



United States Department of State
and the Broadcasting Board of Governors

Office of Inspector General

FEB -6 2013

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MEMORANDUM

TO: MED – Gary D. Penner, M.D.

FROM: OIG – Harold W. Geisel *HW Geisel*

SUBJECT: Report on *Audit of Office of Medical Services Contracting Practices for Continuing Medical Education* (AUD-HCI-13-19)

Summary

On May 7, 2012, the Office of Inspector General (OIG) received an anonymous hotline complaint alleging that the annual Office of Medical Services (MED) continuing medical education (CME) conferences held in “exotic locations” were a waste of U.S. taxpayers’ dollars and unnecessary, given the increase in virtual and/or online opportunities. In addition, the complainant suggested that OIG determine whether the contract bidding for the CME conferences was open and fair, since one vendor was used “year-after-year.”

OIG conducted this audit to determine whether MED had a valid requirement to sponsor CME conferences. In addition, OIG determined whether the site selection process and contracting practices were in accordance with applicable *Federal Acquisition Regulation* (FAR) and Department of State (Department) guidance. (The scope and methodology for this audit are in Attachment 1.)

OIG found that MED had a valid requirement to sponsor CME conferences from 2007 to 2011 to fulfill training requirements for medical personnel. CME conferences provided overseas staff with required training in a cost-effective manner that could not be derived by other means. Specifically, MED conferences focused on medical issues unique to the Foreign Service and provided for MED-specific requirements.

OIG determined that contracting practices for conveyance of the CME curricula were completed in accordance with the FAR and Department guidance. However, OIG could not determine whether the process for selecting CME conference locations was completed in accordance with Department guidance because MED did not have procedures in place to document its site selection process.

OIG also could not determine whether contracts for logistical support for the venues for conferences held prior to the 2011 conferences, except for the 2009 conference held in Hawaii,

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were awarded in accordance with the FAR and Department guidance. This occurred because, before 2011, contracts for logistical support for the venues were awarded at posts that had hosted the conferences or at a regional procurement center, and MED did not maintain contract documentation for those contract awards in a central location.

MED, on OIG's behalf, requested the contract files from the various posts that had hosted CME conferences, but MED was unable to obtain the complete contract files. MED did provide OIG with funding documentation, purchase orders, and emails for the 2007 to 2010 CME contracts for logistical support for the venues hosted by the overseas posts. However, without the complete contract files, OIG was not able to determine whether the contracts for logistical support of the CME conferences were awarded in accordance with the FAR and Department guidance.

OIG recommended that MED implement procedures that require documentation and retention of site selection for CME conferences in accordance with the *Foreign Affairs Manual* (FAM) (14 FAM 533.4).

Since December 2010, the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), has awarded the contracts for logistical support for the venues for the CME conferences. OIG found that the logistical support contracts awarded by A/LM/AQM for the 2011 conferences in Singapore, Republic of Singapore, and Istanbul, Turkey, and for the 2009 conference in Hawaii were sufficiently documented and complied with the FAR and Department guidance. Because the issue pertaining to contract documentation has been corrected, OIG is not making a recommendation on this issue

OIG provided a draft of this report to MED in January 2013. In its January 25, 2013, response (see Attachment 2) to the draft report, MED stated that it would comply with the provisions of the FAM stated in Recommendation 1. Based on the response, OIG considers the recommendation closed.

Background

The stated mission of MED is "to safeguard and promote the health and well-being of America's diplomatic community." MED provides health care to U.S. Government employees and their families who are assigned to embassies and consulates worldwide. MED also advises the embassies and Department management about health issues throughout the world. MED does not provide medical services to U.S. citizens abroad who are not affiliated with the U.S. Government. However, MED does collaborate with the Bureau of Consular Affairs to ensure that appropriate medical assistance is obtained for those U.S. citizens in need.

As of August 20, 2012, MED had 86 Regional Medical Officers, 74 Nurse Practitioners, 34 Physician Assistants, and 40 to 60 Locally Employed Staff.¹ In accordance with the FAM,² a medical professional must maintain a current license and a board certification to

¹"Locally Employed Staff" is the general term used for Foreign Service nationals as well as for some U.S. citizens who ordinarily reside in the host country and are thus subject to its labor laws.

