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

# Report of Inspection

## **Compliance Follow-Up Review The Bureau of Administration's Office of the Procurement Executive, Office of Acquisitions Management, and Office of Small and Disadvantaged Business Utilization**

**Report Number ISP-C-10-23, February 2010**

### **IMPORTANT NOTICE**

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## PURPOSE, SCOPE AND METHODOLOGY OF THE INSPECTION

This inspection was conducted in accordance with the Quality Standards for Inspections, as issued by the President's Council on Integrity and Efficiency, and the Inspector's Handbook, as issued by the Office of Inspector General, U.S. Department of State.

### PURPOSE

The Office of Inspections provides the Secretary of State and Congress with systematic and independent evaluations of the operations of the Department of State, its posts abroad, and related activities. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and being accurately and effectively represented; and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instance of fraud, waste, or abuse exist: and whether adequate steps for detection, correction, and prevention have been taken.

### METHODOLOGY

In conducting this inspection, the inspectors: reviewed pertinent records in the Department and elsewhere; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on site interviews with personnel at the overseas missions, in the Department, and elsewhere; and reviewed the substance of the report and its findings and recommendations with office, individuals, organizations, and activities affected by this review.

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## PREFACE

This report was prepared by the Office of Inspector General (OIG) 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 by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

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

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

Harold W. Geisel  
Deputy Inspector General

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**PREFACE**

The Office of Inspector General's (OIG) compliance follow-up reviews (CFR) provide the Department of State's (Department) senior managers with progress reports on the status of recommendations that resulted from inspections and offer OIG a quality assurance assessment of its work.

This CFR addresses recommendations in OIG's report (ISP-I-07-12, December 2006) on the inspection of the Bureau of Administration's (A) Office of the Procurement Executive (A/OPE), Office of Acquisitions Management (A/LM/AQM), and Office of Small and Disadvantaged Business Utilization (A/SDBU), conducted between April 17 and June 30, 2006. All recommendations were closed during the course of the CFR. However, in this CFR report, the OIG team issued one formal and two informal recommendations in connection with actions that A still must take to resolve problems identified in the 2006 inspection report.

The inspection report is closed. When an inspection report is closed, offices to which recommendations were addressed are not relieved of the responsibility to implement recommendations or to report to OIG changed circumstances substantially affecting agreed-upon methods of implementation.

The review took place in Washington, DC, between July 10 and August 10, 2009.  
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## **EVALUATION OF COMPLIANCE**

OIG's December 2006 report, *Report of Inspection, Bureau of Administration's Office of the Procurement Executive, Office of Acquisitions Management, and Office of Small and Disadvantaged Business Utilization*, contained 11 formal recommendations. Prior to this CFR, OIG had closed nine of the recommendations, but two others (Recommendations 3 and 4) were open. The two open recommendations were closed, together with the report, by this CFR. The December 2006 report is therefore closed.

OIG does not believe A has completely addressed the observations in A/OPE's *Review of Procurement Operations, Office of Acquisition Management (A/LM/AQM)*, dated November 15, 2006. OIG, therefore, issued a formal CFR recommendation related to that review. A has not completed action on an informal recommendation related to its Web site and Foreign Affairs Manual information. OIG has issued two specific informal recommendations in this regard.

A's management worked cooperatively with the CFR team to confirm compliance with closed recommendations. At the time of the CFR, the Bureau's front office was in transition, with the new Administration's designate for Assistant Secretary not yet in place.

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**EXECUTIVE DIRECTION**

The A bureau is undergoing change. The current Assistant Secretary has taken the helm in an acting capacity. The responses to the OIG report, for the most part, preceded his acting in the position. He showed a special interest and deep understanding regarding this follow-up review because he himself is a procurement professional. Former concerns about friction between the offices have been dispelled. The cooperation is outstanding and appropriate.

