



Office of Inspector General

UNCLASSIFIED

**United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General**

Office of Audits

**Audit of Funding Provided by the
American Recovery and Reinvestment Act
for the Bureau of Consular Affairs
Passport Facilities Project**

Report Number AUD/CG-12-25, March 2012

~~Important Notice~~

~~This report is intended solely for the official use of the Department of State or the Broadcasting Board of Governors, or any agency or organization receiving a copy directly from the Office of Inspector General. No secondary distribution may be made, in whole or in part, outside the Department of State or the Broadcasting Board of Governors, by them or by other agencies or organizations, without prior authorization by the Inspector General. Public availability of the document will be determined by the Inspector General under the U.S. Code, 5 U.S.C. § 552. Improper disclosure of this report may result in criminal, civil, or administrative penalties.~~

UNCLASSIFIED



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

PREFACE

This report is being transmitted pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared as part of the Office of Inspector General's (OIG) responsibility to promote effective management, accountability, and positive change in the Department of State and the Broadcasting Board of Governors.

This report addresses whether the Department of State complied with requirements for source selection, posting of pre-award and post-award notices, and contract administration and whether it had sufficient management controls over contracts issued with American Recovery and Reinvestment Act (Recovery Act) funds. Recovery Act funds of approximately \$15 million were obligated to open five new Bureau of Consular Affairs passport facilities, including equipment purchases, and to expand two existing facilities. The report is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

OIG contracted with the independent public accountant Cotton & Company, LLP, to perform this audit. The contract required that Cotton & Company perform its audit in accordance with guidance contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States. Cotton & Company's report is included.

Cotton & Company identified three areas in which improvements could be made: complying with all relevant Federal laws and regulations, including those of the Recovery Act; having adequate processes and systems in place to collect information required to be reported by the Recovery Act; and providing complete and accurate information as required by the Recovery Act.

OIG evaluated the nature, extent, and timing of Cotton's work; monitored progress throughout the audit; reviewed Cotton's supporting documentation; evaluated key judgments; and performed other procedures as appropriate. OIG concurs with Cotton's findings, and the recommendations contained in the report were developed on the basis of the best knowledge available and were discussed in draft form with those individuals responsible for implementation. OIG's analysis of management's response to the recommendations has been incorporated into the report. OIG trusts that this report will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of the individuals who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "Harold W. Geisel".

Harold W. Geisel
Deputy Inspector General

UNCLASSIFIED



Cotton & Company LLP
635 Slaters Lane
4th Floor
Alexandria, VA 22314

P: 703.836.6701
F: 703.836.0941
www.cottoncpa.com

Audit of Funding Provided by the American Recovery and Reinvestment Act for the
Bureau of Consular Affairs Passport Facilities Project

Office of Inspector General
U.S. Department of State
Washington, DC

Cotton & Company, LLP (referred to as “we” in this letter), has performed an audit of Department of State (Department) compliance with Federal, Department, and American Recovery and Reinvestment Act (Recovery Act) acquisition management practices on the Bureau of Consular Affairs Passport Facilities project. We evaluated the Department’s performance in complying with source selection, pre-award and post-award notices, contract administration, and management control processes for contracts funded through the Recovery Act.

This performance audit, performed under Contract No. S-AQMPD-04-D0035, was designed to meet the objective identified in the report section titled “Objective” and further defined in Appendix A, “Scope and Methodology,” of this report.

We conducted this performance audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. We communicated the results of our performance audit and related findings and recommendations to the U.S. Department of State Office of Inspector General.

We appreciate the cooperation provided by personnel in Department offices during the audit.

COTTON & COMPANY, LLP

A handwritten signature in black ink, appearing to read "Michael W. Gillespie".

Michael W. Gillespie, CPA, CFE
Partner

Alexandria, Virginia
February 2012

UNCLASSIFIED

UNCLASSIFIED

Acronyms

APC	Arkansas Passport Center
A/LM/AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management
A/OPR/FMS	Bureau of Administration, Office of Operations, Office of Facilities Management Services
A/OPR/RPM	Bureau of Administration, Office of Operations, Office of Real Property Management
CA	Bureau of Consular Affairs
CA/C	Bureau of Consular Affairs, Office of the Comptroller
Department	Department of State
DS	Bureau of Diplomatic Security
FAR	<i>Federal Acquisition Regulation</i>
FPDS	Federal Procurement Data System
GSA	General Services Administration
GWAC	Governmentwide Acquisition Contract
IRM/OPS/ENM/TWD	Bureau of Information Resource Management, Office of Enterprise Network Management, Telecommunications, Wireless, and Data Services Division
LEED	Leadership in Energy and Environmental Design
NPC	National Passport Center
OIG	Office of Inspector General
OMB	Office of Management and Budget
Recovery Act	American Recovery and Reinvestment Act of 2009
RM	Bureau of Resource Management
RM/GFS/DFS	Bureau of Resource Management, Global Financial Services, Office of Domestic Financial Services
RWA	Reimbursable Work Authorization
TAS	Treasury Account Symbol

UNCLASSIFIED

UNCLASSIFIED

TABLE OF CONTENTS

Section	Page
Executive Summary	1
Background	2
Program Review and Observations	2
Objective	3
Results of Audit	3
Finding A: Contract Actions Were Not Recovery Act-Funded as Obligated	3
Finding B: Required Monitoring Was Not Performed on Recovery Act Contracts of Less Than \$25,000	6
Finding C: Required Notices Were Not Posted Consistently	7
Finding D: Contract Actions Did Not Consistently Include Required Clauses	8
Finding E: Passport Facility Was Not Built To Meet Leadership in Energy and Environmental Design Criteria	9
List of Recommendations	10
Appendices	
A Scope and Methodology	11
B Passport Facility Project Obligations and Expenditures as of June 12, 2011	15
C Telephone Service Contract Obligations, Actions, and Payments From June and July 2011	16
D Bureau of Consular Affairs, Office of the Comptroller, Response	17
E Bureau of Resource Management Response	19
F Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, Response	20
G Bureau of Administration, Office of Operations, Office of Financial Management Services, Response	22

Executive Summary

The Department of State (Department), Office of Inspector General (OIG), Office of Audits, engaged Cotton & Company, LLP (referred to as “we” in this report), to conduct a performance audit of the Department’s Bureau of Consular Affairs (CA) Passport Facilities project. This project received funding provided by the American Recovery and Reinvestment Act of 2009 (Recovery Act). CA worked with the General Services Administration (GSA) to plan and acquire sites and oversee construction efforts. The Department’s Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), managed contract administration to equip the facilities. In addition, CA, with assistance from the A Bureau, managed the overall schedule to complete the project.