² 16 FAM 113, "Medical Components of the Office of Medical Services."

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remain employed by the Department. Most state licensing authorities require physicians to complete a certain number of hours of accredited CMEs within prescribed timeframes to maintain their medical licenses. Hospitals and other institutions may impose additional CME requirements for physicians who practice at their facilities. To fulfill their license and certification requirements and to stay abreast of the growing array of diagnostic and treatment options, MED personnel continually update their technical knowledge and skills through CME learning forums.

Results of Audit

Requirement for CME Conferences

OIG found that MED had a valid requirement to sponsor CME conferences from 2007 to 2011 to fulfill training requirements for medical personnel. Because of the nature of the Department's worldwide coverage, MED personnel often work in austere environments and often do not have the resources or facilities that are available to stateside medical personnel. Most available medical training assumes access to modern medical facilities and resources, so it is often necessary for MED to tailor its CME curricula based on specific needs within the Department's environment. MED develops an annual curriculum based on input from posts regarding ongoing medical situations and MED's 5-year CME plan and typically hosts two conferences each year using the same curriculum to accommodate geographically dispersed personnel worldwide.³

Training Requirements for Medical Personnel

The CME conferences offer medical professionals required training and provide additional benefits not obtained through other available training opportunities. Although not every state or medical specialty requires CME conferences to be held annually, most states or medical specialties generally require varying numbers of CME credits either on an annual or a biannual basis. The medical professional is primarily responsible for obtaining CME credits to maintain certification and licensing.

MED maintains a 5-year CME plan to assist its medical professionals in obtaining CME credits to retain licensure and meet credentialing requirements, maintain professional competency, and learn a new skill. For example, various Life Support re-certifications need to be performed on a regular basis and are included in the plan. CME conferences focus on medical issues unique to the Foreign Service and provide for MED-specific requirements, but the conferences do not provide sufficient CME credits to maintain a license or certification for all personnel. MED

³ At the outset of this review, the Office of Management and Budget (OMB), on May 11, 2012, issued Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations*. This memorandum directed executive branch agencies to reduce costs immediately in several areas, including travel and conferences. The memorandum also imposed new conference approval and reporting requirements. This report evaluates MED CME learning forums and conferences held prior to the effective date of the memorandum. Therefore, the conferences that OIG evaluated were not subject to the cost reduction, approval, and reporting requirements of the OMB memorandum. The Department issued guidance in August 2012 incorporating these requirements, but the FAM has not been updated to reflect that guidance.

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personnel must personally arrange and pay for other training if needed to fulfill their certification and licensing requirements.

MED's Director of Foreign Service Health Practitioners stated that annual training provides stability as well as an opportunity for the medical professionals to meet in person. According to this official, those benefits could not be obtained through other training formats such as online courses or conferences hosted for individuals by other organizations.

Cost Effectiveness of CME Conferences

OIG found that it was cost effective for MED to sponsor CME conferences. Specifically, from 2009 through 2011, CME conference costs ranged from \$108,754 to \$357,943, with costs per attendee ranging from approximately \$272 to approximately \$1029,⁴ as shown in Table 1.

Table 1. MED CME Conference Dates, Locations, and Costs for 2007–2011

Year	Dates	Locations	Cost ^a	Cost Per Attendee
2011	February 16–25	Singapore, Republic of Singapore	\$343,436	\$695
	March 30–April 14	Istanbul, Turkey		
2010	January 27–February 5	Bangkok, Thailand	\$357,943	\$1029 ^b
	April 14–May 21	Berlin, Germany		
2009	February 9–13	Hawaii, United States	\$108,754	\$272
	March 2–5	Miami, United States		
	April 29–May 8	Lisbon, Portugal		
2008	February 11–14	Miami, United States	Not Available ^c	Not Available ^c
	February 27–March 6	Singapore, Republic of Singapore		
	May 1–8	Vienna, Austria		
2007	January 17–26	Bangkok, Thailand	Not Available ^c	Not Available ^c
	February 12–15	Panama City, Panama		
	March 26–29	Rome, Italy		

Source: OIG analysis of MED CME locations and costs.

