



UNITED STATES DEPARTMENT OF STATE  
AND THE BROADCASTING BOARD OF GOVERNORS  
*OFFICE OF INSPECTOR GENERAL*

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October 2014

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**Audit of Bureau of Diplomatic Security  
Worldwide Protective Services Contract  
Task Order 10  
Kabul Embassy Security Force**

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United States Department of State  
and the Broadcasting Board of Governors

*Office of Inspector General*

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 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 blue ink, appearing to read 'N. P. Brown', written in a cursive style.

Norman P. Brown  
Assistant Inspector General  
for Audits

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**Acronyms**

ACOR	alternate contracting officer's representative
A/LM/AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management
CLIN	contract line item number
COR	contracting officer's representative
DS/OPO/WPS	Bureau of Diplomatic Security, Office of Overseas Protective Operations, Worldwide Protective Services
EDD	explosive detection dog
FAH	<i>Foreign Affairs Handbook</i>
FAM	<i>Foreign Affairs Manual</i>
FAR	Federal Acquisition Regulation
GTM	government technical monitor
OIG	Office of Inspector General
PIB	Procurement Information Bulletin
RSO	regional security officer
SOP	standard operating procedures
TCN	third-country national
TIP	Trafficking in Persons
WPS	Worldwide Protective Services

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## **Executive Summary**

Awarded in September 2010, the Worldwide Protective Services (WPS) contract provides the Department of State (Department) with protective movement security, specialized emergency services, and static guard services for diplomatic missions in high-threat areas. In conjunction with the WPS contract, the Department awarded Aegis Defense Services (Aegis) Task Order 10 to provide static security services for Embassy Kabul and other U.S. diplomatic facilities within Kabul, Afghanistan. The task order was for 1 year, with the base period of performance beginning June 15, 2012, and had four option years. Task Order 10 is currently in its second option year. As of February 2014, the Department had expended approximately \$224 million on the task order.

OIG initiated this audit under the authority of the Inspector General Act of 1978, as amended, to determine the effectiveness of the Department's management and oversight of Task Order 10. The objectives of this audit were to assess whether: (1) the Department's oversight of the Aegis contract ensures that the contractor is performing in accordance with contract and task order terms and conditions, (2) the contractor's work is adequately monitored, (3) invoice review and approval procedures are in place to ensure accuracy and completeness of costs, and (4) Department monitoring and contractor performance ensures compliance with regulations related to Trafficking in Persons (TIP). See Appendix A for the Scope and Methodology.

OIG found that Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM) did not ensure that Aegis maintained records documenting contract-required training and security screening for all employees working on Task Order 10. We reviewed a randomly selected sample of personnel, training, and investigation records for 333 of 1,553 contractor personnel (21 percent) and found that 25 of 333 files (8 percent) were missing 49 required personnel, training, or investigation documents. The WPS base contract requires that the contractor ensure that only personnel with contract-specified training and an appropriate security clearance perform work under the WPS contract, and the contractor must maintain at the task order performance location documentation of each employee's training and security clearance. As noted in a recent report, OIG found that incomplete documentation that guards are properly vetted places embassies and personnel at risk.<sup>1</sup>

OIG also found that A/LM/AQM did not ensure that Aegis maintained contract-required time and attendance records to ensure that labor services billed to the Government were properly supported. We reviewed a sample of time and attendance data from contractor muster sheets for the period June 15, 2012, to December 31, 2013. Of the 38,856 billable hours (1.5 percent) and 1,587 billable days (1.4 percent) we reviewed, we found 2,509 hours (6.5 percent) and 126 days (7.9 percent) were not supported. In total, OIG's testing found about \$141,280 in unsupported labor costs.

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<sup>1</sup> *Audit of Contractor Compliance With and Department of State Oversight of the Process Required for Vetting Local Guards* (AUD-HCI-14-24, June 2014).

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OIG reviewed 368 Task Order 10 invoices totaling \$217,168,975, and we question \$8,642,485 in costs (about 4 percent) paid on 57 invoices that are possibly unallowable or not supported in accordance with contract requirements. These invoices represent about 15 percent of the 368 invoices OIG reviewed. Specifically, the contracting officer's representative (COR) approved invoices that contained \$1,726,155 in costs that may be unallowable by the contract and \$6,916,330 in costs that are not supported in accordance with contract requirements. The COR approved the invoices without adequately verifying the contractor's invoices against the supporting documentation. The value, obligated amounts, and expended amounts in total are shown in Appendix B, and questioned costs in specific invoices are provided in Appendix C.

OIG also noted some issues in the Department's and Aegis's compliance with TIP requirements. Although the Department had ensured that the required Federal Acquisition Regulation (FAR) clause 52.222-50 was included in the WPS Base Contract, it did not ensure that Procurement Information Bulletin (PIB) No. 2012-10, which provides a clause and procedures for Department contracts to reduce the risk of abusive labor practices, was communicated and fully implemented as part of Task Order 10. OIG also found that Aegis held third-country national (TCN) passports for periods longer than necessary, had inadequate TIP awareness training for TCNs, and lacked posters in TCN-native language requiring reporting of all TIP violations, all of which increase the risk of inappropriate practices that could lead to potential TIP violations.

This report contains five recommendations addressed to A/LM/AQM that are intended to recover questioned costs and improve the management of Task Order 10. On September 10, 2014, OIG provided a draft of this report to the Bureau of Administration and requested comment on the five recommendations we made. In addition, OIG provided informational copies to the Bureau of South and Central Asian Affairs, the Bureau of Diplomatic Security, and the U.S. Embassy Kabul.

In its September 2014 response to the draft report (see Appendix D), the Bureau of Administration concurred with three recommendations and disagreed with two. Although AQM concurred with three of our recommendations, it did not identify any corrective actions to address the intent of the recommendation. As such, OIG considers only one recommendation resolved, pending further action, and four recommendations unresolved. A/LM's responses to the recommendations, along with OIG's replies, are provided after each recommendation.

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### **Background**

The WPS contract provides the Department with static guard services, protective movement security services, and other specialized emergency services for diplomatic missions worldwide, primarily in high threat areas.<sup>2</sup> Awarded in September 2010, the WPS contract consolidated the requirements of the Department's previous Worldwide Personal Protective Services contract and individual local guard force contracts for security services. It requires the contractor to plan, manage, and provide static guard, personal protective movement, emergency response team, and explosive detection security services. The contractor is also required to plan, manage, and provide logistics support services when needed. The WPS contract is a multi-billion dollar, indefinite delivery, indefinite quantity contract awarded by task order to eight contractors:

- Aegis Defense Services, LLC
- DynCorp International
- EOD Technology, Inc.
- Global Integrated Security (USA), Inc.
- International Development Solutions
- SOC
- Torres International
- Triple Canopy, Inc.

These eight contractors bid for task orders under the WPS base contract to provide specific security services. As of July 2014, 11 task orders had been awarded under the contract.

This audit report specifically addresses WPS Task Order 10 for static security services provided for U.S. Embassy Kabul diplomatic facilities. A previous OIG report addressed WPS Task Order 5<sup>3</sup>—movement security for U.S. Embassy Baghdad. Subsequent OIG audit reports will address additional task orders awarded under the WPS contract.

