



Office of Inspector General

SENSITIVE BUT UNCLASSIFIED

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

Office of Audits

**Audit of the Department of State Process
To Award the Worldwide Protective
Services Contract and Kabul Embassy
Security Force Task Order**

Report Number AUD/SI-12-17, December 2011

Important Notice

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

SENSITIVE BUT UNCLASSIFIED

*Department of State Office of Inspector General***Spotlight: Audit of the Department of State Process To Award the Worldwide Protective Services Contract and Kabul Embassy Security Force Task Order****Why OIG Conducted This Audit**

On March 14, 2011, Senator Claire McCaskill, Chairman of the Senate Subcommittee on Contracting Oversight, requested that the Office of Inspector General (OIG) "investigate the State Department's review of contractor past performance prior to the award of the Worldwide Protective Services (WPS) contract and the Kabul Embassy task order, including whether the Department reviewed information from the Defense Department of the incidents discussed in the Senate Armed Services Committee report."

Objective

The OIG conducted this audit to determine whether the Department's process to award the WPS contract and Kabul Embassy Security Force (KESF) task order included required procedures to assess contractor responsibility, including past performance and technical merit.

What OIG Found

The WPS contract is an indefinite delivery/indefinite quantity umbrella contract to provide security services in critical and higher than critical threat areas, such as Iraq and Afghanistan. The WPS contract was awarded to eight contractors on September 29, 2010. The KESF task order is for security services at U.S. Embassy Kabul under the WPS contract. The KESF task order was initially awarded to EOD Technologies, Inc. (EODT), on September 30, 2010; however, the Department subsequently terminated the task order on March 11, 2011. On July 29, 2011, the Department awarded the re-competed KESF task order to Aegis Defense Services, LLC.

OIG found that the Department's process to award the WPS contract and KESF task order included required procedures to assess contractor responsibility, including evaluations of past performance and technical merit. Specifically, the Department developed and followed two source selection evaluation plans that were used to evaluate the WPS contract and KESF task order proposals and were prepared in accordance with the Federal Acquisition Regulation, Department guidance, and the WPS contract solicitation. The technical and past performance evaluations of WPS contract proposals were conducted by a technical evaluation panel that comprised Bureau of Diplomatic Security personnel who, according to a Bureau of Diplomatic Security official, had area knowledge and operational experience to evaluate the proposals. The panel provided the evaluations and recommendations for award of the WPS contract and KESF task order to the contracting officer. The contracting officer reviewed the panel's recommendations, conducted a determination of responsibility to ensure that only responsible contractors received the awards, and submitted the award recommendations to the source selection authority for final approval. The source selection authority made the final award decisions for both the WPS contract and the KESF task order.

In addition, OIG found that the Department was not aware of EODT's past performance, as reported by the Senate Armed Services Committee's report that was released to the public in October 2010, which was after the WPS contract and KESF task order had been awarded. The Federal Acquisition Regulation does not require the Department to directly contact other Federal agencies regarding the past performance of contractors, but it does require that contracting office use of information from the Past Performance Information Retrieval System to obtain contractors' past performance history. OIG determined that the Department used this system to obtain information regarding EODT's performance on Department of Defense contracts but that the information did not include the negative performance issues identified in the Senate Armed Services Committee report.



**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.

It is my hope that this report 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 dark ink, appearing to read "H. W. Geisel", written in a cursive style.

Harold W. Geisel
Deputy Inspector General

SENSITIVE BUT UNCLASSIFIED

Acronyms

EODT	EOD Technologies, Inc.
EPLS	Excluded Parties List System
GAO	Government Accountability Office
FAR	Federal Acquisition Regulation
KESF	Kabul Embassy Security Force
OIG	Office of Inspector General
PPIRS	Past Performance Information Retrieval System
WPS	Worldwide Protective Services

