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**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 Foreign Service Institute
National Foreign Affairs Training Center**

**AUD/CG-11-12
January 2011**

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**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 the Foreign Service Institute's (FSI) compliance with Federal, Department, and American Recovery and Reinvestment Act (Recovery Act) acquisition management practices. 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 and Company, LLP, to perform this audit. The contract required that the accountant perform its audit in accordance with guidance contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The independent public accountant's report is included.

FSI generally managed Recovery Act funds effectively to meet program goals and requirements. FSI used current contracts to expeditiously execute the solicitation, award, and performance of these projects. Initial projects met program goals and were completed within budget. Effective internal controls were in place to ensure that contractors met Recovery Act reporting requirements. Although the independent public accountant noted three specific findings, they are not considered to be major deficiencies.

OIG evaluated the nature, extent, and timing of the independent public accountant's work; monitored progress throughout the audit; reviewed supporting documentation; evaluated key judgments; and performed other procedures as appropriate. OIG concurs with the independent public accountant'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 "H. W. Geisel".

Harold W. Geisel
Deputy Inspector General

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AUDIT OF FUNDING PROVIDED BY THE AMERICAN RECOVERY AND REINVESTMENT ACT FOR THE FOREIGN SERVICE INSTITUTE NATIONAL FOREIGN AFFAIRS TRAINING CENTER

EXECUTIVE SUMMARY

The Department of State, Office of Inspector General (OIG), Office of Audits, engaged Cotton and Company, LLP (referred to as “we” in this report), to conduct a performance audit of American Recovery and Reinvestment Act (Recovery Act) funding for the Foreign Service Institute (FSI). The audit objective was to determine FSI’s performance related to source selection, pre-award and post-award, contract administration, and management controls over contracts issued with Recovery Act funds.

FSI generally managed Recovery Act funds effectively to meet program goals and requirements. Effective internal controls were in place to ensure that contractors met Recovery Act reporting requirements. We did, however, note three specific findings, which we do not consider to be major deficiencies but that we reported and addressed as follows:

1. FSI did not consistently post pre- and post-award notices on the Government Point of Entry FedBizOpps,¹ which was required by the Federal Acquisition Regulation (FAR).² Specifically, only four of the 22 contract awards audited met FAR requirements. (The 22 contracts are described in Appendix B.)
2. FSI did not maintain sufficient documentation to support solicitation, negotiation, and award decisions for the National Foreign Affairs Training Center (NFATC) contract awards under our review.
3. A contractor was overpaid \$3,000 on one invoice because FSI’s contracting officer’s representative made a mathematical error in completing the receiving and inspection report.

We discussed the results of our audit with FSI officials on August 12, 2010, who generally concurred with our findings and recommendations. In its December 6, 2010, response (see Appendix C) to the report, FSI generally concurred with the report’s three recommendations. Based on the response, OIG considers Recommendations 1 and 2 resolved, pending further action, and Recommendation 3 closed.

BACKGROUND

FSI is the Federal Government's primary training institution for officers and support personnel of the U.S. foreign affairs community. FSI is tasked with preparing American diplomats and other professionals to advance U.S. foreign affairs interests overseas and in Washington, DC. At NFATC, in Arlington, Virginia, FSI provides more than 450 courses, including courses in approximately 70 foreign languages,

¹ Per FAR 5.704(b), the instructions available on this site “identify proposed contract actions funded in whole or in part by the Recovery Act.”

² FAR 5.7, “Publicizing Requirements Under the American Recovery and Reinvestment Act of 2009.”

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to more than 50,000 enrollees a year from the Department of State (Department) and to attendees of more than 40 other Governmental agencies and military service branches.

The Recovery Act provided \$5 million to FSI to construct additional classrooms and to make other infrastructure upgrades at NFATC. The goal is to increase the capacity for information technology, tradecraft, and foreign language training to ensure that personnel being assigned overseas have the skills needed to perform essential job functions. The project started early in FY 2010 and will last approximately 18 months.

OBJECTIVE

The audit objective was to determine FSI's performance related to source selection, pre- and post-award, contract administration, and management controls over contracts issued with Recovery Act funds. Our audit included 22 contracts awarded by FSI from April through September 2009 with expenditures through May 14, 2010 using Recovery Act funds.