#### **Worldwide Protective Services Contract Task Order 10**

The Department awarded Task Order 10 on July 29, 2011, to Aegis to provide static security services for Embassy Kabul and other U.S. diplomatic facilities within Kabul, Afghanistan. The task order was for 1 year, with the base period of performance beginning June 15, 2012<sup>4</sup>, and had four option years. Task Order 10 is currently in its second option year.

As of April 2, 2014, the staffing requirement for Task Order 10 was 933 contractor personnel, of which 880 were conducting static security. The remaining 53 contractor personnel were providing administrative and logistics support. Staffing includes about 414 TCN positions and 198 local national positions.

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<sup>2</sup> WPS Contract No. SAQMMA10D0094.

<sup>3</sup> *Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract-Task Order 5 for Baghdad Movement Security* (AUD-MERO-13-25, March 2013).

<sup>4</sup> July 2011 to June 2012 stand up period required to recruit, train, and deploy staff.

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The estimated value for providing security services under Task Order 10, including the base year plus all four option years, if exercised, will total \$723 million. As of February 2014, the Department had obligated about \$307 million and had expended about \$224 million for the task order. The value, obligated amounts, and expended amounts in total for the task order are shown in Appendix B.

Aegis personnel live on two separate U.S. diplomatic facilities acquired for Bureau of Diplomatic Security contractor personnel, Camp Sullivan and Camp Seitz in Kabul, Afghanistan. Camp Sullivan is a contractor-run guard camp that houses the majority of Aegis personnel and serves as the contractor's administrative headquarters. Camp Seitz, which is located closer to Embassy Kabul than Camp Sullivan, currently houses TCNs who work the night shift at Embassy Kabul. The plan is to consolidate Task Order 10 personnel at Camp Eggers, which is currently being refurbished.

### **Contract Management and Oversight**

A/LM/AQM is responsible for administering the WPS base contract and task orders. The A/LM/AQM contracting officer for the WPS contract is co-located with Bureau of Diplomatic Security, Office of Overseas Protective Operations, Worldwide Protective Services (DS/OPO/WPS) in Virginia with responsibility for awarding, negotiating, administering, modifying, terminating, and making related contract determinations and findings on behalf of the U.S. Government.

The WPS contracting officer appointed the DS/OPO/WPS division chief, located in Virginia, as the contracting officer's representative (COR) for the WPS base contract. The COR is responsible for providing task order oversight, including inspecting and accepting contract services, providing technical advice to the contractor, monitoring the contractor's performance, and reviewing and approving the contractor's invoices and supporting documentation. The WPS contracting officer also appointed the DS/OPO/WPS KESF branch chief, located in Virginia, COR for Task Order 10. The Task Order 10 COR is assisted by an on-site COR in Kabul, as well as alternate CORs (ACORs) and government technical monitors (GTMs). The number of ACORs and GTMs fluctuate slightly based on staff availability. As of December 2013, there were three ACORs in Virginia, and four ACORs and four full-time GTMs in Kabul. The on-site COR is a deputy regional security officer (RSO), and on-site ACORs are on the RSO staff, all having other responsibilities in addition to monitoring Task Order 10. The GTMs report to DS/OPO/WPS in Virginia. The ACORs and GTMs review contract deliverables—including the contractor's muster sheets, inventory reports, training, and other administrative reports.

### **Objectives**

The objectives of this audit were to assess whether: (1) the Department's oversight of the Aegis contract ensures that the contractor is performing in accordance with contract and task order terms and conditions, (2) the contractor's work is adequately monitored, (3) invoice review and approval procedures are in place to ensure accuracy and completeness of costs, and (4) Department monitoring and contractor performance ensures compliance with regulations related to TIP.

## **Audit Results**

### **Finding A. The Department's Contract Oversight Was Weak in Two Areas**

OIG found oversight weaknesses in two areas:

- The Department did not ensure that Aegis maintained records documenting contract-required training and security screening for all employees working on the task order.
- The Department did not ensure that Aegis maintained contract-required time and attendance records to ensure that labor services billed to the Government were properly supported.

A/LM/AQM had weaknesses in its processes for ensuring that Aegis maintained required documentation showing that its employees working on the task order had the required training and appropriate security clearances and that all labor invoices were appropriately supported. The absence of supporting documentation increases the risk that the Department could employ unqualified personnel or pay unallowable or unsupported costs. Standards for Internal Control in the Federal Government<sup>5</sup> require records and documentation to be properly managed and maintained. These standards require that internal control and all transactions and other significant events must be accurately documented, and the documentation should be readily available for examination.

#### **Some Personnel, Training, and Investigation Records Are Missing Key Documents**

OIG reviewed a randomly selected sample of personnel, training, and investigation records for 333 of 1,553 contractor personnel (21 percent) and found 25 of 333 contractor personnel files (8 percent) examined were missing 49 required personnel, training, or investigation documents. OIG selected the personnel, training, and investigation records by randomly selecting a sample of active and former contract personnel. The WPS base contract requires that the contractor ensure that only personnel with contract-specified training and an appropriate security clearance perform work under the WPS contract,<sup>6</sup> and the contractor must maintain records at the task order performance location for each employee that document their training and security clearance.<sup>7</sup> In monitoring the contract, AQM noted issues with Aegis's candidate screening and recordkeeping in a November 2012 deficiency notice, requiring remedial actions to resolve this. Nevertheless, collectively assessing the missing documentation, OIG found the following:

- Seven Aegis U.S. citizen employees working various positions in Kabul had no documented security clearance investigations.
- Fourteen Aegis explosive detection dog (EDD) handlers did not have documents showing they had completed required training.

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<sup>5</sup> *Standards for Internal Control in the Federal Government*, General Accounting Office (GAO/AIMD-00-21.3.1 Nov. 1999).

<sup>6</sup> *Worldwide Protective Services (WPS) Contract*, Consolidated, December 2012, sec. C.4.3.2, "Training."

<sup>7</sup> *Ibid*, sec. C.4.1.10, "Records."

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OIG discussed the missing security clearance and background vetting documentation with the Deputy RSO who said that he had conducted a qualification and training checklist review of all contractor personnel prior to their working on Task Order 10. However, either the RSO review did not always identify deficiencies in supporting documentation or Aegis did not maintain adequate records. As noted in a recent report, OIG found that incomplete documentation that guards are properly vetted places embassies and personnel at risk.

Similarly, OIG asked the Deputy RSO and Aegis management about the 14 EDD handlers whose personnel files were missing documents supporting their experience and training. According to the Deputy RSO, although the EDD program had staffing issues when it was initially implemented, the contractor corrected the issues over time. However, our review found that 9 of the 14 EDD handlers with missing documents are still active.

### **Time and Attendance Documents Are Missing**

OIG reviewed a random sample of time and attendance data from contractor muster sheets<sup>8</sup> for the period June 15, 2012, to December 31, 2013, and found several issues regarding the contractor's contract-required time and attendance records.<sup>9</sup> In summary:

- Of 38,856 billable hours (1.5 percent) reviewed, OIG found 2,509 hours (6.5 percent) were not supported.
- Of 1,587 billable days (1.4 percent) reviewed, OIG found 126 days (7.9 percent) were not supported.

