is committed to re-establishing a COR Advisor Panel that is tasked with engaging the Department to identify challenges and solutions that may assist bureaus reduce shortfalls in access to qualified candidates for COR positions. However, OPE requests OIG recognize this process will take significant resources to initiate during FY 2019 and may not produce results for 18 to 24 months. In addition, OPE would like to clarify we can dedicate nominal resources to this endeavor at this time as it was not budgeted for this fiscal year. To close the recommendation, OPE will seek to provide OIG documentation of progress made toward implementing solutions that are necessary to meet the intent of the recommendation.

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In addition, OPE requests OIG modify the recommendation at subparagraph (d) to reflect OPE providing results of activities conducted to implement the recommendation to the Under Secretary for Management (M) in lieu of the Deputy Secretary of State.

Recommendation 10: OIG recommends that the Bureau of Administration, Office of the Procurement Executive update 14 Foreign Affairs Handbook-2 H-114, "COR Work Commitments," to include a requirement for rating officials of Government Technical Monitors to solicit performance input from the Contracting Officer's Representative or other informed contracting personnel via email or memorandum for related work commitments when the Government Technical Monitors' duties entail 25 percent or more of their workload.

Management Response to Draft Report (11/14/2018): OPE concurs with the recommendation and will seek to update the Foreign Affairs Handbook prior to the end of FY2019.

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Approved: A/OPE: Cathy J. Read

Drafter: A/OPE – Nicholas Cloutier, 703-875-6846

| | | | |
|----------|----------------|----------|-----------------|
| Cleared: | A/FO: | RHeaton | (ok) |
| | A/OPE/AP/PD: | EMoore | (ok) |
| | A/OPE/AQM/BOD: | VSanchez | (ok) |
| | M: | MLampel | (ok) |
| | M/PRI: | SCimino | (ok) |
| | A/EX: | JMcGuire | info by request |

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ABBREVIATIONS

| | |
|-----------|---|
| A/OPE | Bureau of Administration, Office of the Procurement Executive |
| A/OPE/AQM | Bureau of Administration, Office of the Procurement Executive, Office of Acquisitions Management |
| Basrah | U.S. Consulate General Basrah |
| BDSC | Baghdad Diplomatic Support Center |
| BEC | Baghdad Embassy Compound |
| BLISS | Baghdad Life Support Services |
| CMO-Iraq | Contract Management Office in Iraq |
| CO | Contracting Officer |
| COR | Contracting Officer's Representative |
| FAC-COR | Federal Acquisition Certification for Contracting Officer's Representatives |
| FAH | Foreign Affairs Handbook |
| FAR | Federal Acquisition Regulation |
| GTM | Government Technical Monitor |
| M/PRI | Office of Management, Policy, Rightsizing, and Innovation |
| MSSI | Medical Support Services Iraq |
| NEA | Bureau of Near Eastern Affairs |
| OIG | Office of Inspector General |
| OMSS | Operations and Maintenance Support Services |
| PSC | personal services contractor |
| Union III | Union III Compound |

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