AUDIT FINDINGS AND RECOMMENDATIONS

FSI generally managed Recovery Act funds effectively to meet program goals and requirements. FSI used current contracts to expeditiously execute the solicitation, award, and performance of these projects. Initial projects met program goals and were completed within budget. Effective internal controls were in place to ensure that contractors met Recovery Act reporting requirements. We did, however, note three specific findings, which we do not consider to be major deficiencies.

Finding 1: FSI Did Not Consistently Post Pre-Award and Post-Award Notices

FSI did not consistently post pre- and post-award notices in FedBizOpps.gov, which was required by the FAR.³ Specifically, of the 22 contract awards audited, we determined that FSI did not post pre-award notices in FedBizOpps.gov for 18 contracts before they were awarded, as was required. FSI did, however, post Special Notices in FedBizOpps.gov months after the contracts were awarded, but this action was not in compliance with the FAR requirement.

Additionally, six of the 18 contracts were not fixed-price contracts, and post-award notices indicating rationale for using a non-fixed-price contract were required for all six contracts. The rationale was not, however, included in the special notices posted for these contracts as required by the FAR.

In regard to publicizing the notices, the FAR⁴ states the following:

5.704 Publicizing-preaward:

(2) In addition, notices of proposed contract actions are required for orders of \$25,000 or more, funded in whole or in part by the Recovery Act, which are issued under task or delivery order contracts. These notices are for "informational purposes only," therefore, 5.203 (length of time for response time) does not apply. Contracting officers should concurrently use their usual solicitation practice (e.g., e-Buy).

³ Ibid.

⁴ FAR § 5.704, "Publicizing-preaward," and FAR § 5.705, "Publicizing-post-award."

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(b) Contracting officers shall use the instructions at the Governmentwide Point of Entry (GPE) (<https://www.FedBizOpps.gov>) to identify proposed contract actions funded in whole or in part by the Recovery Act.

5.705, Publicizing-post-award:

Follow usual publication procedures at 5.301, except that the following supersede the exceptions at 5.301(b)(3) through (8):

(b) Regardless of dollar value, if the contract action, including all modifications and orders under task or delivery order contracts, is not both fixed-price and competitively awarded, publicize the award notice and include in the description the rationale for using other than a fixed-priced and/or competitive approach.

The contracting officer for the 18 contracts was unaware of pre-award notice requirements when these contracts were awarded. FSI was using Recovery Act award monies early in the process while implementation guidance and details were still being communicated. For example, subpart 5.7 of the FAR was put into place on March 31, 2009, and the first project for NFATC was obligated by FSI on April 13, 2009. The contracting officer was also unaware that post-award notices that included rationale were required for the six non-fixed-price contracts.

The public and potential contractors and subcontractors were not made aware prior to award that 18 of 22 contracts would be awarded using Recovery Act monies. Additionally, the public was not made aware of the rationale for issuing non-fixed-price contracts for the six contracts reviewed. Therefore, contracting actions were not fully transparent to the competition and to the public.

Recommendation 1

We recommend, for all future contracts awarded using Recovery and Reinvestment Act monies, that the Foreign Service Institute Director of Acquisitions ensure that pre-award notices are posted as required before the contracts are awarded and that the post-award notices include, for future awards that are not firm-fixed-price awards and for competitive procurements, the rationale for award decisions made. (Since the Recovery Act requires all funds to be obligated by September 30, 2010, this recommendation applies to pre-award notices and awards made from May 15 through September 30, 2010.)

FSI Response

FSI concurred “in part,” stating that existing contract vehicles were used to award “a large portion” of the contracts before the Office of Management and Budget (OMB) issued final guidance on posting pre-award and post-award notices. In addition, FSI stated that the contracts entered into “were either GSA [General Services Administration] awarded or mandatory contracts—all with fixed price commodities.” Also, FSI stated that only one contract was a time-and-materials contract already in place, for warehouse support, which was modified, and a post-award notice was posted. FSI recommended that this recommendation be closed.

OIG Analysis

With respect to the posting of pre-award notices, no additional action is required on these specific contracts. However, FSI should provide copies of pre-award notices issued on any contract, task order,

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or modification in excess of \$25,000 in Recovery Act funds made after May 14, 2010, to show that FSI has met the intent of the recommendation.