The WPS base contract requires the contractor to establish and use a biometric time and attendance tracking and reporting system to ensure accurate accounting of time worked by contract personnel. However, DS/OPO/WPS told OIG that the contractor's biometric system had technical issues and was sometimes not available during the first 5 months of the task order. During this period DS/OPO/WPS authorized Aegis to use sign-in sheets, log books, and signed guard schedules when the biometric system was not functioning to document that an individual worked on the contract. The sample of muster sheets we reviewed included this time period.

Our review found numerous cases of missing sign-in sheets, log books, and signed guard schedules during the first six months of the task order. For example, OIG found 351 instances where both sign-in sheets and biometric data were missing, resulting in unsupported billed hours and days. Some of these were significant, such as a missing sign-in sheet and biometric data needed to support \$36,197 in labor costs for an EDD handler for the month of July 2012. Another involved missing biometric data and sign-in sheets needed to support \$11,648 in labor

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<sup>8</sup> Muster sheets are WPS contract-required deliverables that report contractor staffing for labor billing. Muster sheets contain names, labor category, days worked, rest and recuperation, and other daily presence status for contractor staff. The contractor is required to submit monthly muster sheets signed by the RSO, the Deputy RSO, or the designee responsible for the location, along with the applicable invoice for payment.

<sup>9</sup> When Task Order 10 began in June 2012, some Kabul Embassy Security Force positions were billed to the Government based on an hourly rate and some positions were billed at a daily rate. Starting in October 2013, all positions were billed at a daily rate.

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costs for an operations security specialist for the month of July 2012. In total, OIG's testing found about \$141,280 in unsupported labor costs. The vast majority of these (91.5 percent of billed hours and 100 percent of billed days) occurred in the first 6 months of the task order. OIG notes that documentation supporting the invoices improved significantly thereafter.

OIG's review also found that muster sheets were not always reviewed by the COR as required by the WPS base contract. Of the 48 muster sheets reviewed, 2 muster sheets (4 percent) for June 2012 and July 2012 were annotated as "signed without review" by the COR. The *Foreign Affairs Handbook* (FAH)<sup>10</sup> states that if a contract requires COR review of invoices, the COR review should determine the validity of the costs claimed. The WPS base contract<sup>11</sup> requires the COR to review contractor invoices, including the supporting documentation required by the contract. The required supporting document for a Task Order 10 labor invoice is the muster sheet. Careful COR review of contractor supporting documentation is critical during the early stages of a new task order with a new contractor. Because the COR did not review the muster sheets, there is an increased risk that labor costs paid by the Government were unsupported and possibly unallowable.

Although OIG found weakness in two areas of contract oversight involving contract records, OIG notes that the Department has recently taken action to improve contract documentation. In response to prior OIG audits, the Department issued PIB No. 2014-10 in May 2014, which established additional guidance to contracting officers, CORs, and others responsible for maintaining contract records. PIB No. 2014-10 requires A/LM/AQM to execute a quality control plan and a contract file audit plan, and submit the results of these audits to the Bureau of Administration, Office of the Procurement Executive, annually. OIG notes that any A/LM/AQM quality control plan and contract file audit plan required by PIB No. 2014-10 must address the training documentation of EDD handlers because this appears to have been an ongoing problem throughout the period of OIG's review. Conversely, OIG noted significant improvements in the contract-required time and attendance documentation after the first 6 months of the task order. If A/LM/AQM implements the requirements of PIB No. 2014-10, this will help address the two areas of contract oversight weakness mentioned in our report.

**Recommendation 1.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, implement a quality control plan and a contract file audit plan, as required by Procurement Information Bulletin No. 2014-10, to ensure the contractor maintains all required documentation and can support all transactions made under Task Order 10, including training records of explosive detection dog handlers.

**Management Response:** AQM concurred, stating it has been working in collaboration with DS to mitigate and resolve file management issues and continues to conduct site visits to Kabul and Aegis headquarters to ensure compliance.

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<sup>10</sup> 14 FAH-2 H-522.4, Reviewing Vouchers.

<sup>11</sup> *Worldwide Protective Services (WPS) Contract*, Consolidated, December 2012, sec. G.2.a, Monitoring of the Contractor.

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**OIG Reply:** OIG considers the recommendation unresolved. Although AQM concurred with the recommendation, AQM did not identify any corrective actions to address the intent of the recommendation. This recommendation can be resolved when OIG receives and accepts AQM's evidence of a corrective action plan, including milestones for implementation, to address the intent of the recommendation. This recommendation can be closed when OIG receives and accepts documentation showing that AQM has established and implemented a quality control plan and a contract file audit plan in accordance with PIB 2014-10.

**Finding B. The Contracting Officer's Representative Approved Invoices That Contained Questionable Costs**

OIG reviewed 368 WPS Task Order 10 invoices with invoiced costs of \$217,168,975 and questions \$8,642,485 (about 4 percent) in costs invoiced and paid on 57 invoices that are possibly unallowable or not supported in compliance with the contract requirements.<sup>12</sup> These invoices represent about 15 percent of the 368 invoices OIG reviewed. Specifically, the COR approved invoices that contained \$1,726,155<sup>13</sup> in costs that may be unallowable by the contract and \$6,916,330 in costs that are not supported in accordance with contract requirements.<sup>14</sup>

The COR approved the invoices without adequately verifying the contractor's invoices against the supporting documentation. There is no written guidance or standard operating procedure for the in-depth review of invoices and supporting documentation prior to COR approval, although a standard operating procedure exists for ensuring the contractor has submitted a proper invoice.

**Questionable Costs Approved**

The COR approved 57 invoices containing \$8,642,485 in costs that OIG questions including:

- 5 of 39 labor invoices containing \$2,155,144 in questionable costs (approximately 2.9 percent of the invoiced labor costs);
- 9 of 73 training invoices containing \$4,531,130 in questionable costs (approximately 16.4 percent of the invoiced training costs);
- 28 of 37 travel invoices containing \$892,206 in questionable costs (approximately 17.4 percent of the invoiced travel costs);
- 15 of 219 invoices for other direct costs containing \$1,064,005 in questionable costs (approximately 1 percent of the invoiced other direct costs).

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<sup>12</sup> WPS Base Contract Section G – Contract Administration Data – contains requirements for supporting documentation associated with each type of invoice (e.g., labor, travel, training, etc.).

<sup>13</sup> Amounts may vary slightly due to rounding.

<sup>14</sup> The methodology OIG used to review all invoices is contained in Appendix A and the listing of invoices reviewed is in Appendix C.

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### **Labor Invoices**

The COR approved labor invoices that contained about \$2,155,144 in questionable costs. The WPS base contract requires that the vendor submit muster sheets, signed by the RSO or designee responsible for the location, with labor invoices. Muster sheet summaries show the monthly contract requirements for each contract line item number (CLIN) and the quantity provided by the contractor. An Aegis manager told us that labor invoices are created by using the number of days or hours from the signed muster sheet. Our analysis found the following issues:

- One labor invoice contained \$1,682,358 in labor costs that had no signed muster sheet for support.
- One labor invoice contained \$387,982 in labor costs supported by the same signed muster as another labor invoice, and many of the quantities per CLIN were the same on both muster sheets. This invoice also contained 732 hours for two labor CLINs not required by the contract, although the supporting muster sheet indicated that the quantity provided by the contractor matched what was required.
- Two labor invoices contained \$16,111 in costs that were not required by the contract. The supporting signed muster sheet for one of these included quantities greater than required by the contract. Although the *Foreign Affairs Manual* (FAM) requires that payment be rejected if the invoice does not match the terms contained within the contract and calls out guarding against contractor attempts to add additional amounts to invoices, the COR approved and the Department paid these invoices as submitted.
- One labor invoice contained \$68,693 in costs that are questionable. This invoice was for costs resulting from a contract modification of the labor rates, covering the difference between the old rates and the new rates for previously invoiced labor. However, some quantity of this invoice is based on invoices mentioned above in the second and third bullets. If the contracting officer finds these costs are unsupported or unallowed, then this labor rate adjustment would similarly be unallowed.