The 2006 inspection report noted that the acquisition workload was growing, but the professional staff had remained static. A/LM/AQM had 97 series 1102 contracting officers in FY 2006. In FY 2009, it still has only 97 series 1102s out of 115 direct-hire staff. Now, A/LM/AQM charges a service fee of one percent of a contract's dollar value to its customers, that is, Department bureaus using its contract services; consequently, it has had sufficient funding to hire additional professional and administrative staff. Further, A/LM/AQM hired 90 contractors made possible by the service fee. This was done in part because of the difficulties experienced in completing the Civil Service hiring process in a timely manner. The contractors include a variety of labor categories and provide both support and a valuable advisory resource for the office. In FY 2008, A/LM/AQM staff handled 19,842 transactions worth \$5.6 billion. In another move to maximize the effectiveness of contract specialists, the office director mandated the use of FedBid® capabilities, which provided more time for contract specialists to focus on larger contracts.

**Career and Career-Conditional Civil Service Employees in 1101 and 1102 Occupation Series 1999-2009 Department-wide<sup>1</sup>**

Series	Sept 1999	Sept 2000	Sept 2001	Sept 2002	Sept 2003	Sept 2004	Sept 2005	Sept 2006	Sept 2007	Sept 2008	May 2009
1101	9	19	42	57	59	63	63	62	72	82	83
1102	101	114	120	124	125	133	139	134	132	135	136

<sup>1</sup> 1101s are general services officers. 1102s are warranted contracting officers. A/LM/AQM has one series 1101 on staff.

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**Current Staffing**

Office	Staffing	Operations and Staff Budget
A/OPE	24	\$1,068,300
A/LM/AQM	115, projected to 158 for FY 2010	\$48,554,764
A/SDBU	06	\$268,000

Concerns about awarding Bureau of Overseas Buildings Operations contracts expeditiously when information was incomplete have been addressed by establishing service level agreements. A/LM/AQM has also lessened the urgency to award contracts during the fiscal year of the request if the acquisition packages are not complete. Local guard contracting is shifting to A/LM/AQM as recommended.

## STATUS OF RECOMMENDATIONS

*Bureau of Administration's Office of the Procurement Executive, Office of Acquisitions Management, and Office of Small and Disadvantaged Business Utilization (ISP-I-07-12, December 2006).*

### **Oversight of Procurement**

**Recommendation 1:** *The Bureau of Administration should conduct a comprehensive review of the Office of Acquisitions Management in accordance with the Government Accountability Office Framework for Assessing the Acquisition Function at Federal Agencies (GAO-05-218G). (Action: A)*

Before the inspection report was published, A/OPE completed a comprehensive review of A/LM/AQM,<sup>2</sup> which does over 80 percent of procurements for the Department by dollar volume. As directed by the OIG recommendation, its guideline for the review was a U.S. Government Accountability Office framework for assessing acquisition functions in federal agencies.<sup>3</sup> The framework is organized around four cornerstones that promote an efficient, effective, and accountable acquisition function: (1) organizational alignment and leadership; (2) policies and processes; (3) human capital; and (4) knowledge and information management. A/OPE enumerated 75 observations, stated in recommendation form, that is to say "AQM should." The OIG recommendation did not ask A to ensure that the recommendations from the review were actually implemented.

**Status:** The recommendation is closed.

Although the recommendation is closed, both A/OPE's review and the status of implementation tracking noted in A/LM/AQM's status report raise important issues. Some key findings were:

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<sup>2</sup> *Review of Procurement Operations, Office of Acquisition Management (A/LM/AQM)*, Submitted by the Office of the Procurement Executive (A/OPE), November 15, 2006.

<sup>3</sup> *Framework for Assessing the Acquisition Function at Federal Agencies*, GAO-05-218G, September 2005

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1. A/LM/AQM was understaffed by every measure for the mission assigned to it.
2. A/LM/AQM was not complying with some Federal Acquisition Regulation and Department of State Acquisition Regulation requirements.
3. A/LM/AQM had multiple gaps in the consistency and completeness of documentation in contract files and those files sometimes could not be located in the absence of a contract specialist.
4. A/LM/AQM had no uniform process for tracking critical procurement milestones and needed to implement a system for tracking the due dates for contract closure.
5. A/LM/AQM had no documentation to ensure contracting officer representatives had required training.