Also, OIG realizes that post-award notices were posted for the contracts reviewed; however, the notices did not include information as to why the award was not made on a fixed-price basis. In its review, the independent public accountant found that two vendors, one for computer drops and one for furniture movement/demolition labor, were issued a total of six awards that had non-fixed-price components. While no additional efforts are required for these instances at this point, FSI should submit copies of post-award notices posted for any additional contracts, task orders, or modifications issued after May 14, 2010, using Recovery Act funding that were not fixed price to show that rationale is now being included in the information posted. OIG realizes that existing contracts or GSA schedule vendors are being used; however, rationale as to why fixed price was not used in these cases must be specified in the posting so that transparency to the public is maintained.

OIG considers this recommendation resolved, pending receipt and acceptance of the documentation specified.

Finding 2: FSI Did Not Maintain Sufficient Documentation To Support Contracting Decisions

FSI did not maintain sufficient documentation to support solicitation, negotiation, and award decisions for NFATC contract awards under our review as follows:

- No documentation existed to support the justification or requirement for specific vendor selection for the audio-visual equipment and hook-up contract. Additionally, no documentation was available to support review of this contractor's eligibility on required sites such as the Central Contractor Registration (CCR) database and the Excluded Parties List System (EPLS).
- Some vendors had current indefinite-delivery, indefinite-quantity contracts or blanket purchase agreements. No documentation existed to support the use of the vendors' services for these projects and price negotiations, if any, for the awards.
- For a contract FSI awarded for an intercom paging system, the contract files did not contain documentation to support a formal request for proposal and the contractor selection process, correspondence with interested bidders, price negotiations, and evaluation of contractor prior performance. FSI officials stated that the contracting officer responsible for that contract no longer worked for the Department and that there were no electronic files pertaining to the contract found on his computer.

In regard to documenting contract decisions, the FAR⁵ states the following:

(a) The head of each office performing contracting, contract administration, or paying functions shall establish files containing the records of all contractual actions.

(b) The documentation in the files (see 4.803) shall be sufficient to constitute a complete history of the transaction for the purpose of—

⁵ FAR § 4.801, "General."

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- (1) Providing a complete background as a basis for informed decisions at each step in the acquisition process;*
- (2) Supporting actions taken;*
- (3) Providing information for reviews and investigations; and*
- (4) Furnishing essential facts in the event of litigation or congressional inquiries.*

In addition, the FAR⁶ states that contract files should include documents such as a list of sources solicited, copy of the solicitation and all amendments, record of negotiation, and justification for contract type.

Other actions required by the FAR were not documented to support NFATC contract award decisions. Specifically, regarding review of the EPLS, the FAR⁷ states the following:

- (1) After the opening of bids or receipt of proposals, the contracting officer shall review the EPLS*

- (4) Immediately prior to award, the contracting officer shall again review the EPLS to ensure that no award is made to a listed contractor.*

Also, regarding verification of the contractor, the FAR⁸ states the following:

- (a) Unless the acquisition is exempt under 4.1102, the contracting officer—*
 - (1) Shall verify that the prospective contractor is registered in the CCR database (see paragraph (b) of this section) before awarding a contract or agreement. Contracting officers are encouraged to check the CCR early in the acquisition process, after the competitive range has been established, and then communicate to the unregistered offerors that they must register.*

The contents of each contract file varied based on the contracting officer responsible. FSI personnel provided oral explanations that supported the reasonableness and justification for procurement and contracting decisions, and we agreed with their explanations. As required, contract files must contain written records of all contractual actions to show that decisions made were fair and reasonable. Without this documentation, FSI cannot ensure that personnel will be available or able to recall the basis for decisions made.

Recommendation 2

We recommend that the Foreign Service Institute Director of Acquisitions require contracting officers to prepare and maintain all documentation to support future solicitation, selection, and award decisions and that appropriate procedures be implemented to review contracting officer's files to ensure that documents are maintained, either electronically or in hard copy, and are accessible for future review.

⁶ FAR § 4.803, "Contents of contract files."

⁷ FAR § 9.405(d), "Debarment, Suspension, and Ineligibility."

⁸ FAR § 4.1103, "Procedures."

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FSI Response

FSI concurred “in part,” stating that most of the awards made using Recovery Act funding were made via modifications to existing contracts or as mandated by UNICOR.⁹ FSI further stated that for the two contracts awarded via delivery orders against competed GSA contracts, FSI assumed that GSA followed proper procedures as to solicitation and award of the base contract. FSI officials agreed with us (the independent public accountant) as to which documents were required to be in the contract folder, stating that the extent of the documentation depended on the type of award made. FSI further stated that it was its “usual process” to review and check EPLS and CCR, maintain documentation, and rely on alerts from the Global Financial Management System (GFMS) if registration was out of date at the time of award. FSI recommended that the recommendation be closed.