^a Cost includes the conveyance of curriculum and logistical support for the venue, but it does not include lodging.

^b Cost was calculated for 9 days using all available information regarding logistical support costs for the venue.

^c Contract documentation was not available to calculate and verify the cost of the CME conference or the cost per attendee.

⁴ Cost-per-attendee calculation did not encompass 2007 and 2008 because MED was unable to provide an adequate breakdown of associated costs in order for OIG to calculate the cost per attendee.

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The costs shown in Table 1 included the conveyance of the CME curriculum and logistical support costs for the venues, such as rental of conference rooms and audiovisual support, but these costs did not include participant room accommodations.

OIG did not include travel and per diem costs in its analysis of cost effectiveness because these costs would be paid by MED whether participants attended a MED-sponsored CME conference or a CME conference sponsored by another organization.

OIG reviewed continuing education conference information from the American Academy of Family Physicians, Harvard Medical School, and Temple University and determined that typical registration fees for comparable conferences within the medical field ranged from \$900 to \$1,500 per attendee. For example, the registration fee for a 4-day conference titled "Skin Problems and Diseases," presented by the American Academy of Family Physicians, was \$895 for its members. Also, the registration fee for a 5-day conference titled "Office Practice of Primary Care Medicine," presented by Harvard Medical School, was \$1,500. Seven other 4- and 5-day conferences OIG reviewed were within this range.

OIG concluded that annual MED-sponsored CME conferences helped ensure that medical personnel were trained in specific skills that MED deemed essential for the personnel's overseas mission while assisting MED personnel in fulfilling their professional CME requirements. In addition, the custom-designed curriculum fulfilled the unique requirements of MED personnel that other CME forums did not provide.

Site Selection for CME Conferences

OIG found that MED's site selection process for the CME conferences was not properly documented. Although MED staff members were able to fully explain the conference site selection process, there was no formal documentation demonstrating that the staff members had followed proper site selection procedures prescribed by the FAM.⁵ This lack of formal documentation occurred because MED did not have procedures in place that required the site selection process to be documented and retained. As a result, MED could not demonstrate that its site selection process was in accordance with Department guidance.

Department Guidance for Site Selection

According to the FAM,⁶ when selecting conference locations, the authorizing officer should avoid conference sites that might appear to be extravagant to the public. The FAM⁷ further states that a minimum of three alternative sites must be selected and that each considered site should be selected based on the belief that it would result in lower overall conference costs and conference attendees' travel costs. The office should then "survey the cost of conference facilities at each of the considered sites" and determine the potential cost to the U.S. Government for each of the alternative sites. The authorizing officer should document the cost of each alternative conference site and retain a record of the documentation for every conference

⁵ 14 FAM 533.4, "Conference Travel."

⁶ 14 FAM 533.4-2, "Conference Site."

⁷ 14 FAM 533.4-3a-c, "Conference Site Selection Process."

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held. The authorizing officer must also “make the documentation available for inspection by the Office of Inspector General (OIG), or for other interested parties.”

Site Selection Process Undocumented

MED personnel are geographically dispersed throughout the world, and according to MED officials, MED chooses conference locations to accommodate personnel serving in the eastern and western parts of the world. For example, locations such as Singapore and Bangkok are advantageous locations for personnel geographically located in the east, whereas Lisbon, Portugal, and Berlin, Germany, are advantageous for those geographically located in the west.

MED solicits possible location sites for CME conferences from various posts located in the eastern and western parts of the world. Once MED receives notification that a post is willing to host a conference, the CME Planning Committee, along with CME Programs, evaluates possible locations based on factors such as travel distance and costs for the attendees, post support capabilities, security, adequate meeting facilities, and per diem rates. The committee comprises MED’s Executive Director, MED’s Deputy Executive Director, and the Director of Foreign Service Health Practitioners. The planning committee then presents the information to senior management to make the final decision.

MED officials acknowledged that they did not keep records of the decision-making process when choosing conference locations. Therefore, OIG could not verify that the conference selection process followed Department guidance or the aforementioned process.