The audit objective was to determine whether the Department complied with source selection, posting of pre-award and post-award notices, and contract administration and had sufficient management controls over contracts issued with Recovery Act funds. Recovery Act funds of approximately \$15 million were obligated to open new CA passport facilities, including equipment purchases, at five locations: St. Albans, VT; Buffalo, NY; El Paso, TX; Atlanta, GA; and San Diego, CA. The funds were also to be used to expand two existing facilities: Portsmouth, NH, National Passport Center (NPC) and the Hot Springs, AR, Passport Center (APC). NPC and APC both process passport applications and print passports. Recovery Act funding covered the initial construction and equipment costs, while out-year operating costs will be funded through the Border Security Program, which is funded through Department fees collected for providing consular services.

While the Department successfully completed and opened all seven passport facilities, its controls to monitor the project were ineffective in some areas. For example, telephone service contracts for six passport facilities, amounting to about \$1.4 million, were not awarded and paid for using Recovery Act funding, as had been planned. Additionally, certain Recovery Act requirements that are specific to the Passport Facilities project were not met as follows:

- Recovery Act-funded contracts of less than \$25,000 were not monitored to ensure that all contractors complied with required reporting.
- Pre-award and post-award notices were not consistently posted for Passport Facilities project contract actions.
- Recovery Act-funded contract actions for the Passport Facilities project did not consistently include all required clauses.
- One passport facility was not constructed in accordance with Leadership in Energy and Environmental Design (LEED)¹ criteria, and the waiver approval was not documented.

Responses to the draft report were provided by CA; the Bureau of Resource Management (RM); A/LM/AQM; and the Bureau of Administration, Office of Operations, Office of Real

¹ LEED, or Leadership in Energy and Environmental Design, is an internationally recognized green building certification system. Developed by the U.S. Green Building Council in March 2000, LEED provides building owners and operators with a framework for identifying and implementing practical and measurable green building design, construction, operations, and maintenance solutions. (Source: U.S. Green Building Council at <www.usgbc.org>.)

UNCLASSIFIED

Property Management (A/OPR/RPM). (The responses are in Appendices D, E, F, and G, respectively). The bureaus agreed with the report's six recommendations. Based on the responses, OIG considers two recommendations closed and four recommendations resolved, pending further action.

Background

Recovery Act funds of \$14,994,956 were obligated to open the five new CA passport facilities, including equipment purchases, and expand the two existing locations, which process passport applications and print passports. Average facility costs were estimated at \$1.7 million to \$2.2 million (including equipment) per facility, at an average cost of \$220 per square foot. Construction was expected to begin during FY 2010, with a typical build-out period of 18 months. Recovery Act funding covered the initial construction and equipment costs, and out-year operating costs will be funded through the Border Security Program, which is funded primarily through fees the Department collects for providing consular services

The Department worked with the General Services Administration (GSA) to plan for and complete site acquisition, procure architectural and engineering services for developing master plans and design-build documents, and provide construction services and construction management. All requirements of the agreement between the Department and GSA were specified in a memorandum of understanding. However, when all of the facilities are completed, CA will not "own" these facilities. Instead, under the Federal Property and Administrative Services Act of 1949, as amended,² GSA will have custody and control of these facilities. A/LM/AQM would prepare Independent Government Cost Estimates for contracts and preliminary project schedules. The Bureau of Administration, Office of Operations, Office of Facilities Management Services (A/OPR/FMS), would report on the progress toward achieving various "greening," or environmental, initiatives. The U.S. Department of State American Recovery and Reinvestment Act of 2009 External Program Plan, issued in June 2009 and updated in July 2010, stated that all facilities would be designed and constructed in compliance with the latest energy code and guidelines and in compliance with LEED criteria.

Program Review and Observations

As of May 2, 2011, all five new passport locations and two passport center expansions had been completed, and all facilities were open. The first facility to be completed was in Buffalo, which opened on October 4, 2010, and the last facility was in Atlanta, which opened on May 2, 2011. As of September 30, 2010, which was the deadline for Recovery Act fund obligations, funds of \$14,994,956 had been obligated and allocated to the seven facilities. As of June 12, 2011, funds of \$9,964,099 had been expended, leaving \$5,030,857 still to be spent. (Specific financial information by facility is provided in Appendix B.) In addition to the Recovery Act monies, CA funded \$3,464,525 for these projects, primarily to contract for services and equipment.

² Title II, "Property Management," sec. 210, 40 U.S.C. § 481.

UNCLASSIFIED

The main goal of the project was to expand the number of locations providing in-person passport service while meeting Government Accountability Office recommendations to collocate passport processing units and diplomatic security fraud units. A total of 51 public counters were built, 15 more counters than originally planned, and the Department was able to combine the adjudication and fraud units at the Portsmouth NPC and the Hot Springs APC. Additionally, with the coordination efforts of GSA and CA, the Bureau of Diplomatic Security (DS) was able to locate offices in all facilities where DS was not already present, that is, El Paso, Buffalo, St. Albans, and the Hot Springs APC.³

Objective

The audit objective was to assess the Department's performance relating to source selection, pre-award and post-award notices, contract administration, and management controls over contracts issued with Recovery Act funds. Additionally, we determined the Department's compliance with requirements of the Recovery Act, the *Federal Acquisition Regulation* (FAR), and Department of State Acquisition Regulations.

Results of Audit

We determined that passport facilities were opened on a timely basis and that CA closely monitored each project to ensure that required steps for the following functional areas were completed to keep projects on schedule: real property management, security, consular systems and technology, telecommunication, wireless and data services, and furniture. However, financial accountability and controls over funds were ineffective in some areas and resulted in contract payment errors and issues of noncompliance with Recovery Act monitoring and reporting requirements. CA officials stated that they believed they could correct accounting errors of \$1.4 million in instances in which non-Recovery Act funds were used for Passport Facility projects when Recovery Act funds were available.