Even though A/LM/AQM questioned the validity of some of the 75 observations, it made efforts to address most of them. Further, it undertook a tracking process to document its responses, last documented January 15, 2008. OIG found this status report incomplete and hard to link to A/OPE's observations. Instead of a straight-forward methodology to address the observations, A/LM/AQM bundled the observations into baskets and did not retain the numbers associated with the observations. It documented some of the steps it had taken to address the observations. It assigned an implementation priority ranking to selected issues, but even among those it rated as "critical and solvable" the status tracker showed that many were ongoing rather than completed or resolved. In some cases, resource limitations were cited as a constraining factor. It has been nearly 3 years since A/OPE completed its review and over a year and a half since A/LM/AQM last documented the status of its implementation of the 75 A/OPE observations (recommendations). Although the Department has done much with limited resources, it would be beneficial to determine where things currently stand regarding policies, processes, information management, and the training and competency of acquisition workforce staff.

Recent evidence from OIG projects conducted by two separate OIG offices demonstrates that contract files remain incomplete, lack key documentation, and sometimes cannot be located.<sup>4</sup> In March 2009, an OIG Office of Audits memorandum closed out an audit of security contracts because there was inadequate documentation in the A/LM/AQM International Programs Division's contract file. The

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<sup>4</sup> OIG Office of Audits and the Middle East Regional Office.

chief of A/LM/AQM's International Programs Division made the point to the OIG team that the contract was more than 3 years old and that, since she has arrived and A/LM/AQM has gotten additional staff, made possible by the new 1 percent service fee, contract files for more recently awarded contracts in that unit have made great strides forward. OIG's Middle East Regional Office issued an August 2009 closeout letter<sup>5</sup> cancelling four audit reviews because task order documentation and contracting records were not properly maintained, making it impossible to audit contracts with three vendors providing personal protective services. Again, these were older contracts that do not represent current practice, according to A/LM/AQM.

A/LM/AQM notes that it has taken nearly 18 months, in some cases, to employ new contracting officers because recruitment, background investigations for security clearances, and hiring are slow. This is detrimental when there is a shortage of acquisition professionals in the federal government and one can hardly expect candidates to wait so long to be hired when other opportunities may be more readily available to them. When the office is adequately staffed and reaches projected staffing goals, A/LM/AQM believes contract files documentation and retrieval will continue to improve.

**CFR Recommendation 1:** The Bureau of Administration should conduct a new comprehensive review of the Office of Acquisitions Management, in accordance with the Government Accountability Office Framework for Assessing the Acquisition Function at Federal Agencies (GAO-05-218G), and establish an internal review board to ensure that recommendations are addressed and report to the Assistant Secretary on implementation of any recommendations made in the review. (Action: A)

## **WARRANTS FOR LOCAL STAFF**

**Recommendation 2:** *The Bureau of Administration should expand the warranted locally employed staff procurement pilot to additional posts and evaluate the success of the pilot before making the program permanent. The evaluation should include consideration of expanded training requirements for Foreign Service national contracting staff and the oversight procedures necessary for internal controls. (Action: A)*

In April 2005, A/OPE initiated a pilot program to provide selected local staff \$25,000 procurement authority. The program included internal reviews and controls.

<sup>5</sup> OIG MERO A-09-12.

The goal was to reduce general services officers' administrative burden for purchases under \$25,000. A/OPE reviewed the pilots at five European posts in 2008 and five East Asian Pacific posts in 2009. The benefits included more streamlined operations, increased employee skills, empowerment of the warrant holder, more continuity during Foreign Service officer rotation, continuity in local staff attention to contracting issues, better customer satisfaction, quicker responses to requests, and the ability of general services officers to focus on larger procurements.

There were no staffing reductions or dollar savings. The savings were gained in operational efficiencies. A/OPE's June 2009 LE Staff Procurement Pilot Program Summary Report stated that the Department will significantly benefit from full implementation of the locally employed staff procurement program.