Management Actions Taken

Subsequent to the announcement of this audit, MED management stated that they realized that they were not documenting site selection in accordance with Department guidance, and they subsequently developed procedures requiring documentation of the site evaluation and the decision-making process. OIG reviewed the new process for selecting CME conference sites and determined that this new process, if followed, would comply with Departmental guidance. However, as of November 2012, the end of OIG’s fieldwork, the process had not been fully implemented.

Recommendation 1. OIG recommends that the Office of Medical Services finalize and implement procedures that require documentation and retention of site selection for continuing medical education conferences in accordance with the *Foreign Affairs Manual* (14 FAM 533).

Management Response: MED “acknowledge[d]” the absence of formal documentation demonstrating that staff members had followed prescribed site selection procedures. MED stated, however, that it had “formalized” the conference site selection procedure, codifying it as “an ISO 9001 MED policy document (#5004).” MED stated that this procedure would consider at least three alternative sites and would base site selection to “result in lower overall conference costs and conference attendees’ travel costs.” MED

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further stated these procedures “require documentation and retention” of site selection for CME conferences in accordance with applicable provisions of the FAM.

OIG Reply: Based on MED’s response and OIG’s review of the formalized policy, OIG considers the recommendation closed.

Contracting Practices for CME Conferences

OIG found that contracting practices for conveyance of the CME curricula were completed in accordance with FAR and Department guidance. However, OIG could not determine whether contracts for logistical support for the conference venues prior to the 2011 conferences, except for the 2009 conference held in Hawaii, were awarded in accordance with the FAR and Department guidance. OIG could not make this determination because, before 2011, contracts for logistical support for the venues were awarded at posts that had hosted the conferences or at a regional procurement support center, and MED did not maintain documentation for those contract awards in a central location. As a result, OIG could not determine whether the contracts for logistical support for the CME conference venues were awarded in accordance with the FAR and Department guidance.

Federal and Department Contracting Guidance

MED uses contractors to provide training to its medical staff. For each CME conference, MED awards two types of contracts: (1) a contract for the conveyance of the CME curriculum and (2) a contract for the logistical support for the venue.

The *Foreign Affairs Handbook* (FAH)⁸ states the following:

The U.S. Government’s policy is to obtain maximum competition consistent with the nature of the acquisition. Depending on the type of requirement, there are various methods used to obtain prospective sources under a competitive situation. The requirements and contracting offices should be jointly interested in assuring that the U.S. Government obtains adequate competition through the solicitation of bids or offers from as wide a range of sources as possible.

Contracting for products and services can be accomplished by using either full and open competition or sole source contracting. Sole source contracting is a noncompetitive purchase or procurement process accomplished after soliciting and negotiating with only one source, thus limiting competition. According to the FAR,⁹ contracting without providing for full and open competition is permitted when services required by the agency are available from only one responsible source or when there is an unusual and compelling urgency authorized or required by statute, national security, or public interest. Written justifications and approvals must be provided. Furthermore, the FAR¹⁰ states, for a proposed contract exceeding \$100,000 but not

⁸ 14 FAH-2 H-412, “Publicizing Requirements.”

⁹ FAR 6.302-1, “Other Than Full and Open Competition.”

¹⁰ FAR 13.501(a)(2), “Test Program for Certain Commercial Items.” Amount was changed to \$650,000 in FAC-5-45, October 1, 2010

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exceeding \$550,000, that the contracting officer's certification that the justification is accurate and complete to the best of the contracting officer's knowledge and belief will serve as approval unless a higher approval level is established in accordance with agency procedures.

Contracting for Conveyance of the CME Curriculum

OIG found that MED properly followed acquisition regulations and used sole source justification in awarding contracts for conveyance of the CME curricula from 2007 to 2011. Because MED selected the CME curriculum providers based on planned training subjects for a particular year, as the curriculum subjects changed, the CME providers who were selected to convey the curriculum also changed.

From 2007 to 2011, MED used five CME providers to convey curricula at 13 CME conferences. Three of the five CME providers were Government organizations, and two were private organizations. The CME providers and the year and location of the conferences are in Table 2.