OIG Analysis

In its report, the independent public accountant noted the lack of documentation in contract files to support the rationale for selecting a specific vendor from the GSA schedule, since there was more than one source option for services. The audit did not find that GSA did not follow solicitation and award requirements for the base contracts. Instead, the independent public accountant was recommending that documentation be created and maintained to identify and support which FSI officials selected the vendor and the rationale for the selection, including the authority for any mandatory vendor use. While current management may have been able to recollect most of the information for this audit, having more complete documentation in one location would be more practical.

OIG considers this recommendation resolved, pending review and acceptance of documentation showing that CCR and EPLS searches were performed and showing management’s rationale for selecting the contractor before the award of any new contracts funded with Recovery Act monies.

Finding 3: Contractor Was Unintentionally Overpaid

FSI overpaid one contractor by \$3,000 on one invoice. We determined that this occurred because the contracting officer’s representative completed the receiving and inspection report and noted the invoice amount as \$4,500 instead of the correct amount of \$1,500. FSI personnel did not identify this error, and a \$3,000 overpayment resulted. After we informed FSI officials of the overpayment, they requested return of the \$3,000, which the contractor returned to FSI in August 2010. We determined, based on our review of additional invoices, that this was an isolated incident.

Recommendation 3

We recommend that the Foreign Service Institute Director of Acquisitions verify that the contractor has reimbursed the Department of State the \$3,000 overpayment.

FSI Response

FSI concurred with the recommendation, stating that the Director of Acquisitions had verified that the \$3,000 overpayment had been returned and that there had been no further overpayments. FSI further

⁹ UNICOR, or the Federal Prison Industries, Inc., is a wholly owned Government corporation that produces goods and services from the labor of inmates of the U.S. Federal Bureau of Prisons. (Source: Wikipedia)

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stated that that the auditors were provided “final proof” that the overpayment had been corrected before the audit was completed. FSI recommended that this recommendation be closed.

OIG Analysis

During the exit conference, FSI provided documentation supporting that the contractor had made payment to reimburse FSI and subsequently provided confirmation showing that the money had in fact been applied to Recovery Act-funded accounts. Based on these actions, OIG considers the recommendation closed.

SCOPE AND METHODOLOGY

The Department of State, Office of Inspector General, Office of Audits, engaged Cotton & Company, LLP (referred to as “we” in this appendix), to conduct a performance audit of funding provided by the American Recovery and Reinvestment Act (Recovery Act) for the Foreign Service Institute (FSI). The objective of the audit was to determine FSI’s performance related to source selection, pre- and post-award, contract administration, and management controls over contracts issued with funds provided by the Recovery Act. Our audit, which was conducted from April to June 2010, included a review of the 22 contracts (listed in Appendix B) that were awarded by FSI from April through September 2009 with expenditures through May 14, 2010, using Recovery Act funds. We assessed performance using Recovery Act requirements, the Federal Acquisition Regulation (FAR), and Department of State Acquisition Regulations.

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 objectives

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

1. Reviewed the approved Department of State Recovery Act External Program Plan to ensure that National Foreign Affairs Training Center (NFATC) projects were identified and that the plan was complete.
2. Interviewed pertinent individuals and reviewed documentation available to determine how contracting opportunities were made available to potential sources, how decisions were made to use competitive practices or current indefinite-delivery, indefinite-quantity contracts, and whether emergency acquisitions were used.
3. For each contract and modification, we reviewed required postings for the pre-award notice for each award to determine whether the notices were properly posted to FedBizOpps and included proper Recovery Act terminology.
4. For each contract awarded that was not fixed price or competitively awarded, we reviewed FedBizOpps to determine whether a post-award notice had been posted timely and whether applicable requirements of the FAR (FAR §§ 5.705 and 5.301), including rationale, were included.
5. Determined whether the contract action was also posted onto the special section of Recovery.gov if necessary.
6. Ensured, through interviews and document reviews, that eligibility requirements were verified for potential contractors.
7. Obtained copies of all awards to ensure they were executed and included applicable required Recovery Act FAR clauses.