**Status:** The recommendation is closed. The program was reviewed and included an evaluation of training and oversight.

## **TIMELINES FOR PROCUREMENTS**

**Recommendation 3:** *The Bureau of Administration, in coordination with the Bureau of Overseas Buildings Operations, should establish written timelines for the submission of technical requirements packages, contract negotiations, and contract award. (Action: A, in coordination with OBO)*

**Recommendation 4:** *The Bureau of Administration should institute procedures to monitor and enforce the timeliness and completeness of technical requirements packages, provide timely feedback to the Office of Overseas Buildings Operations, and take corrective action as necessary. (Action: A)*

Service level agreements address the timelines for submitting requirements packages on the customer side and the timelines for contract negotiations and award on A/LM/AQM's side. A/LM/AQM signed a service level agreement with the Bureau of Overseas Buildings Operations on May 11, 2009. The service level agreement describes procedures to monitor and enforce the timeliness and completeness of technical requirements packages and accomplish the other goals of the recommendation. The formal compliance analysis determined that these actions satisfied the intents of the recommendations.

Formal Recommendations 25, 26, and 27 in OIG's *Bureau of Overseas Buildings Operations* (Report Number ISP-I-08-34, August 2008) have been closed.

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**Recommendation 25:** The Under Secretary for Management should establish a formal process to ensure the Bureau of Administration and the Bureau of Overseas Buildings Operations establish written timelines for the submission of FY 2009 and future technical requirements packages along with contract award dates, and, adjust contract award dates (into the next fiscal year if necessary) when technical requirements packages are submitted too late to conduct appropriate procurement procedures. (Action: M, in coordination with A and OBO)

**Recommendation 26:** The Under Secretary for Management should ensure that the Bureau of Administration institutes procedures to monitor the timeliness and completeness of technical requirements packages, and report to the Under Secretary for Management and the Bureau of Overseas Buildings Operations when the packages are late. (Action: M, in coordination with A)

**Recommendation 27:** The Under Secretary for Management should obtain revised contract award dates for FY 2008 projects that will allow for a proper acquisition process and then consider deferring appropriate projects into the following fiscal year. (Action: M)

**Status:** Recommendations 3 and 4 are closed. (Recommendations 25, 26, and 27 are also closed.)

## LOCAL GUARD CONTRACTS

**Recommendation 5:** *The Bureau of Administration, in coordination with the Bureau of Diplomatic Security, should establish a plan to progressively consolidate local guard contracting in the Office of Acquisitions Management. (Action: A, in coordination with DS)*

More than a plan has been the outcome for this recommendation. A/LM/AQM and the Bureau of Diplomatic Security (DS) worked to consolidate local guard contracting. Now more than 40 contracts have been issued by A/LM/AQM's Worldwide Operations Division. DS agreed to the consolidation based on A/LM/AQM's getting additional professional contracting staff. The outcome of the shared services and the 1 percent fee-for-service charge for contracts A/LM/AQM awards has yielded sufficient funds to hire procurement and administrative personnel. In fact, five former contracting officers had been contracted in spring 2009. These individuals provide guidance and advice but do not make obligations for the U.S. gov-

ernment since they are not direct hires. Service level agreements have been signed. As contracts end in overseas posts, A/LM/AQM's Worldwide Operations Division becomes responsible for awarding new local guard contracts.

**Status:** The recommendation is closed.

## **PURCHASE CARDS**

**Recommendation 6:** *The Bureau of Administration should instruct the domestic bureaus that the use of purchase cards is mandatory for all appropriate domestic purchases up to the established micro-purchase threshold. (Action: A)*

On November 6, 2006, A/OPE issued a Department Announcement (number 2006-11-023) that details the mandatory use of the card by bureaus for all purchases of commercial supplies up to and including the micro-purchase threshold of \$3,000 for commercial supplies and \$2,500 for services and the requirements for requesting an increase in a cardholder's single purchase limit up to \$25,000. Domestically, the use of purchase orders for micro-purchases must be justified or based on obvious necessity.

**Status:** The recommendation is closed.

**Recommendation 7:** *The Bureau of Administration should instruct all domestic bureaus to reevaluate historical, current, and projected use of purchase cards to determine if any cardholder limits should be increased above \$2,500. (Action: A)*

The Department Announcement cited above details the requirements for increasing purchase card limits above \$2,500. An October 1, 2005, memorandum to bureau and post program coordinators from A/OPE specifies the requirements for annual purchase card activity. These reviews are completed and certified by the coordinators for the prior fiscal year using an annual review checklist, summary of findings, and certification of completion of the review.