SENSITIVE BUT UNCLASSIFIED

SENSITIVE BUT UNCLASSIFIED

Table of Contents

<u>Section</u>	<u>Page</u>
Executive Summary	1
Background.....	2
Objective.....	6
Audit Results	6
The Source Selection Evaluation Plans	7
Worldwide Protective Services Contract.....	8
Kabul Embassy Security Force Task Order.....	10
Other Matters	13
Appendices	
A. Scope and Methodology.....	14
B. Technical Evaluation Panel's Ratings of Offerors.....	16
C. Letter From the Chairman of the Subcommittee on Contracting Oversight, U.S. Senate Committee on Homeland Security and Governmental Affairs	17
D. Bureau of Diplomatic Security Response	20
E. Bureau of Administration Response.....	21
Major Contributors to This Report	22

SENSITIVE BUT UNCLASSIFIED

SENSITIVE BUT UNCLASSIFIED

Executive Summary

The Department of State (Department), Office of Inspector General (OIG), conducted this audit to determine whether the Department's process to award the Worldwide Protective Services (WPS) contract and Kabul Embassy Security Force (KESF) task order included required procedures to assess contractor responsibility, including past performance and technical merit. The audit was conducted at the request of the Chairman of the Subcommittee on Contracting Oversight, U.S. Senate Committee on Homeland Security and Governmental Affairs, who asked that OIG "investigate the State Department's review of contractor past performance prior to the award of the WPS contract and the Kabul Embassy task order, including whether the Department reviewed information from the Defense Department or the incidents discussed in the Senate Armed Services Committee report."¹

The WPS contract is an indefinite delivery/indefinite quantity umbrella contract to provide security services in critical and higher than critical threat areas, such as Iraq and Afghanistan. The WPS contract was awarded to eight contractors on September 29, 2010. The KESF task order is for security services at U.S. Embassy Kabul under the WPS contract. The KESF task order was initially awarded to EOD Technologies, Inc. (EODT), on September 30, 2010; however, the Department subsequently terminated the task order on March 11, 2011. On July 29, 2011, the Department awarded the re-competed KESF task order to Aegis Defense Services, LLC.

OIG found that the Department's process to award the WPS contract and KESF task order included required procedures to assess contractor responsibility, including evaluations of past performance and technical merit. Specifically, the Department developed and followed two source selection evaluation plans that were used to evaluate the WPS contract and KESF task order proposals and were prepared in accordance with the *Federal Acquisition Regulation* (FAR), Department guidance, and the WPS contract solicitation. The technical and past performance evaluations of WPS contract proposals were conducted by a technical evaluation panel comprised of Bureau of Diplomatic Security personnel who, according to the bureau, had area knowledge and operational experience to evaluate the proposals. The panel provided the evaluations and recommendations for award of the WPS contract and KESF task order to the contracting officer. The contracting officer reviewed the panels' recommendations, conducted a determination of responsibility to ensure that only responsible² contractors received the awards, and submitted the award recommendations³ to the source selection authority for final approval. The source selection authority made the final award decisions for both the WPS contract and the KESF task order.

¹ U.S. Senate Committee on Armed Services, *Report: Inquiry Into the Role and Oversight of Private Security Contractors in Afghanistan* (Sept. 28, 2010).

² FAR 9.104-1, "Responsible Prospective Contractors—General standards," states that a responsible contractor must have certain characteristics, including "adequate financial resources to perform the contract," "a satisfactory record of integrity and business ethics," and "a satisfactory performance record." EODT was found to have met all of the requirements and was deemed to be a responsible contractor.

³ As for the KESF task order, the panel recommended Global Strategies Group, Inc., for the award; however, the contracting officer ultimately selected EODT.