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8. Obtained an understanding, through interviews with FSI personnel and document reviews, of the process used to monitor contractors.
9. Obtained and reconciled amounts on invoices to amounts reported on project tracking worksheets maintained for this project.
10. Selected a sample of invoices and reviewed supporting invoice, documentation, and approval information to determine whether invoices were properly supported, authorized, and considered necessary and/or reasonable under the project. The sample consisted of at least one invoice from each contract and/or modification listed in Appendix B for each contractor. We also conducted a walkthrough of the property to validate performance of these sampled projects and existence of assets purchased.

Review of Internal Controls and Automated Systems

During our review of internal controls, we noted that funds were awarded and distributed in a prompt, fair, and reasonable manner and were used for authorized purposes. We also noted whether Federal and Department of State standard processes and procedures were followed. In FSI's attempt to be paperless, however, we found that much of the supporting documentation for contracting decisions and reviews was stored electronically. Without an adequate process in place to ensure the electronic data are backed up and stored in a common domain, supporting documentation was lost when a contracting officer left the Department and the electronic files were deleted after the contracting officer's departure.

The audit used computer-generated data found in the Global Financial Management System (GFMS). We compared amounts on contractor invoices to amounts posted in Recovery.gov and in GFMS. The total costs for each contractor in GFMS agreed with the amounts posted in Recovery.gov.

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APPENDIX B

FSI RECOVERY AND REINVESTMENT ACT PROJECTS AND EXPENDITURES UNDER AUDIT

Contractor	Outlays to Contractor	Contract/TO Number	Date Obligated
Kimball International	\$170,834.74	S-FSIAQ-08-F1927/09-M003	4/13/2009
Kimball International	\$186,592.47	S-FSIAQ-08-F1927/09-M004	6/16/2009
American Systems, Incorporated	\$46,210.67	S-AQMPD-07-D0010/M009	4/23/2009
Kimball International	\$366,371.41	S-FSIAQ-08-F1927/09-M005	4/24/2009
Lanmark Technology, Incorporated	\$49,931.60	S-FSIAQ-04-C3023/09-M015	5/04/2009
Kimball International	\$357,695.51	S-FSIAQ-08-F1927/09-M006	5/05/2009
Kimball International	-\$8,588.81	S-FSIAQ-08-F1927/09-M007	5/11/2009
Kimball International	\$20,530.34	S-FSIAQ-08-F1927/09-M008	5/11/2009
Kimball International	\$322,520.49	S-FSIAQ-08-F1927/09-M009	5/12/2009
American Systems, Incorporated	\$8,635.00	S-AQMPD-07-D0010/09-F0384	5/14/2009
EMCOR Government Services, Incorporated	\$188,293.27	S-LMAQM-03-C0003/09-F1768	6/10/2009
American Systems, Incorporated	\$4,459.93	S-AQMPD-07-D0010/09-F0455	6/23/2009
Techniarts Engineering	\$91,000.00	S-FSIAQ-09-M0234 (GSA)	6/30/2009
Kimball International	\$377,502.27	S-FSIAQ-08-F1927/09-M010	6/26/2009
EMCOR Government Services, Incorporated	\$18,816.41	S-LMAQM-03-C0003/09-F1768/Mod 001	7/15/2009
2/90 Sign Systems, Incorporated	\$49,590.30	S-FSIAQ-08-M0763/09-M002	6/29/2009
Tandberg, Incorporated	\$40,342.31	S-FSIAQ-09-F0477 (GSA)	6/30/2009
Kimball International	\$103,759.93	S-FSIAQ-08-F1927/09-M011	7/02/2009
American Systems, Incorporated	\$13,383.57	S-AQMPD-07-D0010/09-F0537	7/21/2009
EMCOR Government Services, Incorporated	\$33,031.36	S-LMAQM-03-C0003/09-F1768/Mod 002	8/20/2009
Lanmark Technology, Incorporated	\$25,546.40	S-FSIAQ-04-C3023/09-M016	7/23/2009
Wisnewski Blair & Associates, Ltd.	\$100,219.00	S-ALMEC-05-D0053/09-F3670	9/21/2009
Total Outlays	\$2,566,678.17		



United States Department of State

Foreign Service Institute

*George P. Shultz National Foreign Affairs Training Center
Washington, D.C. 20522-4201*

December 6, 2010

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MEMORANDUM

TO: OIG/DIG – Harold W. Geisel

FROM: FSI/EX – Catherine J. Russell

SUBJECT: Draft Report on Audit of Funding Provided by the American Recovery and Reinvestment Act for the Foreign Service Institute National Foreign Affairs Training Center

REF: OIG/DIG Memorandum dated 11/24/10

The following is an update on FSI's actions to comply with the report on the Audit of Funding Provided by the American Recovery and Reinvestment Act for the Foreign Service Institute National Foreign Affairs Training Center.