**Status:** The recommendation is closed.

## **INFORMATION MANAGEMENT**

**Recommendation 8:** *The Bureau of Administration, in coordination with the Bureau of Information Resource Management, should develop a standard operating procedure for patch management for the Integrated Logistics Management System to include, at a minimum, specific steps for ensuring that patches are appropriately installed and established. (Action: A, in coordination with IRM)*

A's Office of Logistics Management issued an Integrated Logistics Management Systems (ILMS) Patch Management Guide in August 2007 and updated it in December 2007. The Office of Logistics Management uses this and the patch schedule on the Bureau of Information Resource Management's iPost to manage patch due dates and monitor compliance. This allows them to identify missing patches and patch when needed. When the needed patches are identified, a contractor loads the patches into the ILMS training and test environments for evaluation and regression testing. After testing demonstrates that the newly applied patches do not materially change ILMS' operation, the patches are loaded onto the production system housed at the Department's State Enterprise Server Operations Center.

**Status:** The recommendation is closed.

**Recommendation 9:** *The Bureau of Administration should assign the duties of the Integrated Logistics Management System manager and the information systems security officer to two different positions to provide an adequate separation of duties. (Action: A)*

In September of 2007, A hired a staff member with the skills necessary to handle the recommended separation of duties. The system manager duties have been assigned to the System Integration Support branch chief and the information systems security officer duties have been assigned to designated branch staff members and the newly hired staff member.

**Status:** The recommendation is closed.

**Recommendation 10:** *The Bureau of Administration should develop standard operating procedures for website maintenance for all bureau offices to include guidance concerning content managers' responsibilities for proper maintenance and monitoring of information on the web pages. (Action: A)*

A has developed standard operating procedures and its Office of Information Resource Management (A/EX/IRM) hosts and maintains all of the Bureau's Web sites. A/EX/IRM uses a proprietary software product for Web site maintenance, where every content manager must read and acknowledge the standard operating

procedures and content manager responsibilities before first using the application. Compliance with the recommendation has been shown through A's development of the recommended standard operating procedures and integration of them into A/EX/IRM.

**Status:** The recommendation is closed.

## **CONTRACTING OFFICER REPRESENTATIVES**

**Recommendation 11:** *The Bureau of Human Resources, in coordination with the Bureau of Administration, should require that the Employee Performance Plan, Progress Review and Appraisal Report (for Civil Service employees) or the Employee Evaluation Report (for Foreign Service employees) for each appointed contracting officer representative include a critical job element or work requirement on the employee's contracting officer representative duties. (Action: DGHR, in coordination with A)*

The Department issued a Department Notice (Office of Origin; HR/PE, Announcement Number: 2007-06-054, dated June 8, 2007) and State telegram 079404, (dated 7 June, 2007) that updated work requirements statements should be current and relevant and should be modified during the rating period to reflect significant changes in an employee's responsibilities. It specifically notes that employees with special responsibilities, such as serving as contracting officer representatives, should list these duties.

The Bureau of Human Resources also reported that it would include a narrative in its annual memorandum to executive directors advising them that they should incorporate a critical element covering responsibilities for overseeing contracting activities into an employee's performance plan if those responsibilities comprise at least 25 percent of the employee's duties.

**Status:** The recommendation is closed.

## **STATUS OF INFORMAL RECOMMENDATIONS**

Informal recommendations cover operational matters not requiring action by organizations outside the inspected unit and/or the parent regional bureau. Informal recommendations will not be subject to the OIG compliance process. However, any subsequent OIG inspection or on-site compliance review will assess the mission's progress in implementing the informal recommendations.

### **WEB SITE**

**Informal Recommendation 1:** *The Bureau of Administration should update its website and the Foreign Affairs Manual to better reflect the responsibilities and functions of the divisions in the Office of Acquisition Management.*

**Status:** A/LM/AQM's Web site has its divisions organized with a brief synopsis of each division's corresponding responsibilities. However, it is unclear whether those responsibilities have been updated to match each division's current functions. It remains difficult to follow the organization charts and to determine who to contact at the supervisory level or higher. It is difficult to determine which organizations have responsibilities for certain functions. The OIG team is reissuing this informal recommendation and two additional informal recommendations regarding Web site content below. Its Foreign Affairs Manual information parallels those for other functional bureaus.