### **Training Invoices**

The COR approved nine training invoices that contained \$4,531,130 in questionable costs. The WPS base contract requires that vendors submit a certificate of course completion, deployment date, location within task order, and biometric data record for task order place of performance with training invoices. We found the following issues.

- Five training invoices contained \$4,224,329 in unsupported costs paid to the vendor.
- Four invoices contained \$306,801 for training costs that may be unallowable, including two invoices with a combined total of \$254,937 in training costs that had been previously submitted and approved, as well as two invoices with approved training costs that exceeded course costs by a combined total of \$51,864.

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**Travel Invoices**

The COR approved 28 contractor travel invoices that contained \$892,206 in questionable costs. We found that the COR approved \$755,516 in unsupported travel costs, and at least \$136,690 in costs paid for travel agent service fees that may be unallowable.<sup>15</sup>

The WPS base contract requires that invoices for air travel include a detailed itinerary from a travel agency or airline (showing name of traveler, airline, flight date(s) and time(s), connecting cities and final destination and class of service). The base contract also requires that invoices for lodging include a zero-balance receipt from hotel/facility, showing line-by-line charges for each occupied night. Our analysis of travel invoices found the following:

- Four travel invoices totaling \$637,076 had no supporting documentation.
- Seven travel invoices had \$118,440 in costs that had insufficient supporting documentation.
- Three invoices included \$3,496 in costs that may not be allowed by the contract. One invoice included \$3,030 in costs for an itinerary that may be unallowable because it showed airfare for a rest and recuperation break of a U.S. staff member that included a multi-week layover in another country prior to arrival in the United States. Two Option Year 1 invoices contained \$466 in general and administrative costs applied at the base year rate.
- Twenty-five travel invoices included \$133,192 in possibly unallowable travel agent service fees. The Task Order 10 contractor price proposal states that the indirect cost rate captures non-billable indirect costs including travel agent costs; therefore, travel agent service fees may not be allowed.

**Other Direct Cost Invoices**

OIG reviewed 219 contractor invoices for direct costs other than labor, training, and travel. These invoices contained about \$1,064,005 in questionable costs. Our analysis of these invoices found the following:

- Four invoices for the first option year included base year general and administrative rates, resulting in a \$2,638 overpayment.
- Two firm fixed-price invoices with questionable costs. The June 2012 firm-fixed price invoice<sup>16</sup> is for June 1 to June 30, 2012, but the task order period of performance began in the middle of the month—June 15, 2012. OIG questions whether \$353,822 (half of the full monthly amount of the invoice) is allowed since it covers half a month that was prior to the start of contract performance. The corresponding invoice for June 2013 includes costs for the full month although half

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<sup>15</sup> Amounts may vary slightly due to rounding.

<sup>16</sup> This fixed-price invoice covers life support; armor and weapons maintenance; dog team services and equipment; medical services and equipment; welfare, morale, and recreation; office space and equipment; and transportation services.

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the month is in the base year and half is in the option year. OIG questions whether \$421,379 included in this invoice is also properly allocated.

- Three invoices contained duplicate costs of \$32,039.
- Six invoices contained \$254,127 in unsupported costs.

**Insufficient Review of Contractor Invoices**

The COR approved the invoices without adequately verifying the contractor's invoices against the supporting documentation. The standard operating procedure for payment management at Bureau of Diplomatic Security, International Programs, Office of Overseas Protective Operations, states that the compliance team is responsible for ensuring that invoices and supporting documentation are in compliance with contract invoicing requirements, that desk officers are responsible for in-depth review of invoices and supporting documentation, and the COR is responsible for final approval.

The WPS base contract states that the contracting officer typically delegates inspection and acceptance of services to the COR and that the COR will review contractor invoices, including supporting documentation. According to the standard operating procedure for processing and managing contractor invoices, the compliance team conducts an initial review of invoices but the in-depth review of invoices and supporting documentation is conducted by desk officers and the Task Order 10 COR. While the standard operating procedure for processing and managing contractor's invoices provides guidance for the compliance team to follow, and includes checklists of what should be included with invoices, there is no guide or standard operating procedure for the in-depth review of invoices and supporting documentation. The contracting officer said that there is significant reliance on the invoice review conducted by the compliance team, which does not include an in-depth review of the invoice and supporting documentation. Furthermore, the Task Order 10 COR said that there is high personnel turnover at Office of Overseas Protective Operations, which is when standard operating procedures are needed most, according to internal control standards.

Internal controls are established to help Government program managers achieve desired results through effective stewardship of public resources, and help prevent errors and fraud.<sup>17</sup> Internal controls including standard operating procedures are especially important in environments where personnel turnover is high to provide reasonable assurance that operations are effective and efficient, financial reporting is reliable, and the Agency complies with applicable laws and regulations. The Standards for Internal Control in the Federal Government note that internal controls, transactions, and other significant events need to be clearly documented and the documentation should be readily available for examination.

Without sufficient review of supporting documentation, and no detailed standard operating procedure for in-depth review of invoices and supporting documentation, the Department paid the contractor at least \$1,726,155 in possibly unallowable costs. Moreover, OIG

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<sup>17</sup> *Standards for Internal Control in the Federal Government*, General Accounting Office (GAO/AIMD-00-21.3.1 November 1999).

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could not determine whether \$6,916,330 in costs were allowed and properly allocated because there was insufficient supporting documentation.

**Recommendation 2.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, review the \$1,726,155 in costs OIG identified as possibly unallowable and recover any funds deemed unallowable.

**Management Response:** AQM did not concur with the recommendation, stating that it had already taken action to correct issues with unsupported time and attendance costs. In addition, AQM stated that if OIG provides specific invoice numbers, the program office would review the invoices for discrepancies to determine if any funds may be recouped.

**OIG Reply:** OIG considers this recommendation unresolved. This recommendation can be resolved when OIG receives and accepts the contracting officer's determination whether the \$1,726,155 in questioned costs identified in this report are allowable or unallowable. This recommendation can be closed when OIG receives and accepts documentation showing that the costs determined to be unallowable have been recovered from the contractor. To address AQM's request for specific invoice numbers, OIG has modified the tables presented in Appendix C to include more information about the questioned costs identified during this audit.

**Recommendation 3.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, conduct a comprehensive review of all contractor invoices and supporting documentation to determine whether the contractor submitted adequate supporting documentation for all costs, including the \$6,916,330 identified in this report. If the documentation was not submitted, the contracting officer should request supporting documentation from the contractor and determine whether the costs were allowable under the contract terms. If the reimbursable costs cannot be supported or are not allowable under the terms of the contract, these funds should be recovered.