Finding A. Contract Actions Were Not Recovery Act-Funded as Obligated

During our audit, we found that telephone service contracts for six passport facilities were not awarded and paid for using Recovery Act funds obligated for this purpose. On June 16, 2010, CA provided \$1,921,867 in Recovery Act funding for telephone service start-up costs to the Bureau of Information Resources Management, Operations, Office of Enterprise, Network Management, Telecommunications, Wireless, and Data Services Division (IRM/OPS/ENM/TWD). Between August 4 and October 19, 2010, TWD, using a GSA contracting officer, awarded telephone service task orders of \$1,665,927 using a GSA Governmentwide Acquisition Contract (GWAC), No. GS00T03AHD008,⁴ without properly designating the telephone service contracts as Recovery Act-funded actions. We found that the Bureau of Resource Management, Global Financial Services, Office of Domestic Financial Services (RM/GFS/DMS), received authorization from CA's Office of the Comptroller (CA/C) to fund telephone services with Recovery Act accounting codes. However, RM/GFS/DMS did

³ In Atlanta and San Diego, DS offices were already located nearby.

⁴ GWAC No. GS00T03AHD008 includes task orders GST0310DS6124, GST0311DS6004, GST0310DS6148, GST0311DS6019, GST0311DS6020, and GST0311DS6014.

UNCLASSIFIED

not reimburse the TWD working capital account with the Recovery Act-funded obligations but incorrectly reimbursed the capital account with funds from CA Special Projects Fund 1044088553.

As of July 7, 2011, \$1,385,743 had been paid on these telephone service task orders out of CA Special Projects Fund 1044088553. (Obligations, expenditures, contract actions, and payments are detailed in Appendix C.)

During our June 22, 2011, exit meeting with officials from CA, the A Bureau, and RM, a CA/C official stated that the funding source was incorrect and that a journal voucher would be initiated to correct the funding error.

We identified \$5,030,857 that remained as of June 12, 2011, in unliquidated Recovery Act obligations for the Passport Facilities project, even though the seven facilities were completed. (The obligations are shown in Appendix B). In addition to the \$1.4 million paid out of the incorrect account for telephone service expenditures, \$3.6 million remains in unliquidated obligations. For example, the El Paso facility was opened during March 2011, but no funds were drawn from the GSA Reimbursable Work Authorizations (RWA)⁵ of \$548,050 through June 2011. Also, the Vermont project's furniture contract obligation of \$140,920 had not been expended, even though the Vermont facility had been open since February 2011. Additionally, we found a number of contracts with information technology and security vendors that had a large amount of unliquidated obligations. While contractors may still be submitting invoices, the Department's controls did not prevent the incorrect telephone service payments. Therefore, the potential exists for similar errors to have occurred for the other contracts.

Because the telephone service task orders were not awarded as Recovery Act funded, the task orders were not publicized on the Web site FedBizOpps and were not designated in the Federal Procurement Data System (FPDS) as Recovery Act funded. Therefore, these task orders or the contract did not include required Recovery Act clauses. Because of these posting oversights, the transparency and accountability goals of Recovery Act funding actions were not fully met. The FAR⁶ requires pre-award notices to be posted on FedBizOpps for contract actions exceeding \$25,000. Office of Management and Budget (OMB) guidance⁷ for contracts awarded with Recovery Act funds specifies the clauses required to be included in each contract.

OMB guidance⁸ states, "If agencies obligate funds provided under the Recovery Act on an existing order or contract, including but not limited to a Governmentwide Acquisition Contract (GWAC), multi-agency contract, GSA Federal Supply Schedule contract, or agency indefinite-delivery/indefinite-quantity contract, they must be reported as 'Recovery' actions per

⁵ The RWA is an agreement between GSA and the customer whereby GSA's Public Buildings Service agrees to provide materials and services and the customer agency agrees to reimburse GSA. GSA also identifies the specific needs of the agency and establishes financial arrangements.

⁶ FAR 5.704, "Publicizing Requirements Under the American Recovery and Reinvestment Act of 2009—Publicizing-pre-award."

⁷ OMB Memorandum M-09-15, "Updated Implementing Guidance for the American Recovery and Reinvestment Act of 2009," sec. 6.4, issued on April 3, 2009.

⁸ OMB Memorandum M-09-10, "Initial Implementing Guidance for the American Recovery and Reinvestment Act of 2009," sec. 6.1(4), issued on Feb. 18, 2009.

UNCLASSIFIED

Section 6.2(3).” OMB guidance⁹ also states, “When entering data in FPDS on any action (including modifications) funded by the Recovery Act, agencies must enter the Treasury Account Symbol (TAS) in the *Description of Requirement* field. . . . Agencies should coordinate with their budget/finance offices to identify the applicable TAS codes.”

Recommendation 1. We recommend that the Bureau of Consular Affairs (CA), Office of the Comptroller, provide documentation showing that it has taken actions to reverse the \$1,385,743 incorrectly paid on telephone service contracts from CA Special Projects Fund 1044088553 and instead use obligated funds from the Recovery and Reinvestment Act.

Bureau of Consular Affairs Response: CA agreed with the recommendation, stating that it had “discussed this issue with . . . RM in June 2011.” CA further stated that at that time, RM had “indicated that it would take action to reverse” the incorrectly paid amounts. In addition, CA stated that it would “follow up with RM to obtain documentation that demonstrates this adjustment has been made.”

OIG Analysis: OIG considers the recommendation resolved. The recommendation can be closed pending OIG’s review and acceptance of documentation confirming that the necessary adjustment has been made.

Recommendation 2. We recommend that the Bureau of Consular Affairs, Office of the Comptroller, review the remaining \$3.6 million in unliquidated Recovery Act obligations (\$5 million in unliquidated obligations minus the \$1.4 million for the telephone service contracts) and determine whether the Bureau of Resource Management, Office of Domestic Financial Services, used funds that were not provided by the American Recovery and Reinvestment Act to pay for any of the other Recovery Act-obligated contracts and services.

Management Responses: CA concurred with the recommendation, stating that it “will work with [RM] to review the remaining \$3.6 million in unliquidated Recovery Act obligations.”

In its response, RM also concurred with the recommendation, stating that CA “should coordinate with [RM’s] Department Allotment Accounting and identify which obligation(s) require correction.”

OIG Analysis: Based on the responses, OIG considers the recommendation resolved. The recommendation can be closed pending OIG’s review and acceptance of documentation confirming that the necessary corrections have been made.

Recommendation 3. We recommend that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, request that the General Services Administration modify Task Orders GST0310DS6124, GST0311DS6004, GST0310DS6148, GST0311DS6019, GST0311DS6020, and GST0311DS6014 for

⁹ OMB Memorandum M-09-10, sec. 6.2(3).