Table 2. CME Providers, Acquisition Method, and Conference Locations for 2007–2011

Year	CME Provider	Acquisition Method	Conference Location
2011	Cleveland Clinic ^a	Sole Source Contract	Singapore, Republic of Singapore Istanbul, Turkey
2010	Uniformed Services University of Health Sciences (USUHS) ^b	Interagency Acquisition Agreement	Bangkok, Thailand Berlin, Germany
	University of Minnesota, Dept. of Emergency Medicine ^a	Sole Source Contract	
2009	Uniformed Services University of Health Sciences (USUHS) ^b	Interagency Acquisition Agreement	Hawaii, United States Miami, United States Lisbon, Portugal
2008	Uniformed Services University of Health Sciences (USUHS) ^b	Interagency Acquisition Agreement	Miami, United States Singapore, Republic of Singapore Vienna, Austria
	Centers for Disease Control and Prevention (CDC) ^b	Email agreement	Singapore, Republic of Singapore Vienna, Austria
2007	University of Minnesota, Department of Emergency Medicine ^b	Sole Source Contract	Bangkok, Thailand Panama City, Panama Rome, Italy
	Armed Forces Medical Examiner System (AFMES) ^b	Military Interdepartmental Purchase Request	Bangkok, Thailand Rome, Italy

Source: OIG analysis of MED CME providers and acquisition method.

^aPrivate organization.

^bGovernment organization.

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For government organizations, MED used a military interdepartmental purchase request, an email agreement, or interagency acquisition agreements to obtain the services of the CME provider. The three contracts that were executed by A/LM/AQM for MED with the private CME providers were sole source contracts. MED's legal advisers vetted two of the sole source justifications for the awards. However, OIG determined that the justifications and approvals for all three sole source contracts were appropriate and that the contracts had been awarded in accordance with the FAR.^{11,12}

The Cleveland Clinic, a private organization, was contracted to convey the CME curriculum in 2011. MED awarded, through A/LM/AQM, a sole source contract to the Cleveland Clinic Health System to provide specialized CME training and education to foreign and domestic MED health practitioners. According to the contract justification and approval documentation, MED determined that because the Cleveland Clinic receives most of the Department's patients who undergo medical evacuations from overseas, it was a logical choice to fulfill the Department's unique CME requirements. Moreover, when Cleveland Clinic trainers conveyed the CME curriculum, they were familiar with patient histories and offered training specifically designed for the environment in which Department medical personnel operate.

MED also awarded sole source contracts to the University of Minnesota for the conveyance of the CME curricula in 2007 and 2010. According to contract justification and approval documentation, MED performed a nation-wide search for an emergency medicine training program that would meet the unique needs of the Department health care providers who are often stationed in remote areas and who often do not have ready access to complex life support equipment and facilities. The University of Minnesota's Comprehensive Advanced Life Support (CALs) program was designed to train rural physicians and other health care providers to function in austere environments under a wide range of physical conditions. The CALs program was the only program found to provide the level of training needed by Department medical providers. According to MED management, no other organization in the country was or is even now prepared to provide or is capable of providing CALs training that will match CALs specifications and leverage MED's large investment in the supplies and equipment that support MED's CALs-trained health care providers in the field.

Contracting for Logistical Support for the Venues

OIG could not determine whether contracts awarded for logistical support for venues prior to the 2011 conferences, except for the 2009 conference held in Hawaii, were awarded in accordance with FAR and Department guidance.

From 2007 to 2011, 13 contracts were awarded for logistical support for the venues, as shown in Table 3.

¹¹ Ibid.

¹² FAR 6.302-1.

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Table 3. Logistical Support Contracts Awarded for CME Conferences for 2007–2011

Year	Dates	Locations	Awarded By
2011	February 16–25	Singapore, Republic of Singapore	A/LM/AQM
	March 30–April 14	Istanbul, Turkey	
2010	January 27– February 5	Bangkok, Thailand	Embassy Bangkok
	April 14–May 21	Berlin, Germany	Embassy Berlin
2009	February 9–13	Hawaii, United States	A/LM/AQM
	March 2–5	Miami, United States	Regional Procurement Support Center, Florida
	April 29–May 8	Lisbon, Portugal	Embassy Lisbon
2008	February 11–14	Miami, United States	Regional Procurement Support Center, Florida
	February 27–March 6	Singapore, Republic of Singapore	Embassy Singapore
	May 1–8	Vienna, Austria	Embassy Vienna
2007	January 17–26	Bangkok, Thailand	Embassy Bangkok
	February 12–5	Panama City, Panama	Embassy Panama
	March 26–29	Rome, Italy	Embassy Rome

Source: OIG analysis of MED CME venue logistical support costs.