SENSITIVE BUT UNCLASSIFIED

In addition, OIG found that the Department was not aware of EODT's past performance until the Senate Armed Services Committee's report⁴ was released to the public in October 2010, which was after the WPS contract and KESF task order had been awarded. The FAR⁵ does not require the Department to directly contact other Federal agencies regarding the past performance of contractors, but it does require that contracting officer use of information from the Excluded Parties List System (EPLS) and the Past Performance Information Retrieval System (PPIRS)⁶ to obtain contractors' past performance history.⁷ The FAR also states that other sources of performance should be reviewed in addition to PPIRS, such as subcontractor history and references from other government agencies. OIG determined that the Department used this system to obtain information regarding EODT's performance on Department of Defense contracts but that the information did not include the negative performance issues identified in the Senate Armed Services Committee report.⁸

OIG provided the Bureau of Diplomatic Security and the Bureau of Administration a draft of this report on November 1, 2011. In its November 22, 2011, response to the draft report (see Appendix D), the Bureau of Diplomatic Security did not provide any comments. In its November 29, 2011, response to the draft report (see Appendix E), the Bureau of Administration requested that the names of contract non-awardees included in this report be redacted. OIG agreed to redact these names, asserting Exemption 4 of the Freedom of Information Act. (Exemption 4 is used to protect confidential commercial or financial information.)

Background

On March 14, 2011, the Chairman of the Subcommittee on Contracting Oversight, U.S. Senate Committee on Homeland Security and Governmental Affairs, requested that OIG "investigate the State Department's review of contractor past performance prior to the award of the WPS contract and the Kabul Embassy task order, including whether the Department reviewed information from the Defense Department or the incidents discussed in the Senate Armed Services Committee report."⁹ (The Chairman's letter is in Appendix C.)

Worldwide Protective Services Contract

The WPS contract is an indefinite delivery/indefinite quantity umbrella contract to provide security services in critical and higher than critical threat areas, such as Iraq and Afghanistan. DS developed the comprehensive WPS contract to combine the requirements of the Worldwide Personal Protective Services II contract, which expired at the end of 2010, and the individual local guard force contracts for U.S. Embassies Baghdad and Kabul. The WPS

⁴ U.S. Senate Committee on Armed Services report.

⁵ FAR 9.105-1(c), "Responsible Prospective Contractors—Obtaining information."

⁶ PPIRS is the past performance repository system for Federal agencies, which also contains the past performance information for Department of Defense contractors.

⁷ FAR 9.105-1(c).

⁸ Ibid.

⁹ Ibid.

SENSITIVE BUT UNCLASSIFIED

contract has a maximum value of \$10 billion for all task orders combined, including one base year and four 1-year options.

The Department issued the WPS contract solicitation on April 22, 2010, and received proposals from the following 12 offerors by June 23, 2010: Aegis Defense Services, LLC; SOC, LLC; International Development Solutions, LLC;¹⁰ Torres International Services, LLC;¹¹ EODT; Triple Canopy, Inc; Global Strategies Group, Inc; DynCorp International, LLC; TigerSwan, Inc; Olive Group North America, LLC; OSR;¹² and Wackenhut Services, Inc.

The Department initially planned to award the WPS contract to up to six contractors, which would then compete for the individual task orders awarded under the WPS contract. However, because of the Department's need for increased operational capacity, the Department awarded the WPS contract to eight contractors rather than six. As of September 15, 2011, the Department had awarded seven task orders under the WPS contract to include the KESF task order.¹³ The KESF task order is for security services at U.S. Embassy Kabul. The KESF task order was originally awarded to EODT on September 30, 2010; however, the task order was subsequently terminated on March 11, 2011. The KESF task order, for the same security services as the original, was re-competed and awarded to Aegis Defense Services, LLC, on July 29, 2011.

The Federal Acquisition Regulation

The FAR is the primary regulation used by all Federal Executive agencies for the acquisition of supplies and services with appropriated funds. According to the FAR,¹⁴ the contracting process for negotiated contracts begins with the issuance of a request for proposal to communicate requirements to prospective contractors and to solicit proposals. The request for proposal must describe, at a minimum, anticipated contract terms and conditions, information required in the offeror's proposal, and factors that will be used to evaluate the proposal.