UNCLASSIFIED

Contract FA00T03AHD0008 as follows: identify the task orders as funded by the Recovery and Reinvestment Act, add the required clauses, ensure that contract actions are subsequently publicized in accordance with Recovery Act requirements, and update the Federal Procurement Data System to indicate that the contracts are funded by the Recovery Act.

Bureau of Consular Affairs Response: CA concurred with the recommendation, stating that “the contract should be modified to include the appropriate [Recovery Act] language.” “However,” according to CA, the Office of Acquisitions Management (AQM) “is responsible for these modifications and this recommendation should be directed to AQM.”

OIG Analysis: OIG considers the recommendation resolved. The final report was modified to address the recommendation to A/LM/AQM. The recommendation can be closed pending OIG’s review and acceptance of documentation confirming that the contract has been modified to include the appropriate Recovery Act language.

Finding B. Required Monitoring Was Not Performed on Recovery Act Contracts of Less Than \$25,000

AQM did not monitor Recovery Act-funded contracts of less than \$25,000 to ensure that contractors complied with required reporting and that reports were accurate. The FAR¹⁰ requires all contractors providing products or services under the Recovery Act to report on their use of the funds. Additionally, OMB guidance¹¹ states that “agencies must ensure the information provided in reports is consistent with the award (e.g., accurate award date, obligation amount, awarding and funding agency, North American Industry Classification System . . . ¹² code, progress, cumulative amount invoiced, etc).” It further states that the agency review is intended to identify “significant errors” or “material omissions” in these reports. Significant errors are defined in the OMB guidance as errors in data fields, such as award amount, number of jobs retained or created, award number, and recipient name. Material omissions include the failure of a Federal Recovery Act award recipient to comply with reporting requirements as required by award terms.

During our audit, we identified three contractors that did not report contracts on FedReporting.gov. We also identified three other contractors that reported in one period indicating that projects were not complete but then did not report the project statuses in future periods. For the three contractors that did not report, two contracts contained Recovery Act reporting requirements. The FAR¹³ requires the contractor to report on its use of Recovery Act funds under the contract.

¹⁰ FAR 52.204-11(d), “American Recovery and Reinvestment Act, Reporting Requirements.” (March 2009)

¹¹ OMB Sept. 30, 2009, memorandum, “Interim Guidance on Reviewing Contractor Reports on the use of Recovery Act Funds in Accordance with FAR Clause 52.204-11,” att. A, question 1.

¹² The North American Industry Classification System is the standard used by Federal statistical agencies in classifying business establishments for the purpose of collecting, analyzing, and publishing statistical data related to the U.S. business economy.

¹³ FAR 52.204-11(b)-(d).

UNCLASSIFIED

Although AQM established controls to track and review the required content of Recovery Act reporting, it did not, however, review contracts of less than \$25,000. A senior AQM official stated that contracts of less than \$25,000 were exempt from reporting. Further, the AQM official stated that he interpreted the OMB¹⁴ guidance of “not required to report (e.g., loan or grant less than \$25,000)” to include contracts of less than \$25,000. We determined that AQM did not realize that separate guidance was provided for contracts that did not provide for a minimum dollar threshold that excluded contracts valued under \$25,000 from reporting. After we brought this issue to the attention of AQM officials in April 2011, AQM provided a revised master file in June identifying contractors required to report for the second quarter of 2011 and stated that this master file included all 38 contractors. The 38 contractors had contracts under \$25,000, for which AQM assumed were “Not Required to Report” and had not submitted a “final” report on FederalReporting.gov prior to the second quarter of 2011.¹⁵ AQM officials stated that the responsible Recovery Act staff was working to achieve reporting compliance from these contractors during the reporting period that began in July 2011.

Recommendation 4. We recommend that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, provide documentation showing that the 38 contractors identified in the revised Recovery and Reinvestment Act information for the reporting period that began in July 2011 complied with the *Federal Acquisition Regulation* (FAR 52.204-11) and reported as required by FAR 52.204-11 data such as contract award; expenditures; jobs created or retained; status of project; and, if applicable, subcontract information and compensation of executives.

Bureau of Administration (A/LM/AQM) Response: A/LM/AQM concurred with the recommendation and attached, as part of its response, a spreadsheet containing “evidence that 36 of the 38 awards” were properly awarded and that the recipients were in compliance.” A/LM/AQM further stated, “The single non-compliant entity,” which had two awards, “has been de-registered in the Central Contractor Registry.”

OIG Analysis: OIG considers the recommendation closed.

Finding C. Required Notices Were Not Posted Consistently

AQM did not consistently post pre-award and post-award notices on FedBizOpps. Of 25 contract actions reviewed, we found that pre-award notices for four actions had not been posted as required. The FAR¹⁶ requires pre-award notices to be posted on FedBizOpps for contract actions that exceed \$25,000. Post-award notices were posted for two of the four contracts, but pre-award notices were not posted as required by the FAR. The other two contract actions did not have any postings on FedBizOpps, for which a pre-award notice was required for both and a post-award notice was required for one. Also, the FAR¹⁷ requires the posting of “post-award

¹⁴ OMB M-10-34, “Updated Guidance on the American Recovery and Reinvestment Act,” pt. II(1), “Updated Guidance on Reporting Procedures,” issued on Sept. 24, 2010.

¹⁵ Contractors report “final” status when final payment has been received. No additional reporting is required after the period reported as “final.”

¹⁶ FAR 5.704.

¹⁷ FAR 5.705.

UNCLASSIFIED

notices for any contract action exceeding \$500,000, funded in whole or part by the Recovery Act.”

According to AQM officials, postings were inadvertently omitted by the respective contract specialists. Without the required postings on FedBizOpps, the public and other contractors were not made aware of contracting actions, thereby defeating the transparency and accountability goals of the Recovery Act.

Recommendation 5. We recommend that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, ensure that future modifications made to contracts and task orders funded by the American Recovery and Reinvestment Act are posted to the Web site FedBizOpps, as required by the *Federal Acquisition Regulation* (FAR 5.7).

Bureau of Administration (A/LM/AQM) Response: A/LM/AQM agreed with the recommendation to take actions to comply with the requirements of FAR 5.7.

OIG Analysis: OIG considers the recommendation closed.