Since December 2010, A/LM/AQM has awarded the logistical support contracts for the venues for the CME conferences. OIG found that the logistical support contracts awarded by A/LM/AQM for the 2009 Hawaii conference and the 2011 conferences had been sufficiently documented and complied with the FAR and Department guidance. However, OIG was unable to obtain complete contract file documentation for the 10 remaining logistical support contracts for the venues because those contracts were awarded at posts that had hosted the conference or at a regional procurement center, and MED did not maintain those files in a central location.

MED, on OIG's behalf, requested the contract files from the various posts that had hosted the CME conferences, but MED was unable to obtain the complete contract files. MED did provide OIG with funding documentation, purchase orders, and emails for the 2007 to 2010 CME contracts for logistical support for the venues hosted by the overseas posts. However, without the complete contract files, OIG was not able to determine whether the contracts for logistical support of the CME conferences were awarded in accordance with the FAR and Department guidance.

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Since A/LM/AQM is now responsible for awarding contracts for logistical support for the venues and the files will be maintained in one location, OIG considers the issue corrected and is therefore not making a recommendation on this issue.

Based on MED's response and supporting documentation provided, OIG considers recommendation 1 closed. No further response is required.

OIG incorporated your comments as appropriate within the body of the report and included them in their entirety as Attachment 2.

OIG appreciates the cooperation and assistance provided by your staff during this audit. If you have any questions, please contact Evelyn R. Klemstine, Assistant Inspector General for Audits, at (202) 663-██████████ or by email at ██████████@state.gov or Denise Colchin, Division Director, at (703) 284-██████████ or by email at ██████████@state.gov.

Attachments: As stated.

cc: MED/EX – Joseph A. Kenny
MED/EX – Assefa X. Kidane
A/EX – Patricia Popovich
A/LM/AQM – Cathy J. Read

Scope and Methodology

The Department of State (Department), Office of Inspector General (OIG), Office of Audits, conducted this audit to evaluate whether the Department's Office of Medical Services (MED) had a valid requirement to sponsor continuing medical education (CME) conferences. In addition, OIG determined whether the site selection process and contracting practices were in accordance with applicable *Federal Acquisition Regulation* (FAR) and Department guidance.

The audit was performed from July to November 2012 primarily at MED and at the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), in Washington, DC.

To obtain background information, OIG researched and reviewed Federal laws and regulations, including the FAR. OIG also reviewed Department policies and additional guidance related to conference site selection and CME requirements, including the *Foreign Affairs Manual* (FAM), the *Foreign Affairs Handbook* (FAH), and medical licensing and certification guidelines.

OIG interviewed officials from MED and A/LM/AQM to gain an understanding of CME requirements, strategies, processes, and guidance for the award and administration of contracts for CME conferences. OIG also researched the Internet to obtain information regarding CME conferences offered by various organizations and educational facilities. OIG reviewed registration fees for 4- and 5-day conferences to compare those costs with the costs MED incurred when it presented its own CME conferences. OIG did not include lodging or travel fees in its comparison because these fees would have been incurred for any CME conference that MED personnel would attend.

OIG attempted to compare the Department's methodology for complying with CME requirements with those of similar Federal agencies. Specifically, OIG determined that the Centers for Disease Control did not contract out for CME conferences. Also, an individual with extensive knowledge of the Peace Corps stated that most of the medical personnel employed by the Peace Corps are foreign and do not require the same continuing education requirements that U.S. personnel must have. In addition, the Department's unique global requirements did not compare with those of other Federal agencies, so OIG did not make a comparison.