**Management Response:** AQM did not concur, stating that AQM and DS have confirmed that all contractor invoices are submitted with supporting documentation, and that upon review, AQM and DS found that Aegis invoices reflect acceptable travel agent costs under consistent procedures. In addition, AQM stated that if OIG provides specific invoice numbers, the program office would review the invoices for discrepancies to determine if any funds may be recovered.

**OIG Reply:** OIG considers this recommendation unresolved. OIG identified \$6,916,330 in unsupported costs (see Appendix C). In addition, OIG identified travel agent service fees as possibly unallowable because the contract explicitly states travel agent costs would not be included in travel invoices. This recommendation can be resolved when the OIG receives and accepts the contracting officer's determination whether the \$6,916,330 in unsupported costs identified in this report are allowable or unallowable, and it can be closed when OIG receives and accepts documentation showing that the costs determined to be unallowable have been recovered from the contractor. To address AQM's request

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for specific invoice numbers, OIG has modified the tables presented in Appendix C to include more information about the questioned costs identified during this audit.

**Recommendation 4.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisition Management, establish detailed written procedures for in-depth review of invoices and supporting documentation required by the Worldwide Protective Services contract and ensure that the procedures are followed for all reviews of Task Order 10 invoices and supporting documentation.

**Management Response:** AQM concurred, stating that it agrees with the OIG recommendation to review payment management standard operating procedures (SOP) to ensure they are as efficient as possible. AQM also noted that DS developed the SOP for use by the acquisition management analysts, who assist in the interface between AQM and DS.

**OIG Reply:** OIG considers the recommendation unresolved. Although AQM concurred with this recommendation, it did not identify any corrective actions to address the intent of the recommendation. During the audit, OIG reviewed the SOP referenced above and determined that it is not sufficient to safeguard against approval of possibly unallowable or unsupported costs because it does not provide the detailed guidance needed. The SOP merely states that the Desk Officer should perform an in-depth review, but does not provide instructions on how to do so. This recommendation can be resolved when OIG receives and accepts AQM's corrective action plan, including milestones for implementation, to address the intent of the recommendation. This recommendation can be closed when OIG receives and accepts documentation showing that AQM has included detailed procedures for the review of contractor invoices and supporting documentation in its SOP.

### **Finding C. Procurement Information Bulletin Related to Trafficking in Persons Was Not Incorporated into the Task Order**

Federal Acquisition Regulation (FAR) clause 52.222-50<sup>18</sup> was properly included in the WPS Base Contract, but A/LM/AQM failed to subsequently ensure that PIB No. 2012-10 related to TIP was implemented as part of Task Order 10.<sup>19</sup> OIG also found that Aegis held TCN

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<sup>18</sup> FAR clause 52.222-50 states that the U.S. Government has adopted a zero tolerance policy regarding trafficking in persons. Contractors and contractor employees shall not— (1) Engage in severe forms of trafficking in persons during the period of performance of the contract; (2) Procure commercial sex acts during the period of performance of the contract; or (3) Use forced labor in the performance of the contract.

<sup>19</sup> Congress passed the initial Trafficking and Violence Protection Act (TVPA) in October 2000, which established minimum standards for eliminating trafficking in persons. Subsequent reauthorizations of the TVPA contained provisions including: Trafficking Victims Protection Reauthorization Act (TVPRA) 2003, sec. 3.(g)(1), which states, "any grant, contract, or cooperative agreement provided or entered into by a Federal department or agency... shall include a condition that authorizes the department or agency to terminate the grant, contract, or cooperative agreement, without penalty, if ... the contractor...(i) engages in severe forms of trafficking in persons or has procured a commercial sex act, ...or (ii) uses forced labor in the performance of the grant, contract, or cooperative agreement."; TVPRA 2005 expands extraterritorial jurisdiction to encompass trafficking offenses committed

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passports for periods longer than necessary, had inadequate TIP awareness training for TCNs, and lacked posters in the TCN native language requiring reporting of all TIP violations, increasing the risk of abusive labor practices that could lead to potential TIP violations.

### **Failure To Modify Task Order 10 To Include Procurement Information Bulletin No. 2012-10 Trafficking in Persons Requirements**

Issued in October 2012, PIB No. 2012-10 requires that a clause for the recruitment of TCNs working on Department contracts be incorporated into any contract valued at more than \$150,000 where performance will require the recruitment of non-professional TCNs. This clause requires the contractor to submit a recruitment plan and housing plan as part of the proposal, as well as any changes to the plans during contract performance, to the contracting officer for approval. The bulletin also specifies that a contractor cannot engage in certain practices, such as withholding passports for 48 hours, that is otherwise illegal in a given country. The bulletin provides that the contractor will treat employees with respect and dignity by requiring specific actions and procedures, including not denying access to passports and displaying posters in English as well as the TCNs' dominant language on how to report TIP violations.

OIG noted some of the required procedures outlined in PIB No. 2012-10 were not implemented or poorly documented by Aegis. The initial Task Order 10 was awarded in July 2011 for a period of performance beginning June 2012, before the issuance of PIB No. 2012-10. Because Task Order 10 was awarded before the issuance of the clause, Aegis did not provide initial or updated recruitment and housing plans to the contracting officer. However, A/LM/AQM did not amend Task Order 10 to reflect the additional clause required by PIB No. 2012-10, which could increase the risk of TIP violations including deceptive and abusive labor practices.

### **Passport Retention**

OIG interviewed 40 TCNs and asked them questions regarding their passports and other TIP related issues. OIG noted that 29 of the 40 TCNs interviewed (73 percent) stated that their passports were in the contractor's administrative office for visa renewal. In addition, 4 of the 40 TCNs interviewed (10 percent) indicated that their passports were turned into the Aegis administrative office 1 month before visa expiration and that it took 3 to 4 months to obtain a new visa, resulting in the contractor holding passports for approximately 4 months for every 6-month visa. An Aegis supervisor cited several reasons for holding passports for extended periods, including time-consuming work permit and visa renewal procedures with the Government of Afghanistan and that many TCNs were unable to pick up passports from the Aegis administrative office due to their work schedules. Aegis administrative staff responsible for obtaining visas indicated that conventional processing times with the Government of Afghanistan were 1 week for work permits and 4 to 10 days for visas depending on whether the employee was a new hire or already on contract.

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overseas by persons employed by or accompanying the Federal government.; TVPRA 2013 penalizes the confiscation of identity documents, a prevalent form of coercion that traffickers use to exploit victims.

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However, OIG could not confirm the exact time passports were being held due to absence of detailed records in the contractor's passport control log. Aegis passport log books only indicated if an employee had picked up his passport and did not provide specific sign-in and sign-out dates. According to the International Labor Organization,<sup>20</sup> withholding documents is an indicator of coercion at destination that includes the confiscation of any or all of an individual's identity and travel documents. Individuals who have their identity or travel documents forcibly removed from their person are rendered highly vulnerable. Although OIG found no evidence that Aegis intended to prevent TCN workers from leaving Afghanistan by holding passports, holding them for such extended periods of time could negatively affect TCNs.