Finding D. Contract Actions Did Not Consistently Include Required Clauses

Recovery Act-funded contract actions did not consistently include all required Recovery Act clauses, as required by the FAR.¹⁸ Of the 25 orders and contracts tested, five were missing one or more of the required clauses. Two contracts did not include any of the required clauses. The other three contracts were missing the Commercial Item clause¹⁹ and therefore also the applicable audit and records clause.²⁰ Two contracts were also missing the Whistleblower Protection clause.²¹

According to AQM officials, contracting officers inadvertently omitted the required clauses. Without the required clauses outlined in the contracts, contractors were not aware that they were expected to comply with contract provisions specific to the Recovery Act, including those provisions necessary to ensure that transparency and accountability goals are met. In the two instances in which the contract actions did not include any of the required clauses, the contractor had other Recovery Act-funded contracts and reported all of them on FederalReporting.gov, as required.

When notified of the omissions, AQM issued modifications to the three active contracts to add the required clauses and completed work on the fourth contract order. Because AQM provided us documentation during the audit showing that modifications had been made to the

¹⁸ FAR 52.212-5, “Contract Terms and Conditions Required to Implement Statutes or Executive Orders—Commercial Items.”

¹⁹ FAR 52.212-5(b).

²⁰ FAR 52.214-26, “Audit and Records—Sealed Bidding.” This clause applies to all contracts funded in whole or in part with Recovery Act funds, regardless of dollar value.

²¹ FAR 52.203-15.

three active contracts, we are not recommending that AQM take any additional action on this issue.

Finding E. Passport Facility Was Not Built To Meet Leadership in Energy and Environmental Design Criteria

We found that the El Paso passport facility was not built in compliance with LEED criteria, and no documentation was available to support approval to accept a facility that would not meet such requirements. The U.S. Department of State American Recovery and Reinvestment Act of 2009 External Program Plan, issued in June 2009 and updated in July 2010, stated that the El Paso facility would “be designed and constructed in compliance with the latest energy code and guidelines and in compliance with LEED criteria.” Additionally, as outlined in its “Facilities Standards for the Public Buildings Service,”²² GSA requires new construction of leased properties to obtain LEED certification. There was no documentation available at the time of our audit to support GSA’s authority to recommend a site that would not meet the LEED criteria or certification requirements or CA’s decision to proceed with a site whose size was not in accordance with the Department’s program plan.

CA personnel explained that during GSA’s search for a potential site in El Paso, only one building site was identified as acceptable. The building owner, however, would not commit to constructing the facility in accordance with LEED criteria, stating that based on previous experience, it was cost prohibitive. Because of the number of limited potential sites and the public need for the passport facility, GSA still recommended that the Department pursue the location.

Recommendation 6. We recommend that the Bureau of Administration, Office of Operations, Office of Real Property Management, obtain documentation from the General Services Administration (GSA) that provides support concerning approval to recommend and occupy a site for the El Paso, TX, passport facility that would not require construction in compliance with Leadership in Energy and Environmental Design (LEED) criteria. If a waiver for LEED certification for this facility was not already obtained, the Office of Facilities Management Services should request the waiver from GSA.

Bureau of Administration (A/OPR/RPM) Response: A/OPR concurred with the recommendation but requested that “the recommendation in the final version of this report be changed to reflect” A/OPR/RPM “rather than A/OPR/FMS as the responsible office for obtaining the requested documentation from the General Services Administration.”

OIG Analysis: OIG made the requested change and considers the recommendation resolved. The recommendation can be closed pending OIG’s review and acceptance of the requested documentation from the General Services Administration.

²² U.S. General Services Administration, Office of the Chief Architect, “Facilities Standards for the Public Buildings Service,” ch. 1, “General Requirements,” subpt. 1, “Environmental Policies and Practices,” issued in March 2005.

List of Recommendations

Recommendation 1. We recommend that the Bureau of Consular Affairs (CA), Office of the Comptroller, provide documentation showing that it has taken actions to reverse the \$1,385,743 incorrectly paid on telephone service contracts from CA Special Projects Fund 1044088553 and instead use obligated funds from the Recovery and Reinvestment Act.

Recommendation 2. We recommend that the Bureau of Consular Affairs, Office of the Comptroller, review the remaining \$3.6 million in unliquidated Recovery Act obligations (\$5 million in unliquidated obligations minus the \$1.4 million for the telephone service contracts) and determine whether the Bureau of Resource Management, Office of Domestic Financial Services, used funds that were not provided by the American Recovery and Reinvestment Act to pay for any of the other Recovery Act-obligated contracts and services.

Recommendation 3. We recommend that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, request that the General Services Administration modify Task Orders GST0310DS6124, GST0311DS6004, GST0310DS6148, GST0311DS6019, GST0311DS6020, and GST0311DS6014 for Contract FA00T03AHD0008 as follows: identify the task orders as funded by the Recovery and Reinvestment Act, add the required clauses, ensure that contract actions are subsequently publicized in accordance with Recovery Act requirements, and update the Federal Procurement Data System to indicate that the contracts are funded by the Recovery Act.

Recommendation 4. We recommend that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, provide documentation showing that the 38 contractors identified in the revised Recovery and Reinvestment Act information for the reporting period that began in July 2011 complied with the *Federal Acquisition Regulation* (FAR 52.204-11) and reported as required by FAR 52.204-11 data such as contract award; expenditures; jobs created or retained; status of project; and, if applicable subcontract information and compensation of executives.

Recommendation 5. We recommend that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, ensure that future modifications made to contracts and task orders funded by the American Recovery and Reinvestment Act are posted to the Web site FedBizOpps as required by the *Federal Acquisition Regulation* (FAR 5.7).

Recommendation 6. We recommend that the Bureau of Administration, Office of Operations, Office of Real Property Management, obtain documentation from the General Services Administration (GSA) that provides support concerning approval to recommend and occupy a site for the El Paso, TX, passport facility that would not require construction in compliance with Leadership in Energy and Environmental Design (LEED) criteria. If a waiver for LEED certification for this facility was not already obtained, the Office of Facilities Management Services should request the waiver from GSA.

Scope and Methodology

The Department of State, Office of Inspector General (OIG), Office of Audits, engaged Cotton & Company, LLP (referred to as “we” in this report), to conduct a performance audit of the Bureau of Consular Affairs (CA) Passport Facilities project funded by the American Recovery and Reinvestment Act of 2009 (Recovery Act). The audit objective was to determine the Department’s performance in complying with source selection, pre-award and post-award notices, contract administration, and management control processes over contracts issued with Recovery Act funds.