The FAR¹⁵ requires that the source selection authority¹⁶—often the contracting officer—establish an evaluation team that is tailored for each acquisition and comprises personnel with appropriate expertise to ensure comprehensive evaluation of offers. The team is responsible for evaluating proposals and assessing their relative qualities solely on the factors and subfactors specified in the solicitation. The FAR¹⁷ requires the evaluation team using the tradeoff process¹⁸ to assess

¹⁰ International Development Solutions, LLC, is a joint venture between U.S. Training Center and Kaseman, LLC.

¹¹ Torres International Services, LLC, is a joint venture between Torres Advanced Enterprise Solutions, LLC; Blue Hackle Group, LLC; and Sallyport Global Services.

¹² OSR is a joint venture between Overseas Security & Strategic Information, Inc.; Sterling International, LLC; and Reed Inc.

¹³ As of Sept. 15, 2011, the Department awarded the following seven task orders: Baghdad Embassy Security Force, Baghdad Movement Security, Basrah Protective Security, Erbil/Kirkuk Protective Security, Herat/Mazar e Sharif Protective Security, Jerusalem Movement Security, and Kabul Embassy Security Force.

¹⁴ FAR 15.203(a), "Solicitation and Receipt of Proposals and Information—Requests for proposals."

¹⁵ FAR 15.303(b)1, "Source Selection—Responsibilities."

¹⁶ FAR 15.303(a) states that the contracting officer is designated as the source selection authority unless another individual is appointed for a particular acquisition or group of acquisitions.

¹⁷ FAR 15.305(a)3.i, "Source Selection—Proposal evaluation."

SENSITIVE BUT UNCLASSIFIED

each offeror's ability to accomplish the technical requirements specified in the solicitation. The FAR¹⁹ states that if past performance is included in the request for proposal as a criterion, then "the currency and relevance of the information, source of the information, context of the data, and general trends in contractor's performance shall be considered" separately from the responsibility determination. The relative strengths, significant weaknesses, and risks supporting the proposal evaluation should be documented in the contract file. After the team evaluates all proposals, the contracting officer establishes a competitive range composed of the most highly rated proposals. According to the FAR,²⁰ negotiations that take place after the contracting officer establishes the competitive range are called "discussions." Discussions provide the Department the ability to obtain the best value based on solicitation requirements.

Before a contract is awarded, the contracting officer is required by the FAR²¹ to ensure that the prospective contractor is responsible and must make an affirmative determination of responsibility. Responsibility is indicated when, among other things, the contractor has a satisfactory performance record; however, according to the FAR,²² a lack of relevant performance history alone cannot be the basis for a determination of nonresponsibility unless unusual expertise or specialized facilities are needed for adequate contract performance. If information is not available that clearly indicates that the prospective contractor is responsible, the contracting officer must make a determination of nonresponsibility. The FAR²³ also requires that the contracting officer consider information regarding the prospective contractors in PPIRS²⁴ and the EPLS.²⁵

The source selection authority makes the final award decision based on the comparative assessment of proposals against all source selection criteria in the solicitation. The FAR²⁶ states that while the source selection authority can use reports and analyses prepared by others, the source selection decision "shall represent the [source selection authority's] independent judgment."

¹⁸ FAR 15.101-1, "Source Selection Processes and Techniques-Tradeoff process," indicates the tradeoff process is appropriate when it may be in the best interest of the Government to consider awards to other than the lowest price offeror or the highest technically rated offeror.

¹⁹ FAR 15.305(a)2.i.

²⁰ FAR 15.306(d), "Source Selection-Exchanges with offerors after receipt of proposals."

²¹ FAR 9.103(b), "Responsible Prospective Contractors-Policy."

²² FAR 9.104-1(c).

²³ FAR 9.105-1(c), "Responsible Prospective Contractors-Obtaining information."

²⁴ The Past Performance Information Retrieval System (PPIRS) is a Web-enabled application for reporting and retrieving contractor performance data on federal contracts. FAR 42.1503(c), "Contractor Performance Information-Procedures," requires agencies to submit contractor performance information to PPIRS. The system consolidates other similar applications into one system that both contracting officials and contractors officers can access.