### **Inadequate Trafficking in Persons Training and Posters Not Displayed**

OIG interviews with TCNs indicated that training on TIP was given sporadically during the task order base year, and not by the contractor as required by PIB 2012-10. Some of the newer TCN hires indicated that TIP training was received during their initial training in Jordan, but Aegis could not provide the specific information that was actually briefed. OIG obtained the specific information briefed to TCNs by the GTMs, per guidance from the DS/OPO/WPS, and found that it did not cover all requirements in FAR 52.222-50. For example, the information provided did not direct GTMs to discuss coercion, debt bondage, forced labor, or sex trafficking, all of which are considered severe forms of trafficking in the FAR clause. In addition, OIG found 6 of the 40 TCNs interviewed (15 percent) stated that they had not received TIP training.

PIB No. 2012-10 requires the contractor to display posters in worker housing areas advising employees in both English and the dominant language of the TCNs being housed of the requirement to report violations of TIP to the company and the company's obligation to report to the contracting officer. OIG site visits revealed that posters were displayed only in the Aegis administrative areas at one site and not translated to the TCNs' dominant language, Nepali. Additionally, OIG noted posters were not found in any of the three housing areas where the TCNs reside in Kabul, Afghanistan as required by PIB No. 2012-10.

**Recommendation 5.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, modify Task Order 10 to include the requirements of Procurement Information Bulletin No. 2012-10 and ensure that the contractor is in compliance with all Trafficking in Persons regulations.

**Management Response:** AQM concurred and described actions to improve oversight of TCN passport retention issues, training, housing, and other associated areas. AQM stated it will also modify the WPS base contract to include the requirements of PIB 2012-10.

**OIG Reply:** OIG considers the recommendation resolved. This recommendation can be closed when OIG receives and accepts documentation showing that AQM has completed corrective actions to fully comply with PIB No. 2012-10 requirements.

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<sup>20</sup> The International Labor Organization, of which the United States is a member, defines trafficking in persons and in 2009 developed operational indicators that define six dimensions of TIP: (1) deceptive recruitment; (2) coercive recruitment; (3) recruitment by abuse of vulnerability; (4) exploitative conditions of work; (5) coercion at destination; and (6) abuse of vulnerability at destination.

## **List of Recommendations**

**Recommendation 1.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, implement a quality control plan and a contract file audit plan as required by Procurement Information Bulletin No. 2014-10 to ensure the contractor maintains all required documentation and can support all transactions made under Task Order 10, including training records of explosive detection dog handlers.

**Recommendation 2.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, review the \$1,726,155 in costs OIG identified as possibly unallowable and recover any funds deemed unallowable.

**Recommendation 3.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, conduct a comprehensive review of all contractor invoices and supporting documentation to determine whether the contractor submitted adequate supporting documentation for all costs, including the \$6,916,330 identified in this report. If the documentation was not submitted, the contracting officer should request supporting documentation from the contractor and determine whether the costs were allowable under the contract terms. If the reimbursable costs cannot be supported or are not allowable under the terms of the contract, these funds should be recovered.

**Recommendation 4.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisition Management, establish detailed written procedures for in-depth review of invoices and supporting documentation required by the Worldwide Protective Services contract and ensure that the procedures are followed for all reviews of Task Order 10 invoices and supporting documentation.

**Recommendation 5.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, modify Task Order 10 to include the requirements of Procurement Information Bulletin No. 2012-10 and ensure that the contractor is in compliance with all Trafficking in Persons regulations.

## **Scope and Methodology**

The Office of Inspector General (OIG) initiated this audit under the authority of the Inspector General Act of 1978, as amended, to determine the effectiveness of the Department of State's (Department) management and oversight of Worldwide Protective Services (WPS) Task Order 10 in Kabul, Afghanistan.

For Task Order 10, OIG limited the audit scope to the period of the task order base year start date on June 15, 2012, through December 31, 2013. To accomplish the objectives, OIG reviewed the WPS base contract, Task Order 10, related modifications and documents, contract deliverables, program management reviews, incident reports, a contractor performance assessment, and other policies. In Virginia, OIG met with officials from the Bureau of Diplomatic Security (DS) and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (A/LM/AQM), and with representatives from the contractor's local program management office. In Kabul, OIG interviewed the on-site contracting officer's representatives (CORs), and government technical monitors (GTMs), and regional security office staff as well as the contractor's management, administrative, and security staff. In addition, OIG conducted weapons and sensitive items inventories for all Task Order 10 sensitive items.

OIG conducted this contract audit during the period January 2014–August 2014 in accordance with generally accepted government auditing standards. Those standards require that OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

### **Review of Internal Controls**

OIG performed steps to assess the adequacy of internal controls related to management of Task Order 10. OIG reviewed documentation used by the Department for examining and approving invoices for payment; examined the contractor's personnel, training, deliverables, and reporting records for compliance with the contract; and reviewed and observed onsite monitoring of the task order. OIG also reviewed serious incident reports, conducted weapons and other sensitive items inventories, reviewed explosive detection dog explosive scent program records, and reviewed other policies and procedures. Any internal control deficiencies identified during this audit are detailed in the Audit Results section of this report.

### **Use of Computer-Processed Data**

OIG utilized computer-processed data in its testing. OIG reviewed data from the Department's Global Financial Management System as well as data obtained from A/LM/AQM and DS. We accessed the Department's Global Financial Management System, as necessary, to conduct our analysis of the invoice and supporting documentation review process.

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Additionally, OIG reviewed the contractor's monthly electronic muster sheet reports and traced the muster sheet data to supporting documentation such as electronic biometric system time and attendance data. OIG determined that the data utilized were sufficiently reliable to support the conclusions and recommendation presented in this report.

### **Sampling Methodology and Results**

OIG evaluated the invoice review and approval procedures of the Bureau of Diplomatic Security's High Threat Protection Division for Task Order 10 to determine the accuracy and completeness of costs. OIG reviewed a total of 368 contractor invoices for the period June 15, 2012, through December 31, 2013. Appendix C, Tables 1 through 4, summarize the results.

The invoice review consisted of examining supporting documentation; comparing invoices with contract documents; and reviewing policies, procedures, and requirements from the *Foreign Affairs Manual*, the *Foreign Affairs Handbook*, and the Bureau of Diplomatic Security Office of Overseas Protective Operations Compliance Team with High Threat Program Standard Operating Procedure. OIG reviewed invoices by contract line item and compared quantities and unit pricing, where applicable, with supporting documentation and contract pricing.

OIG conducted interviews of 40 TCN contractor employees from a universe of 511, mostly from the country of Nepal, who worked on Task Order 10 as of December 31, 2013, for TIP compliance. The contractor personnel interviewed were randomly selected from TCN contractor staff in-country at the time of the audit work.

OIG conducted an inventory of weapons and sensitive items for Task Order 10 in Kabul, Afghanistan. We also reviewed inventory controls to determine whether the inventory lists of property maintained by the contractor were accurate; and scanned the physical premises at all inventory locations visited for additional items that may not be listed. OIG found no discrepancies during this inventory review.

OIG evaluated personnel, training, and investigation records of contractor personnel to ensure compliance with the WPS base contract and Task Order 10 requirements. OIG obtained a listing of contractor personnel—both former and active—and randomly selected 333 out of 1,553 employees from the listing to examine the corresponding Task Order 10 personnel, training, and investigation files. In order to evaluate the completeness of the listing of contractor personnel, OIG traced 100 names that appeared on the training invoices to the listing of contractor personnel.