The scope of our audit included reviewing controls in place for Recovery Act funds of \$14,994,956 obligated by the Department for the Passport Facilities project. Our audit evaluated contracts awarded to construct and equip five new passport agencies and expand two existing locations that process passport applications and print passports.¹ Our audit included testing project expenses and reviewing overall project management for the seven facilities. It also included reviewing obligations made to the General Services Administration (GSA) through Reimbursable Work Authorizations (RWA) for site construction, renovation, design, and construction management. Our testing focused on determining whether Recovery Act funds were spent in accordance with the project plan and were controlled to ensure that waste, fraud, and abuse did not occur. We tested expenditures incurred through February 23, 2011. We conducted our audit from June 2010 to July 2011.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on audit objective.

To meet the audit objective, we used the following methodology:

- Reviewed the approved U.S. Department of State American Recovery and Reinvestment Act of 2009 External Program Plan to ensure that the Passport Facilities project was identified and the plan was complete.
- Conducted discussions with CA personnel to obtain a general understanding of key personnel and bureaus involved and how the Passport Facilities project was managed.
- Reviewed documentation used to monitor the projects and evaluated whether reporting was provided to management to assess programmatic and financial project progress.

¹ The five new passport agencies are located in St. Albans, VT; Buffalo, NY; El Paso, TX; Atlanta, GA; and San Diego, CA. The two existing facilities are the Portsmouth, NH, National Passport Center and the Hot Springs, AR, Passport Center.

UNCLASSIFIED

- Evaluated the monitoring of obligation, funding, and expenditure data; the assessments conducted to reallocate funds prior to the September 30, 2010, deadline; and the controls established to ensure monies allocated were used efficiently.
- Conducted discussions with Bureau of Administration officials and reviewed documentation available to determine how contracting opportunities were made available to potential sources and how decisions were made to use competitive practices or current contracts.
- Reviewed, for each contract and modification, required postings for the pre-award and post-award notices for each award to determine whether the notices were properly posted on the Web site FedBizOpps and whether they included Recovery Act terminology that was in accordance with the *Federal Acquisition Regulation* (FAR 5.7).
- Obtained and reviewed copies of all awards to ensure that the contracts were executed and included applicable required Recovery Act FAR clauses.
- Traced a sample of expenditures to related contracting actions, invoices, and approval documentation to determine whether invoices were properly supported, authorized, and considered necessary/reasonable under the project.
- Selected a sample of passport facility projects to visit² and assessed controls in place during varying stages in the project's life cycle: substantial completion of construction, acceptance of furniture and equipment, and completion of a functioning facility. At these facilities, we validated that projects were completed in accordance with the plan, monies were spent as intended, and assets purchased with Recovery Act monies were properly controlled.
- Reviewed the process used to monitor contractor Recovery Act reporting to determine whether controls were established to ensure timely and accurate reporting on FederalReporting.gov.

Work Related to the Agreement With the General Services Administration

The Department used the services of the General Services Administration (GSA) to lead site acquisition evaluation, negotiation, contracting, construction, and construction management for the five new passport facilities and the Portsmouth National Passport Center expansion. GSA was not involved in the Arkansas Passport Center expansion, as it was contracted to the present building owner by the Department. All requirements of the agreement between the Department and GSA were specified in a memorandum of understanding. The main requirements related to construction are as follows:

- Costs will be reimbursed by the Department; GSA will bill the Department on a monthly basis.

² The facilities visited were El Paso, Buffalo, and Portsmouth.

UNCLASSIFIED

- Costs will include reimbursement of vendor invoices paid by GSA as well as administrative charges (calculated as a percentage of expenses) agreed to by both parties.
- The Department will provide all funding required by GSA to satisfy GSA's obligations through Reimbursable Work Authorizations (RWA).
- GSA will be responsible for contracting all necessary vendors and for managing those contracts.

GSA OIG's Real Property Office is responsible for auditing the validity and appropriateness of the use of Recovery Act funds. An OIG auditor with GSA stated that based on the results of GSA's risk assessment process, no audit of the Recovery Act funding awarded to GSA for the Passport Facilities is planned. Therefore, our scope included performing the following limited procedures on the \$3,841,989 obligated to GSA through RWAs:

- Reviewed RWAs and verified appropriate approvals.
- Reviewed funding documents under RWAs.
- Evaluated whether funds provided through RWAs met obligation requirements.
- Recalculated project management set and sliding scale fees.
- Validated, through a walkthrough of three of the six facilities, that construction was performed and completed according to plan.

We discussed the preliminary results of our audit with Department personnel during fieldwork and presented our audit findings and recommendations to Department officials on June 22, 2011. Responses to the draft report were provided by the Bureau of Consular Affairs, Office of the Comptroller; the Bureau of Resource Management; the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management; and the Bureau of Administration, Office of Operations, Office of Real Property Management. (The responses are in Appendices D, E, F, and G, respectively).

Review of Internal Controls and Automated Systems

During our review of internal controls, we concluded that overall funds were awarded and distributed in a prompt, fair, and reasonable manner and were used for authorized purposes. Federal and Department standard processes and procedures were established. We did, however, identify deficiencies in the execution of established procedures. Specifically, the Department did not have controls in place to ensure the following:

- Service contracts for planned Recovery Act Passport Facility projects were not awarded and paid for using non-Recovery Act funding.
- Pre-award and post-award notices were posted in a timely manner.

UNCLASSIFIED

- Required Recovery Act clauses were included in contract actions.
- Recovery Act-funded contract awards of less than \$25,000 were properly and accurately reporting.

Implementing the recommendations contained in this report will assist in ensuring compliance with stated procedures and contract requirements of the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management.

Computer-Processed Data

We used computer-processed data found in the Global Financial Management System to obtain expenditure data for Recovery Act reporting and to test for the validity and accuracy of contractor invoices paid, and we found no exceptions.

**Passport Facility Project Obligations
and Expenditures as of June 12, 2011**

Passport Facility	Recovery Act Obligations	Funds Expended as of June 12, 2011	Obligated Funds Available as of June 12, 2011
Atlanta, GA	\$2,105,497.00	\$1,315,934.35	\$789,563
Buffalo, NY	2,322,173.94	1,673,478.53	648,695
El Paso, TX	2,139,557.38	905,717.44	1,233,840
Hot Springs, AR APC	1,548,751.53	1,159,943.15	388,808
Portsmouth, NH NPC	2,323,341.55	1,577,806.67	745,535
San Diego, CA	2,077,128.69	1,496,958.94	580,170
St. Albans, VT	<u>2,478,506.21</u>	<u>1,834,259.84</u>	<u>644,246</u>
<u>Totals</u>	<u>\$14,994,956.30</u>	<u>\$9,964,098.92</u>	<u>\$5,030,857</u>

Source: Information provided by Bureau of Consular Affairs from Global Financial Management Services report dated June 13, 2011.