The latest information A/EX/IRM provided is that it expects to put a "who we are" link on the Bureau's main Web site to enable visitors to the site to pull up the organization chart. The current listing under organizations provides charts for most A bureau offices; however, the planned change will facilitate finding what is needed.

**CFR Informal Recommendation 1:** The Bureau of Administration should review its Web site content and revise it to ensure the organization charts are explicit and fully detail the authorities and responsibilities for offices within its purview.

**CFR Informal Recommendation 2:** The Bureau of Administration should update its Web site, at least quarterly, to ensure OpenNet customers and outside visitors know who to contact and how to do business with its offices and divisions.

## **OVERSEAS BUILDINGS OPERATIONS COORDINATION**

***Informal Recommendation 2:*** *The Bureau of Administrations' Facilities, Design, and Construction Division should record the date it receives technical requirements packages from the Bureau of Overseas Buildings Operations.*

**Status:** This recommendation is closed based on newly established service level agreements and responses to formal recommendations 3 and 4 and recommendations in OIG's *Bureau of Overseas Building Operations*, (OIG-ISP-08-34, dated August 2008) detailed above.

## **LOCAL GUARD PROGRAMS CONTRACTS AND SECURITY**

***Informal Recommendation 3:*** *The Bureau of Administration should establish a working group, to include representatives from the regional bureaus, to promote the consolidation of local guard contracting and keep the Department apprised of the benefits.*

A/LM/AQM established a customer service advisory board that meets quarterly. The participants include representatives from the Bureau of Overseas Buildings Operations, DS, the Bureau of International Narcotics and Law Enforcement Affairs, and regional bureaus. Further, A/LM/AQM has established a separate section within its Worldwide Operations Division to address local guard contracting. See formal recommendation 5.

**Status:** The recommendation is closed.

***Informal Recommendation 4:*** *The Bureau of Administration should consolidate the Office of Acquisitions Management's security responsibilities in one branch to serve the Bureau of Diplomatic Security better.*

See formal recommendation 5.

**Status:** The recommendation is closed.

## **POSITION CLASSIFICATIONS**

***Informal Recommendation 5:*** *The Bureau of Administration should request a position classification review for the Domestic Acquisitions branch chief and the International Narcotics and Law Enforcement branch chief in the Worldwide Operations Division.*

*Informal Recommendation 6: The Bureau of Administration should request a position classification review for the Worldwide Operations Division's special projects officer and the contracting officer position at present managing the Worldwide Personal Protective Services contract and task orders.*

**Status:** According to A/LM/AQM, work on reviewing these positions is underway. A now has classification authority to the GS-15 level. There is no longer a special projects officer and contracting officer position managing the Worldwide Personal Protective Services contract and task orders. A/LM/AQM has requested that the bureau's human resources division establish two team leader positions in lieu of the Domestic Acquisitions Branch chief in the Worldwide Operations Division. The Worldwide Operations Division will provide a position description for those positions and request classifications for them.

## **CONTRACTING POLICIES AND PROCEDURES**

*Informal Recommendation 7: The Bureau of Administration's Office of Acquisitions Management should standardize policies and procedures on contracting issues and publish them.*

*Informal Recommendation 8: The Bureau of Administration should establish and implement standard procedures governing the content and organization of all contract files.*

A/LM/AQM has standardized its policies and procedures in the past 3 years. It implemented the Global Financial Management System - Momentum's Acquisition contract writing system in May 2007. Now documents are standardized and all users have access to the online knowledge base that provides standardized processes and procedures and instructions.

Policy guidance is provided through A/OPEs procurement information bulletins, which is reiterated in emails to A/LM/AQM staff. Contract files must be in accordance with A/OPE's DS-1930 contract file checklist. Further policy information is issued through the more than 20 memoranda that have been released since 2007. The topics are wide-ranging including a quality assurance plan. Briefings have included how to manage the Federal Procurement Data System, classified contract requirements, competitive range determination, and conduct market research. A/LM/AQM has also created a template that provides blanks to document where information can be found and issued a memorandum reminding staff about where to find guidance on its Web site.