OIG reviewed a sample of 48 Task Order 10 muster sheets submitted with labor invoices during the audit period June 2012–December 2013. During the course of the task order, the formatting of the muster sheet changed from a combination of hourly and daily labor to all daily labor. OIG sampled the muster sheets by randomly selecting a certain number of items (either specific post where contractor employees worked or contractor employee names, depending on muster sheet format) from each month's muster sheet based on staffing considerations and traced the data to the supporting biometric and/or sign-in sheet documentation records available.

**Funding for Task Order 10**

**Table 1. Task Order 10 Funding, as of 2/28/2014 (\$ US)**

	<b>Task Order Value</b>	<b>Obligated</b>	<b>Expended</b>
Base Year (06/15/12-06/14/13)	151,879,363	151,879,362	144,299,709
Option Year 1 (06/15/13-06/14/14)	156,597,689	155,052,858	79,886,492
Option Year 2 (06/15/14-06/14/15)	135,345,394	0	0
Option Year 3 (06/15/15-06/14/16)	137,842,528	0	0
Option Year 4 (06/15/16-06/14/17)	141,267,957	0	0
<b>Total</b>	<b>722,932,931</b>	<b>306,932,220</b>	<b>224,186,201</b>

Source: OIG analysis of data from Global Financial Management System.

**Invoice Review Questioned Costs**

**Table 1. Questioned Labor Costs \***

<b>Item Number</b>	<b>Invoice Number</b>	<b>Total Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Other Questioned Costs</b>
1	INV-000000571SUPJUNE	\$387,982		\$387,982
2	INV-000000586	\$1,682,358	\$1,682,358	
3	INV-000000588	\$15,196		\$15,196
4	INV-000000743RSEP	\$915		\$915
5	INV-000000571SUP4JUN	\$68,693		\$68,693
<b>Totals</b>		<b>\$2,155,144</b>	<b>\$1,682,358</b>	<b>\$472,786</b>

\*Amounts of questioned costs may vary slightly due to rounding.

**Table 2. Questioned Training Costs\***

<b>Item Number</b>	<b>Invoice Number</b>	<b>Total Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Other Questioned Costs</b>
1	INV-000000551	\$2,573,842	\$2,573,842	
2	INV-000000552	\$31,118		\$31,118
3	INV-000000554	\$13,085	\$13,085	
4	INV-000000570	\$1,307,659	\$1,307,659	
5	INV-000000591	\$20,746		\$20,746
6	INV-000000596	\$21,245		\$21,245
7	INV-000000611RJAN	\$10,872	\$10,872	
8	INV-000000682APR	\$318,871	\$318,871	
9	INV-000000682SUPAPR	\$233,692		\$233,692
<b>Totals</b>		<b>\$4,531,130</b>	<b>\$4,224,329</b>	<b>\$306,801</b>

\*Amounts of questioned costs may vary slightly due to rounding.

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**Table 3. Questioned Travel Costs \***

<b>Item Number</b>	<b>Invoice Number</b>	<b>Total Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Other Questioned Costs</b>
1	INV-000000563R	\$194,895	\$194,895	
2	INV-000000574	\$109,555	\$109,555	
3	INV-000000574SUPSEP2	\$5,045	\$1,767	\$3,278
4	INV-000000578	\$822	\$822	
5	INV-000000582	\$5,233		\$5,233
6	INV-000000582SUPOCT	\$4,543		\$4,543
7	INV-000000582SUPOCT2	\$1,788	\$288	\$1,501
8	INV-0000000612NOV	\$111,265	\$106,119	\$5,146
9	INV-000000619SUPJAN	\$6,141		\$6,141
10	INV-000000619RSUP2JAN	\$736		\$736
11	INV-000000620SUPFEB	\$3,766		\$3,766
12	INV-000000620RSUP2FEB	\$322		\$322
13	INV-000000671DEC	\$4,094		\$4,094
14	INV-000000671RSUPDEC	\$115		\$115
15	INV-000000687MAR	\$5,411		\$5,411
16	INV-000000700RAPR	\$146,410	\$141,241	\$5,169
17	INV-000000700RSUP2APR	\$345		\$345
18	INV-000000701RMAY	\$201,333	\$191,386	\$9,947
19	INV-000000701RSUP2MAY	\$564		\$564
20	INV-000000729JUN	\$4,859		\$4,859
21	INV-000000729RSUPJUN	\$920		\$920
22	INV-000000730JUN	\$6,234		\$6,234
23	INV-000000735JUL	\$9,163		\$9,163
24	INV-000000758AUG	\$12,239	\$2,522	\$9,716
25	INV-000000766SEP	\$8,901		\$8,901
26	INV-0000784OCT	\$11,231	\$1,756	\$9,475
27	INV-0000785NOV	\$16,410		\$16,410
28	INV-0000798DEC	\$19,866	\$5,165	\$14,701
<b>Totals</b>		<b>\$892,206</b>	<b>\$755,516</b>	<b>\$136,690</b>

\*Amounts of questioned costs may vary slightly due to rounding.

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**Table 4. Questioned Other Direct Costs**

<b>Item Number</b>	<b>Invoice Number</b>	<b>Total Questioned Costs</b>	<b>Unsupported Costs</b>	<b>Other Questioned Costs</b>
1	INV-0000000547	\$353,822		\$353,822
2	INV-000000624SUP2JUL	\$13,164	\$13,164	
3	INV-000000625AUG	\$14,284	\$14,284	
4	INV-0000630SUP2MAR	\$9,736		\$9,736
5	INV-000000647JUN	\$7	\$7	
6	INV-000000648JUL	\$414	\$414	
7	INV-000000652DEC	\$23	\$23	
8	INV-000000654MAR	\$690		\$690
9	INV-000000664SUPMAY	\$226,235	\$226,235	
10	INV-000000680JUN	\$421,379		\$421,379
11	INV-000000731AUG	\$1,284		\$1,284
12	INV-000000732AUG	\$1,284		\$1,284
13	INV-000000733AUG	\$35		\$35
14	INV-000000734AUG	\$35		\$35
15	INV-0000748SUP2APR	\$21,613		\$21,613
	<b>Totals</b>	<b>\$1,064,005</b>	<b>\$254,127</b>	<b>\$809,878</b>

**Bureau of Administration Response to Draft Report**



United States Department of State

Washington, D.C. 20520

September 26, 2014

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**MEMORANDUM**

TO: OIG/AUD – Norman Brown

FROM: A/LM – Catherine I. Ebert-Gray 

SUBJECT: Draft Report - Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 10 - Kabul Embassy Security Force

Thank you for the opportunity to provide our comments on the Draft Report - Audit of Bureau of Diplomatic Security Worldwide Protective Services Contract Task Order 10 - Kabul Embassy Security Force. AQM's comments are incorporated below. Mrs. Sharon James will be your point of contact and she may be reached at 703-875-7313.

**Recommendation 1.** OIG recommends that Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management implement a quality control plan and a contract audit file plan as required by Procurement Information Bulletin No. 2014-10 to ensure the contractor maintains all required documentation and can support all transactions made under Task Order 10, including training records of explosive detection dog handlers.