Recommendation 1:

We recommend, for all future contracts awarded using Recovery and Reinvestment Act monies, that the Foreign Service Institute Director of Acquisitions ensure that pre-award notices are posted as required before the contracts are awarded and that the post-award notices include, for future awards that are not firm-fixed price awards and for competitive procurements, the rationale for award decisions made. (Since the Recovery Act requires all funds to be obligated by September 30, 2010, this recommendation applies to pre-award notices and awards made from May 15 through September 30, 2010.)

Finding 1: FSI Did Not Consistently Post Pre-Award and Post-Award Notices

FSI Response:

Concur in part.

FSI, when given the Recovery Act funds had numerous contractual vehicles already in place that would be used to meet the goals set under the Recovery Act guidance. Because of this, FSI was out-in-front of most agencies and awarded a large portion of their planned contracts before OMB issued final guidance as to pre-award and post-award reporting on FBO. All post-awards were reported. There were no pre-awards announced because of the timeliness of the OMB guidance.

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In regards to non-fixed-priced contracts, these contracts were either GSA awarded or mandatory contracts – all with fixed priced commodities. Only one of the contracts is a time and material contract and this is the warehouse support contract which was already in place. This contract was modified to increase effort. A post award notice was posted, but a pre-award notice was not (see above).

This recommendation should be closed.

Recommendation 2:

We recommend that the Foreign Service Institute Director of Acquisitions require contracting officers to prepare and maintain all documentation to support future solicitation, selection, and award decisions and that appropriate procedures be implemented to review contracting officer's files to ensure that documents are maintained, either electronically or in hard copy, and are accessible for future review.

Finding 2: FSI Did Not Maintain Sufficient Documentation To Support Contracting Decisions

FSI Response:

Concur in part.

The majority of the awards made utilizing Recovery Act funding were made via modifications to existing and on-going contracts. The contracts are utilized frequently and were already a main source for furnishings, facility support and signage at FSI. The signage contract is a mandatory contract under UNICOR. The base contracts were either competed or awarded via direct authority and these contracts contain sufficient documentation to warrant award.

The two contracts referenced by the Auditor, the purchase of audio-visual equipment and the upgrading of the paging system – both were awarded via Delivery Orders against competed GSA contracts, with established prices. FSI has the right of assumption that if a contract has been awarded by GSA, then GSA followed proper procedures as to solicitation and award of the base contract.

Further, as to the documents that the Auditor states that FSI contract files should contain, FSI agrees that these documents should be in the files, but only if they are pertinent to the particular award. Blanket statements made as to what may or may not be missing must be tempered with the knowledge of what was awarded, i.e. base contract, task/delivery order or modification – each requiring different degrees of documentation. As stated above, modifications to basic contracts do not warrant such extensive documentation as does the original award of the basic contract.

In regards to documentation regarding the reviewing/checking of the ELPS and/or the CCR, it is the normal practice of FSI to printout a copy of the latest CCR document and a printout of the ELPS showing that the contractor is either listed or not listed, and inserting both in the contract files. This fully meets the requirements of the FAR. Further, if, during the awarding of an effort, if, for any reason the CCR registration is not correct, GFMS will alert the Contract Specialist that the CCR registration is not up-to-date. At that time, the Contract Specialist will not continue with the award until at such time that the error is corrected.

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This recommendation should be closed.

Recommendation 3

We recommend that the Foreign Service Institute Director of Acquisitions verify that the contractor has reimbursed the Department of State the \$3,000 overpayment.

Finding 3: Contractor Was Unintentionally Overpaid

FSI Response:

Concur.

The Director of Acquisitions verified that the overpayment in the amount of \$3,000 has been returned. There have been no further overpayments. The auditors were provided final proof that the overpayment had been corrected prior to completing the audit.

This recommendation should be closed.

cc: A/LM/AQM – Lisa L. Million
M/PRI – Miranda L. Longstreth
RM/BP – Christine M. Jacobs