²⁵ The Excluded Parties List System provides "a single comprehensive list of individuals and firms excluded by Federal government agencies from receiving federal contracts." [Source: Excluded Parties List System Web site Frequently Asked Questions, <https://www.epls.gov/eplsjsp/FAQ.jsp#2>, accessed on Sept. 29, 2011.]

²⁶ FAR 15.308, "Source Selection-Source selection decision."

SENSITIVE BUT UNCLASSIFIED

Department Guidance

The Department implements the FAR requirements through the *Foreign Affairs Manual*²⁷ and the *Foreign Affairs Handbook* (FAH)²⁸ through directives for the contracting officer and contracting officer's representative for solicitation, evaluation, and award of contracts. For example, the FAH requires that requests for proposals include the evaluation criteria and their relative importance in the solicitation.²⁹ In addition, the Department's process for evaluating proposals in accordance with FAR requirements is described in the FAH, which provides guidance for the evaluation team, which the Department calls the "technical evaluation panel."³⁰

Prior Review of Past Performance

The Government Accountability Office (GAO) has audited the role of past performance in the acquisition process and expressed concerns as to how agencies use past performance information to determine contractor suitability. That office documented its concerns in reports issued in 2009 and 2011. In April 2009, GAO³¹ evaluated five agencies on their sharing and use of past performance information Government-wide. As part of the evaluation, GAO interviewed contracting officers, reviewed the data fed into PPIRS, and reviewed rating scales for each factor identified in the solicitations. In the interviews, 60 percent of the contracting officers reported that past performance was rarely a deciding factor in awarding contracts and that objective factors such as price or technical approach tended to be more important in decision-making. Contracting officers also reported that they tended to rely more on sending questionnaires to references when evaluating past performance, in part because of the absence of information in PPIRS. GAO found that only a small percentage of contracts had been documented in PPIRS. GAO also found that the system's lack of standardized evaluation factors and rating scales did not allow for aggregate measures of contractor performance. Lastly, GAO found a lack of central oversight and management of PPIRS. GAO recommended that changes be made to the FAR for past performance information such as requiring agencies to adopt standard procedures for preparing past performance reports and utilizing PPIRS government-wide. Those recommendations are now closed and implemented, but weaknesses continue, as noted in the 2011 report.

In October 2011, GAO³² reviewed construction contracts of components from three agencies to evaluate how prior experience and past performance information were used to make award decisions. GAO found that agencies more closely evaluated past performance in best value contracting processes rather than during lowest price technically acceptable processes. Further, GAO found that agency contracting officers sought additional information using past performance questionnaires, because of incomplete information in PPIRS. While GAO observed

²⁷ 14 FAM 200, "Logistics Management-Acquisitions."

²⁸ 14 FAH-2, "Contracting Officer's Representative Handbook."

²⁹ 14 FAH-2 H-414(c), "Solicitations."

³⁰ 14 FAH-2 H-424, "Performing the Technical Evaluation."

³¹ GAO-09-374, "Federal Contractors: Better Performance Information Needed to Support Agency Contract Award Decisions," Apr. 2009.

³² GAO-12-102R, "Prior Experience and Past Performance as Evaluation Criteria in the Award of Federal Construction Contracts," Oct. 18, 2011.

SENSITIVE BUT UNCLASSIFIED

that the information in PPIRS is incomplete and limited on Federal contracts, GAO did not make any recommendations addressing this issue.

Department Bureaus and Offices Responsible for the WPS Contract

The Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, Worldwide Operations Division, is responsible for establishing acquisition agreements, including contracts, financial assistance, and interagency agreements for the functional bureaus within the Department. The Worldwide Operations Division was responsible for awarding the WPS contract. The contracting officer was the Worldwide Operations Division, Security Branch chief, and the source selection authority was the Worldwide Operations Division chief.

DS's International Programs Directorate, Office of Overseas Protective Operations, High Threat Protection Division, provides financial and contractual management oversight, personnel, training, and operational guidance required to provide a safe and secure environment for the conduct of U.S. foreign policy. The High Threat Protection Division is the program office responsible for overseeing WPS contract operations. Staff from the High Threat Protection Division served as the technical evaluation panel members for the WPS contract and the KESF task order.