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Given that CFR Formal Recommendation 1 calls for a new comprehensive review of A/LM/AQM and a requirement to establish a board to review implementation of recommendations, there is great likelihood that these recommendations will be reviewed during that process as well.

**Status:** Informal recommendations 7 and 8 are closed.

### **FEDBID®**

**Informal Recommendation 9:** *The Office of the Procurement Executive and the Office of Acquisitions Management should ensure that Office of Acquisitions Management employees are provided the opportunity to fully and openly discuss their concerns regarding the FedBid® contract.*

**Informal Recommendation 10:** *The Bureau of Administration should relocate FedBid®'s on-site representatives away from areas where they may have access to sensitive information.*

A/OPE and A/LM/AQM held a group meeting, following the inspection, to provide employees the opportunity to openly discuss their concerns regarding the FedBid® contract. Only one employee expressed concerns and that employee has moved to a different unit. The head of the division with oversight of the FedBid® contractor staff does not share the employee's concerns. In his view, the contract FedBid® staff whose role it is to facilitate use of the reverse auction tool "are a godsend." Work is done in full compliance with the Federal Acquisition Regulation, and decisions are in the hands of a series 1102 contracting officer, not the FedBid® staff. Moreover, the FedBid staff only facilitate as requested or as needed. U.S. government staff can enter acquisition announcement data into the reverse auction tool data or give their package to the FedBid® staff to enter the data. In addition, at its own expense, FedBid®'s vendor has sent staff to 60 of the 260 overseas posts to train embassy staff and implement FedBid® at those posts.

A/LM/AQM management has mandated the use of FedBid®, with some exceptions, including some purchases previously made using purchase cards, because the average best and final price is approximately 15 percent lower than using other procurement and acquisition processes. Vendors who have competed successfully for U.S. Government contracts are listed in the U.S. General Services Administration's catalog. They participate in FedBid® and often bid below their catalog prices. Acquisition announcements issued via FedBid® maximize competition, reduce the incidence of repeat winners, speed the purchasing process, and increase the volume of awards going to small, disadvantaged, and service disabled veterans' firms, and free GS-1102 contract officers to focus on higher dollar value acquisitions.

The issue of relocating the two-person FedBid® staff is moot for two reasons. The Fed Bid® staff have secret-level clearances. Although they are located in the secure acquisitions areas of the office, there are no purchases processed in that office area above the secret level. In addition, A/LM/AQM has recently leased additional office space on another floor of SA-6 and has plans to relocate the Fed Bid® staff to that new space during the summer of 2009. At that point the FedBid® staff would no longer be colocated with the secure acquisitions staff.

**Status:** OIG was persuaded by the facts and actions taken and considers the needed actions to have been completed on Informal Recommendations 9 and 10.

## **CONTRACT CLOSEOUT**

***Informal Recommendation 11:*** *The Bureau of Administration should establish written procedures, including appropriate time standards, for contract closeouts.*

***Informal Recommendation 12:*** *The Bureau of Administration should use the quick close-out method for qualified contracts.*

***Informal Recommendation 13:*** *The Bureau of Administration should establish milestones and priorities for contract closeout.*

There is now a closeout team in the Quality Assurance Branch. About five new hires are working on close-outs, and there have been contracts with the U.S. Defense Contract Audit Agency to assist with contracting, pricing, and close-out issues. The team has mapped the process, written standardized procedures and set up a tracing system for contract closeout. Even with timeline targets, program offices, contractors, and sometimes other agencies are not timely. Considerations in closeout priority include contract value and potential for funds de-obligation. So far, for FY 2009, 171 contracts were closed, amounting to \$44,117,111 in obligations and \$756,173 in de-obligated funds.

A/LM/AQM has issued guidance regarding the contract closeout process under simplified acquisition procedures. It cites the Federal Acquisition Regulation, evidence of acceptance, and rules for de-obligating funds. It follows with scenarios to help in research, closeout steps, and other required contracting processes and procedures. It is a complete document that meets the recommendations.