**A/LM Response (09/26/2014):** AQM concurs with this recommendation.

AQM, in collaboration with DS, saw similar issues to those the OIG has identified. When the program office identified these deficiencies, in the fall of 2011, action was taken to mitigate and resolve the issues outlined in Recommendation One. AQM and DS addressed problems in completion of files prior to contract stand up through the introduction of improved file management practices and DS' verification during file reviews in the fall of 2012 and the summer 2014. The program office continues to conduct site visits to both Kabul and Aegis headquarters to ensure full compliance.

It is noteworthy that the sensitive security clearance data is kept with RSO separately from the Contracting Officer's Representative (COR) Approval Packet (CAP). Aegis' corporate office states that they are prohibited from sending clearance data to post and that is why it is stored separately. The CAP packet as submitted by Aegis contains: the background check results, biographical approval notification, DD214, security clearance memo, DD-2795, drug screening, psychological evaluation, stress test, chest X-ray (where applicable), training certificates to include weapons qualifications, and the Letter of Authorization (LOA). No guard can deploy without a LOA issued by DS/IP/OPO/WPS/OPS (OPS). Prior to LOA issuance, OPS must have clearance documentation on file from DS/SI/PSS (Personnel Security and Suitability) for all personnel.

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Our migration to WPS II includes financial systems integration. For example Deltek accounting software (used by Aegis) now has hooks to biometrics. DS has converted all KESF task order positions to day rate which has resolved the complicated muster issue for hourly rate employees. Tracking of deliverables now accomplished through the OPO Ops Center may be included in a consolidated system. There are also an increasing number of restrictions being placed on Personally Identifiable Information PII and HIPAA Privacy Rules that will need to be fully considered prior to implementation.

**Recommendation 2.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, review the \$1,726,154 in costs OIG identified as possibly unallowable and recover any funds deemed unallowable.

**A/LM Response (09/26/2014):** AQM respectfully does not concur with this recommendation.

The OIG stated there are unsupported costs for Time and Attendance in the amount of \$1.7 million. The early musters did have issues. Since this time, DS vetted the musters and supporting documents at post and reached a fair settlement given the available data. A statistical sample of 10% was used to assist in verification. Payment was agreed upon on the basis that a judge in the court of federal claims would not find gaps in data conclusive in determining whether there were actually guards on post. Biometrics and daily reviews of scheduling rosters by oversight personnel ensure that the USG knows the number of available personnel at the place of performance.

Current biometric compliance rates run at 94 per cent for US personnel, 99 per cent for TCN personnel and 83 per cent for Afghan personnel. The low rates for the Afghan personnel are due to information technology (IT) connectivity issues that will be resolved at the in-country task order location. The current biometrics system is combined with Deltek sign-in. If guards do not sign-in with the biometric system, they will not get paid. This provides a good incentive for employees to sign-in.

While AQM does not concur with this recommendation, if the OIG provides specific invoice numbers, the program office will review them for discrepancies to determine if any funds may be recouped.

**Recommendation 3.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, conduct a comprehensive review of all contractor invoices and supporting documentation to determine whether the contractor submitted adequate supporting documentation for all costs, including the \$6,916,330 identified in this report. If the documentation was not submitted, the contracting officer should request supporting documentation from the contractor and determine whether the costs were allowable under the contract terms. If the reimbursable costs cannot be supported or are not allowable under the terms of the contract, these funds should be recovered.

**A/LM Response (09/26/2014):** AQM respectfully does not concur with this recommendation.

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Both DS and AQM have confirmed that all contractor invoices are submitted with supporting documentation. Following our review, however, AQM and DS found that Aegis, LLC invoices reflected acceptable travel agent costs provided under consistent procedures and not double billed. All funds are accounted for in the invoices. A comprehensive review is not required because invoices are scrutinized routinely and our review of those invoices did not yield any discrepancies”

While AQM does not concur with this recommendation, if OIG provides specific invoice numbers, the program offices will be pleased to review them for discrepancies to determine if any funds may be recovered.

**Recommendation 4.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisition Management establish detailed written procedures for in-depth review of invoices and supporting documentation required by the WPS contract and ensure that the procedures are followed for all reviews of Task Order 10 invoices and supporting documentation.

**A/LM Response (09/26/2014):** AQM concurs with this recommendation.

AQM concurs with the OIG recommendation to review payment management Standard Operating Procedures (SOPs) to ensure they are as efficient as possible.

AQM fully agrees that invoices containing erroneous, unsupported, or unallowable costs should not be paid. To address this requirement, DS developed an SOP for use by the Acquisition Management Analysts (AMA). The AMAs work for DS and have extensive knowledge of contracting procedures. They are able to assist in the interface between AQM and DS.

**Recommendation 5.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, modify Task Order 10 to include the requirements of Procurement Information Bulletin No. 2012-10 and ensure that the contractor is in compliance with all Trafficking in Persons regulations.

**A/LM Response (09/26/2014):** AQM concurs with this recommendation.

AQM takes TIP concerns seriously. Upon learning of concerns that passports were being held for extended periods by the vendor, DS, in conjunction with AQM, demanded Aegis provide an explanation as to how long passports were held and for what reasons. Aegis explained that passports are held for visa and work permit issuance. There have been difficulties getting new and renewed passports from the Nepalese government, prompting DS to explore engaging the Government of Nepal directly. A further problem was getting permission to exit Nepal to work. It often requires passports to be shipped from the training site to the appropriate embassy or consulate that will actually issue the visa. In the past, this required travel to India; however, visas are now issued in Jordan. This is a recent development and is subject to change without notice. Additionally, Aegis stated that they retain passports in order to obtain multi-

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entry visas for their employees. Initially, all Third Country Nationals (TCNs) traveled to Afghanistan on a single entry visa. To work in Afghanistan a multi entry visa must then be obtained. Aegis was directed in August, 2014 to create a trackable database so that reports are available upon request to determine the current whereabouts of each passport. All passports will be logged in and out of the system. If Aegis keeps a passport more than 30 days they will be required to discuss with the affected employee why he/she does not have his/her passport so that there is a clear understanding on the part of the employee as to why the passport is not in their possession.

PIB 2012-10 was provided to Aegis in September, 2014 and Aegis was informed that its requirements would be incorporated into the WPS base contract as a modification by AQM, a process which AQM is now discussing internally for implementation. AQM decided that rather than modify only TO-10, the entire WPS program would benefit from adhering to its provisions in addition to the already existing FAR clause 52.222. Aegis was asked to provide the required anti-trafficking in persons (TIP) posters and literature in Nepali to be placed in public view in common areas used for TCN housing, the dining facilities, morale, welfare and recreation (MWR) areas, training rooms as well as other common areas. This will be tracked by the program office and noted when Aegis is in full compliance with this requirement.

The housing and recruitment plans will be discussed with the recruiting company during a site visit planned to Nepal in November, 2014 as well as with Aegis during the next Program Management Review (PMR), scheduled for fall of 2014.

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Cleared: A/LM: CEbert-Gray (ok)  
A/LM/AQM: CRead (ok)  
A/LM/AQM/SB: SJames (ok)  
A/FO: RBemish (ok)  
M: KA Ferguson/MBishop (ok) w/edits  
M/PRI: ATeplitz (ok) w/edits  
DS: MRobinson Info  
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