Objective

The objective of this audit was to determine whether the Department's process to award the WPS contract and the KESF task order included required procedures to assess contractor responsibility, including past performance and technical merit.

Audit Results

OIG found that the Department's process to award the WPS contract and the KESF task order specified required procedures to assess contractor responsibility, including evaluations of past performance and technical merit. Specifically, the Department developed and followed two source selection evaluation plans that were used to evaluate the WPS contract and KESF task order proposals and were prepared in accordance with the FAR, Department guidance, and the contract solicitation.³³ The technical and past performance evaluations of the WPS contract and the KESF task order proposals were conducted by panels that comprised DS personnel who had area knowledge and operational experience to evaluate the proposals. The technical panels provided the evaluations and recommendations for award of the WPS contract and the KESF task order to the contracting officer. The contracting officer reviewed the panels' recommendations; conducted a determination of responsibility to ensure that only responsible contractors received the awards, as required by the FAR;³⁴ and submitted the award

³³ WPS Solicitation Section L, "Instructions, Conditions, and Notices to Offerors and Respondents," and Section M, "Evaluation Factors for Award."

³⁴ FAR 9.103(b).

SENSITIVE BUT UNCLASSIFIED

recommendations to the source selection authority for final approval. The source selection authority made the final award decisions for both the WPS contract and the KESF task order.

The Source Selection Evaluation Plans

The contracting officer and DS personnel jointly prepared the source selection evaluation plans that would be used by the technical panel to evaluate WPS contract and KESF task order proposals. The source selection evaluation plans detailed the criteria and ratings to be used to evaluate the WPS contract and the KESF task order awards. The FAR³⁵ requires that proposals be evaluated solely on the factors identified in the solicitation. OIG reviewed the source selection evaluation plans and found that the criteria for evaluating the WPS contract and the KESF task order proposals aligned with the criteria included in the WPS contract solicitation and the KESF statement of work. For example, the WPS contract solicitation outlined the areas that the Department would evaluate the proposals against, including minimum experience level, past performance, and technical merit. The technical merit factor included four sub-factors: personnel staffing, recruitment, screening/vetting, and retention; training; program and logistics management; and risk management and mitigation. The source selection evaluation plan for the WPS contract incorporated the outlined criteria, including the four sub-factors of technical merit. In addition, the KESF task order solicitation evaluation criteria included technical merits of the “task order management plan,”³⁶ which was outlined in the statement of work, as well as the offerors’ past performance. The source selection evaluation plan used to evaluate the KESF task order also included evaluations of the technical aspects and past performance.

The source selection evaluation plans also detailed the order of importance of the criteria and identified the technical aspects and past performance as more important than price for the WPS contract and associated task orders, including the KESF task order. The WPS contract solicitation stated that the contract was to be awarded as a “best value”³⁷ to the Government rather than to the lowest priced proposal. In addition, both source selection evaluation plans stated that if a technically satisfactory proposal other than the lowest priced proposal was selected for award, a narrative must explain the perceived benefits of the higher priced proposal and why it merited the additional cost.

Additionally, the source selection evaluation plans included a rating system for evaluating the proposals against the criteria. The source selection evaluation plans stated that each rating should include a narrative explanation supporting the rating given. The same rating system was used for the technical aspects of the proposal evaluations and the past performance

³⁵ FAR 15.305(a).

³⁶ Task Order Management Plan requirements included plans for transition, training, and operations.

³⁷ 14 FAH-2 H-361(b)1, “Technical Evaluation Criteria and Plan—Purpose of Technical Evaluation,” states that the Department may make award to other than the lowest-priced proposal through the tradeoff process, which “provides for the evaluation of technical and other factors in addition to cost or price to determine the proposal that represents the best overall value to the U.S. Government.” However, as offers become technically equivalent, cost or price may become the determining selection factor.