**Status:** Informal recommendations 11, 12 and 13 are closed.

## **SMALL DISADVANTAGED BUSINESS UTILIZATION SMALL BUSINESS REVIEW FORMS**

***Informal Recommendation 14:*** *The Bureau of Administration should ensure that all contracting officers provide DS-1910, Small Business Review Forms, to the Office of Small Disadvantaged Business Utilization for review and determinations as required.*

On January 10, 2008, the Director of Acquisitions Management sent A/LM/AQM memorandum 08-02 to all A/LM/AQM personnel. It detailed requirements regarding the use of Small Business Set-Aside Documentation, Form DS-1910, Small Business Review. The memorandum said for requirements expected to exceed the simplified acquisition threshold, all small business set-aside decisions shall be documented jointly between A/LM/AQM and A/SDBU using form DS-1910. The acting directors of SDBU showed the OIG team the list of the forms for FY 2009 between October 2008 and July 17, 2009.

**Status:** The recommendation is closed.

## **MENTOR PROTÉGÉ PROGRAM**

***Informal Recommendation 15:*** *The Bureau of Administration's Office of Small and Disadvantaged Business Utilization should solicit success stories from participants of its Mentor-Protégé Program and make them available on its Web site.*

To date, A/SDBU has not completed this recommendation because there are no success stories that fall under the Mentor-Protégé Program. Therefore, there are none posted on the Web site. There are links describing the program. A/SDBU expects to comply with the recommendation when the opportunity arises. The staff recognizes the value in posting such information and would not hesitate to do so. This staff also feels that more attention is needed to managing information technology to facilitate research, analysis, and data input.

The six-person staff is entirely occupied with procurement activities. Only one procurement staff member has responsibility for information technology issues. That person's position description shows responsibilities for electronic outreach initiatives for the office. The incumbent ensures that public and internal Web pages are fully functional and supports achieving small business goals. The requirement is also to

interact with members of the procurement and information technology staff to develop system enhancement independently and to overcome technical difficulties that inhibit operations in each of these sites.

A/EX/IRM advised the OIG team that it will contact A/SDBU on their Web site content management issue and other information technology needs to offer some suggested solutions to help them meet their needs.

**Status:** The recommendation is closed.

## **TIME AND ATTENDANCE**

***Informal Recommendation 16:*** *The Bureau of Administration's Office of Small Disadvantaged Business Utilization's timekeeper should sign the office's time and attendance reports, as required, as an internal control measure.*

OIG team members reviewed time sheets dating from 2007 to the present and found they were properly signed.

**Status:** The recommendation is closed.

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**CFR RECOMMENDATION**

**CFR Recommendation 1:** The Bureau of Administration should conduct a new comprehensive review of the Office of Acquisitions Management, in accordance with the Government Accountability Office Framework for Assessing the Acquisition Function at Federal Agencies (GAO-05-218G), and establish an internal review board to ensure that recommendations are addressed and report to the Assistant Secretary on implementation of any recommendations made in the review. (Action: A)

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## **CFR INFORMAL RECOMMENDATIONS**

**CFR Informal Recommendation 1:** The Bureau of Administration should review its Web site content and revise it to ensure the organization charts are explicit and fully detail the authorities and responsibilities for offices within its purview.

**CFR Informal Recommendation 2:** The Bureau of Administration should update its Web site, at least quarterly, to ensure OpenNet customers and outside visitors know who to contact and how to do business with its offices and divisions.

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**PRINCIPAL OFFICIALS**

	<b>Name</b>	<b>Arrival Date</b>
Assistant Secretary (Acting) Deputy Assistant Secretary, Logistics Management	Steven Rodriguez	January 2009
Procurement Executive	William Moser	August 2006
Director, Acquisition Management	Corey Rindner	August 2003
Small and Disadvantaged Business Utilization, Acting (rotating)	Cathy Read	September 2002
	Willie Taylor	May 2009
	Margaret Williams	

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**ABBREVIATIONS**

A	Bureau of Administration
A/LM/AQM	Office of Acquisition Management
A/EX/IRM	Office of Information Resource Management
A/OPE	Office of the Procurement Executive
A/SDBU	Office of Small and Disadvantaged Business Utilization
CFR	compliance follow-up review
Department	Department of State
DS	Bureau of Diplomatic Security
ILMS	Integrated Logistics Management System
OIG	Office of Inspector General

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