OIG requested and reviewed all contract documentation available for CME conferences provided from 2007–2011. These contracts included conferences for both domestic and overseas training. For those contracts awarded at overseas locations for logistical support at the venues, OIG requested that MED obtain the contract documentation from the hosting post. Although MED was unable to obtain all of the contract documentation from the posts, MED was able to provide funding documentation, purchase orders, and emails. OIG also reviewed the justification and approval for sole source contracts awarded for conference curricula to verify that the contracts had been awarded properly. OIG reviewed all pertinent available documents, and no sampling was performed.

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OIG conducted this audit in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on its audit objective except that the scope of work was limited, as explained, because contract files were not provided.

Use of Computer-Processed Data

OIG did not request or review computer-processed data during the audit. Therefore, it was not necessary for OIG to test or assess the use of controls for computer-processed data.

Work Related to Internal Controls

OIG performed steps to assess the adequacy of internal controls related to the areas audited. For example, OIG gained an understanding of the methodology for conference site selection and discussed exceptions identified with bureau officials to better understand the reasons for the exceptions that would indicate internal control issues. In addition, OIG gained an understanding of the Department's policies and procedures and oversight related to contracting for CME conferences.

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Attachment 2



United States Department of State

Office of Medical Services
Department of State and the Foreign Service

Washington, D.C. 20520

January 25, 2013

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MEMORANDUM

TO: OIG - Harold W. Weisel, Acting Inspector General

FROM: MED - Gary D. Penner, M.D.

SUBJECT: Report on "Audit of Office of Medical Services Contracting Practices for Continuing Medical Education"

The Office of Medical Services (MED) has reviewed the draft report, and appreciates the opportunity to respond to the one and only recommendation. Our reply to Recommendation 1 follows:

Recommendation 1. OIG recommends that the Office of Medical Services finalize and implement procedures that require documentation and retention of support for the site selection for Continuing Medical Education (CME) conferences in accordance with the *Foreign Affairs Manual* (14 FAM 533).

Response: As noted in the report, MED acknowledges that while MED staff members were able to fully explain the conference site selection process, there was no formal documentation demonstrating that the staff members had followed proper site selection procedures prescribed by the FAM (14 FAM 533, "Conference Travel"; 14 FAM 533.4-2, "Conference Site" and "Conference Site Selection Process").

MED has formalized the conference site selection procedure, now codified as an ISO 9001 MED policy document (#5004). This procedure considers a minimum of three alternative sites, and states that each considered site be selected on the basis that it would result in lower overall conference costs and conference attendees' travel costs in conjunction with the other factors stated above and repeated as follows:

- Geographical division so travel distances and costs can be reduced
- Cities with adequate hotel and meeting facilities in a secure setting
- Cities with reliable and frequent international air connections
- Cities in countries that have liberal entry visa requirements to allow entrance of LES medical providers and nurses who hold passports from countries all over the world

With the assistance of the respective Post GSO Procurement sections, as well as L/AQM, MED will "survey the cost of conference facilities at each of the considered sites" and determine the potential

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cost to the U.S. Government for each of the alternative sites. The authorizing officer will document the cost of each alternative conference site, and retain a record of the documentation for every conference held to the extent possible. The authorizing officer will also "make the documentation available for inspection by the Office of Inspector General (OIG), or for other interested parties."

Office of Medical Services will implement these procedures that require documentation and retention of site selection for Continuing Medical Education conferences in accordance with the *Foreign Affairs Manual* (14 FAM 533).

Should you have any questions, please direct them to Joseph Kenny, Executive Director. He may be reached on 202-663-██████ or at ████████@state.gov.

cc: OIG - Evelyn R. Klemstine, Assistant Inspector General for Audits
 OIG - Denise Colchin, Division Director
 MED - Charles Rosenfarb, Deputy Medical Director
 MED/FSHP - Anne Saloom, FSHP Director
 MED/QI - Paula Dolan, RN MPA
 MED/EX - Joseph A. Kenny, Executive Director 
 MED/EX - Assefa X. Kidane, Deputy Executive Director
 A/EX - William Amoroso, Executive Director
 A/LM/AQM - Cathy J. Read, Director