SENSITIVE BUT UNCLASSIFIED

evaluations. The technical evaluation panel could assign the following ratings in descending order: “excellent,” “good,” “marginal,” “unacceptable,” and “neutral.”³⁸

Worldwide Protective Services Contract

OIG found that both the contracting officer and the technical evaluation panel performed required procedures to assess contractor responsibility before the WPS contract was awarded. OIG also found that the contracting officer gathered past performance information that was used in both determining contractor responsibility and evaluating past performance. Past performance information included questionnaires that the contracting officer sent to the offerors’ references, other known contracting officers, and contracting officer’s representatives in the Department; data gathered from PPIRS; and Internet searches related to the offerors and their subcontractors. In addition, as recommended by the FAR,³⁹ the contracting officer arranged pre-award surveys of the offerors’ proposed training facilities to ensure the WPS contract solicitation requirements would be met. Furthermore, OIG found that the technical evaluation panel for the WPS contract comprised three DS personnel who were “technically competent to identify the strengths and weaknesses of the various proposals,” as required by Department policy.⁴⁰ Finally, OIG found that the contracting officer had made affirmative determinations of responsibility for each offeror before the WPS contract was awarded, as required by the FAR.⁴¹ In making the determination of responsibility, the contracting officer also reviewed the EPLS to ensure that each offeror was not suspended or debarred and therefore could not receive Federal contracts.

During the evaluations, the technical evaluation panel reviewed the 12 proposals submitted in response to the WPS contract solicitation; evaluated each offeror’s approach to each technical sub-factor; and considered the currency and relevance of the past performance information, source of the information, context of the data, and general trends in the offerors’ performance. The contracting officer and Office of Acquisitions Management staff provided guidance to the panel and acted as liaisons throughout the evaluation process. The FAR⁴² requires that the contracting officer control all exchanges with the offerors after receipt of proposals. For example, questions that arose during the evaluation process were addressed and provided to the contracting officer, who in turn corresponded with the offeror. Based on its review, the panel rated each proposal and determined that the eight highest technical and past-performance rated contractors should be included in discussions to determine final award recommendations. Upon the contracting officer’s determination of which contractors would be included in the discussions, one contractor, Global Strategies Group, Inc., protested its exclusion from discussions and was subsequently added back to the discussions by the Department, for a total of nine contractors included in the discussions period.⁴³

³⁸ The technical evaluation panel assigns a neutral rating only if the offeror has no relevant past performance or if past performance information is not available.

³⁹ FAR 9.105-1(b)(1).

⁴⁰ 14 FAH-2 H-421.1, “Contracting Officer’s Representative (COR) Responsibilities.”

⁴¹ FAR 9.103(b).

⁴² FAR 15.303(c).

⁴³ The Department agreed to allow Global Strategies Group, Inc., to be included in the discussion process, provided that it addressed the weaknesses identified in the initial technical panel’s evaluation and agreed to not protest the shortened timeline for providing a final proposal revision.

SENSITIVE BUT UNCLASSIFIED

The technical evaluation panel identified areas of weaknesses in both technical and past performance areas in each proposal, and it asked each offeror to address, through the contracting officer, its responses to these weaknesses. Based on the offerors' responses to the panel's questions, the panel evaluated and adjusted some of the ratings from the initial ratings (prior to discussions) to the final ratings. (The panel's initial and final ratings are shown in Appendix B.) For example, prior to discussions, the panel identified weaknesses related to EODT's proposal in three of the four sub-factors: personnel staffing, recruitment, screening/vetting, and retention; training; and risk management and mitigation. As a result, the technical evaluation panel initially rated EODT's technical merit as "marginal." During discussions, EODT provided a response for each weakness, and the panel evaluated each response and adjusted EODT's technical rating to "excellent." Similarly, the panel reviewed EODT's 15 past performance documents and assigned an initial past performance rating of "unacceptable" because of the panel's concerns about problems in prior contracts, such as when EODT received a cure notice⁴⁴ on one of its Department of Defense contracts. However, EODT's explanations during the discussions period prompted a revised rating of "marginal."