**Telephone Service Contract Obligations, Actions,
and Payments From June and July 2011**

Passport Facility	Opened Date	Unliquidated Obligations in GFMS^{*a}	Expended according to GFMS^a	Total Obligated in GFMS^a	TWD Contract Actions for Telephones^b	Payments for Telephones as of July 7, 2011 out of CA Special Projects Fund 1044088553^c
Atlanta, GA	5/2/11	\$262,700	\$0	\$262,700	\$262,032	\$215,712
Buffalo, NY	10/4/10	233,016	0	233,016	253,618	183,085
El Paso, TX	3/21/11	342,144	7,201	349,345	268,730	234,622
Hot Springs, AR (APC)	10/18/10	0	0	0	0	0
Portsmouth, NH (NPC)	1/19/11	383,059	0	383,059	326,349	275,386
San Diego, CA	3/21/11	346,629	2,864	349,493	296,256	243,298
St. Albans, VT	2/28/11	340,817	3,436	344,253	258,941	233,640
Totals	All opened	\$1,908,365	\$13,501	\$1,921,866	\$1,665,926	\$1,385,743

*Global Financial Management Services.

^a GFMS data provided by Bureau of Consular Affairs (CA) as of June 10, 2011.

^b GFMS data provided by the Bureau of Information Resource Management, Operations, Office of Enterprise Telecommunications, Wireless, and Data Services Division (IRM/OPS/ENM/TWD), as of June 2, 2011.

^c Bureau of Resource Management, Global Financial Services, Office of Domestic Financial Services, as of July 7, 2011.



United States Department of State

Office of the Comptroller
Bureau of Consular Affairs

Washington, D.C. 20520

UNCLASSIFIED

January 20, 2012

MEMORANDUM

TO: OIG – Harold W. Geisel

FROM: CA/C –

SUBJECT: Audit of the Bureau of Consular Affairs Passport Facilities Using
 Funds Provided by the American Recovery and Reinvestment Act

Thank you for the opportunity to respond to the draft report on the audit of the funding provided by the American Recovery and Reinvestment Act for the Bureau of Consular Affairs Passport Facilities Project. We have reviewed the recommendations and provided our comments regarding the draft language.

Recommendation 1. We recommend that the Bureau of Consular Affairs (CA), Office of the Comptroller, provide documentation showing that it has taken actions to reverse the \$1,385,743 incorrectly paid on telephone service contracts from CA Special Projects Fund 1044088553 and instead use obligated funds from the Recovery and Reinvestment Act.

CA/C agrees with this recommendation and discussed this issue with the Bureau of Resource Management (RM) in June, 2011. RM indicated that it would take action to reverse the \$1,385,743 incorrectly paid on telephone service contracts from CA Special Projects Fund 1044088553 and instead use obligated funds from the Recovery and Reinvestment Act. CA/C will follow up with RM to obtain documentation that demonstrates this adjustment has been made.

Recommendation 2. We recommend that the Bureau of Consular Affairs, Office of the Comptroller, review the remaining \$3.6 million in unliquidated Recovery Act obligations (\$5 million in unliquidated obligations minus the \$1.4 million for the telephone service contracts) and determine whether the Bureau of Resource Management, Office of Domestic Financial Services, used funds that were not provided by the American Recovery and Reinvestment Act to pay for any of the other Recovery Act-obligated contracts and services.

UNCLASSIFIED

UNCLASSIFIED

- 2 -

CA/C understands the concerns outlined by the OIG in this recommendation. CA/C/FMD will work with the Bureau of Resource Management to review the remaining \$3.6 million in unliquidated Recovery Act obligations.

Recommendation 3. We recommend that the Bureau of Consular Affairs, Office of the Comptroller, in coordination with the Bureau of Information Resource Management, Telecommunication, Wireless and Data Services Division, request that the General Services Administration modify Task Orders GST0310DS6124, GST0311DS6004, GST0310DS6148, GST0311DS6019, GST0311DS6020, and GST0311DS6014 for Contract FA00T03AHD0008 as follows: identify the task orders as funded by the Recovery and Reinvestment Act, add the required clauses, ensure that contract actions are subsequently publicized in accordance with Recovery Act requirements, and update the Federal Procurement Data System to indicate that the contracts are funded by the Recovery Act.

CA/C agrees the contract should be modified to include the appropriate ARRA language. However, the Office of Acquisitions Management (A/LM/AQM) is responsible for these modifications and this recommendation should be directed to AQM.

UNCLASSIFIED

UNCLASSIFIED



United States Department of State

Chief Financial Officer

Washington, D.C. 20520

JAN 05 2012

UNCLASSIFIED

MEMORANDUM

TO: OIG – Harold W. Geisel

FROM: RM –

SUBJECT: OIG Draft Report on Audit of the Bureau of Consular Affairs Passport Facilities Using Funds Provided by the American Recovery and Reinvestment Act

In response to the Office of Inspector General’s Draft Report on Audit of the Bureau of Consular Affairs Passport Facilities Using Funds Provided by the American Recovery and Reinvestment Act, Global Financial Services (RM/GFS) offers the following responses.

Recommendation 2: We recommend that the Bureau of Consular Affairs, Office of the Comptroller, review the remaining \$3.6 million in unliquidated Recovery Act obligations (\$5 million in unliquidated obligations minus the \$1.4 million for the telephone service contracts) and determine whether the Bureau of Resource Management, Office of Domestic Financial Services, used funds that were not provided by the American Recovery and Reinvestment Act to pay for any of the other Recovery Act-obligated contracts and services. (Action: CA, in coordination with RM)

Response: RM concurs with the recommendation. CA should coordinate with RM/GFS Department Allotment Accounting and identify which obligation(s) require correction. RM/GFS will be glad to assist with this recommended adjustment.

RM appreciates the opportunity to comment on the report.



UNCLASSIFIED



United States Department of State

Washington, D.C. 20520

January 30, 2012

MEMORANDUM

TO: OIG/AUD – Evelyn Klemstine

FROM: A/LM/AQM –

SUBJECT: Draft Report - Draft Report on Audit of the Bureau of Consular Affairs Passport Facilities Using Funds Provided by the American Recovery and Reinvestment Act

Below is the Bureau of Administration's response to the subject draft audit report.

Recommendation 4. We recommend that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, provide documentation showing that the 38 contractors identified in the revised Recovery and Reinvestment Act information for the reporting period that began in July 2011 complied with the *Federal Acquisition Regulation* (FAR 52.204-11) and reported as required by FAR 52.204-11 data such as contract award; expenditures; jobs created or retained; status of project; and, if applicable, subcontract information and compensation of executives.

A/LM/AQM Response (01/30/12): AQM has attached (Attachment 1) a spreadsheet containing the 38 awards noted above (some recipients had multiple awards) and extract reports from FederalReporting.gov which supply evidence that 36 of the 38 awards have been reported and these recipients are in compliance. The single non compliant entity, A & B Sollution Providers has 2 awards. This entity has been de-registered in the Central Contractor Registry (CCR) and appears to have been dissolved. Therefore, AQM is working with the program office to de-obligate the remaining funds. Since the entity no longer exists, future reporting via FederalReporting.gov will not occur.

UNCLASSIFIED

Recommendation 5. We recommend that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, ensure that future modifications made to contracts and task orders funded by the American Recovery and Reinvestment Act are posted to the Web site FedBizOpps, as required by the *Federal Acquisition Regulation* (FAR 5.7).

A/LM/AQM Response (01/30/12): We agree.

Attachments

As stated



United States Department of State

Washington, D.C. 20520

January 31, 2012

UNCLASSIFIED

MEMORANDUM

TO: OIG/AUD– Evelyn R. Klemstine

FROM: A/OPR – |

SUBJECT: Draft Report on Audit of the Bureau of Consular Affairs
Passport Facilities Using Funds Provided by the American
Recovery and Reinvestment Act

The following is the Bureau of Administration's response to
Recommendation 6 of the subject draft Audit Report.

Recommendation 6: We recommend that the Bureau of Administration, Office of Operations, Office of Facilities Management Services, obtain documentation from the General Services Administration (GSA) that provides support concerning approval to recommend and occupy a site for the El Paso, TX, passport facility that would not require construction in compliance with Leadership in Energy and Environmental Design (LEED) criteria. If a waiver for LEED certification for this facility was not already obtained, the Office of Facilities Management Services should request the waiver from GSA.

Response: While we concur with this recommendation, we request that the recommendation in the final version of the report be changed to reflect the Office of Real Property Management (A/OPR/RPM) rather than A/OPR/FMS as the responsible office for obtaining the requested documentation from the General Services Administration.

A/OPR/RPM and the Bureau of Consular Affairs required that the General Services Administration (GSA), which is the contracting office for this real property lease acquisition, incorporate into the lease under Sections 1.2B Unique Requirements (August 2008) and 3.2C Tenant Improvements Included in Offer (August 2008) the following paragraphs:

UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

-2-

The tenant space must meet the requirements of Leadership in Energy and Environmental Design for Commercial Interiors (LEED-CI) Certified Silver level at a minimum. The successful Lessor, at the Lessor's expense, shall obtain certification from the U.S. Green Building Council (USGBC) within nine months of project occupancy. For requirements to achieve certification, Lessor must refer to dates at the time of submittal of the LEED-CI Reference Guide at <http://www.usgbc.org/LEED/CI>. At completion of LEED documentation and receipt of final certification, the Offeror must provide the Government two electronic copies on compact disks of all documentation submitted to USGBC. Acceptable file format is Adobe PDF copied to disk from the LEED-Online workspace and templates. In addition, the Offeror will provide the Government viewing access to the LEED- Online workspace during design and through the term of the lease. The project tenant improvements shall incorporate any necessary design parameters for the space to meet the requirements of LEED-CI into the Working Construction Drawings. In accordance with the "Unique Requirements" paragraph in the Summary section of this Solicitation For Offers, the Lessor must coordinate the requirements to meet LEED-CI Certified level for the tenant improvements with the building shell requirements.

The El Paso leases for Department of State, Consular Affairs and Diplomatic Security were awarded to The Mills Building, 303 N. Oregon, El Paso, Texas on March 22, 2010. The Mills Buildings submitted a request to the United States Department of the Interior, National Park Service (see Historic Preservation Certification Application Part I, Part II (3 pages), Evaluation/Amendment Sheet (5 pages) to be included for an individual listing in the National Register in El Paso, Texas, which is attached. The rehabilitation of this property as described in the Historic Certification Application is required to meet certain Secretary of the Interior's Standards for Rehabilitation. Some of these standards precluded LEEDS Shell and Core alterations. The leased spaces (13,654 rental square feet (rsf) (LXT16727 – Consular Affairs) and 5,699 rsf (LTX16718 – Diplomatic Security) were built to Department of State specifications which include requirements for LEEDS Custom Interiors according to our Strategic Plan. This is confirmed in a letter (see attached) to Adam Bodner, dated January 25, 2012 from Daphne E. Hadley, Realty Contracting Officer, Public Buildings Service, General Services Administration, Greater Southwest Region.

The El Paso passport facility was one of six ARRA-funded PPT projects nationwide. In all instances the lease language included the LEED-CI requirement.

UNCLASSIFIED

UNCLASSIFIED

UNCLASSIFIED

-3-

A/OPR/RPM has requested that the GSA Project Managers assigned to those projects (Atlanta, Georgia; Buffalo, New York; St. Albans, Vermont; San Diego, California; and Portsmouth, New Hampshire) provide verification that the spaces were built-out to the LEED-CI standard, and that the building owners are pursuing LEED certifications for each one.

UNCLASSIFIED

UNCLASSIFIED

FRAUD, WASTE, ABUSE, OR MISMANAGEMENT

of Federal programs
and resources hurts everyone.

Call the Office of Inspector General

HOTLINE

202/647-3320

or 1-800-409-9926

to report illegal or wasteful activities.

You may also write to
Office of Inspector General
U.S. Department of State
Post Office Box 9778
Arlington, VA 22219

Please visit our Web site at oig.state.gov

Cables to the Inspector General
should be slugged "OIG Channel"
to ensure confidentiality.

UNCLASSIFIED

UNCLASSIFIED