OIG reviewed the technical evaluation panel's documentation and determined, based on the questions and responses from the offerors, that the adjustments to the ratings were supported and evaluated consistently with the criteria in the source selection evaluation plan. The panel also evaluated each offeror's mandatory minimum experience in addition to past performance and technical merit.

OIG found that the panel recommended six offerors for award of the WPS contract. Each of the six recommended offerors met the mandatory minimum experience requirements and achieved a final overall technical rating of at least "good" and a minimum past performance rating of "marginal." The six offerors the panel recommended were Aegis Defense Services, LLC; SOC, LLC; International Development Solutions, LLC; Torres International Services, LLC; EODT; and Triple Canopy, Inc.

Worldwide Protective Services Contract Award Decision

OIG found that the contracting officer considered the technical panel's recommendations when making award recommendations to the source selection authority, as required by the FAR.⁴⁵ However, the source selection authority did not agree with the contracting officer and the panel's recommendations when making the final award decision. The FAR⁴⁶ states that the source selection authority may use the analysis prepared by others but that the decision for award should represent the source selection authority's independent judgment. OIG found that the source selection authority added two contractors, Global Strategies Group, Inc., and DynCorp International, LLC, in the final award decision in addition to the six recommended contractors. The source selection authority provided written justification for the decision, stating that the

⁴⁴ FAR 49.607(a), "Delinquency Notices-Cure Notice," defines a cure notice as required before terminating a contract for default prior to the delivery date. It is a written notice from the contracting officer to the contractor that specifies the failure and provides a period of 10 days (or longer period as necessary) for the contractor to cure the failure.

⁴⁵ FAR 15.303(b)(5).

⁴⁶ FAR 15.308.

SENSITIVE BUT UNCLASSIFIED

decision was “based on the need for greater operational capacity in supporting the Department of State’s mission for readiness and ability to provide appropriate levels of uniformity and oversight” and the panel’s technical ratings.⁴⁷ The source selection authority acknowledged that DynCorp International, LLC, had an “unacceptable” past performance rating and therefore may need increased Department oversight; however, the source selection authority stated that he believed that both Global Strategies Group, Inc., and DynCorp International, LLC, would perform successfully under the WPS contract. OIG found that the source selection authority’s independent decision was properly documented under the FAR.⁴⁸

The eight contractors awarded the WPS contract on September 29, 2010, were the following:

- Aegis Defense Services, LLC
- SOC, LLC
- International Development Solutions, LLC
- Torres International Services, LLC
- EODT
- Triple Canopy, Inc.
- Global Strategies Group, Inc.
- DynCorp International, LLC

Kabul Embassy Security Force Task Order

The KESF task order proposals were evaluated using the same process as was used for the WPS contract. A separate 3-person technical evaluation panel prepared its evaluations of KESF task order proposals after the determination of which contractors would be awarded the WPS contract but before the award announcement was made. The contracting officer said that because there was an exception in the appropriations law⁴⁹ to award the KESF task order as a best value contract, the Department chose to wait to announce the WPS contract and KESF task order awards together to avoid protests that may have slowed or stopped the panel’s evaluations beyond the end of the fiscal year, at which time the KESF task order would no longer be allowed to be awarded as best value. OIG found that the proposals for the KESF task order were submitted at the same time as the proposals for the WPS contract, so the evaluations were able to begin as soon as possible following the WPS contract panel evaluations.

The technical evaluation panel evaluated eight proposals and determined that four offerors were eligible for discussions. OIG determined that the KESF task order panel followed all of the steps necessary for evaluating and rating each offeror’s technical approach and past performance. (The panel’s initial and final ratings are shown in Table 2, Appendix B.) The panel evaluated each offeror’s technical approach to several operational factors, and unlike the WPS contract past performance evaluation, the panel focused on the past performance

⁴⁷ In the technical evaluation panel post discussion rating analysis, Global Strategies Group, Inc., and DynCorp International, LLC, received overall technical ratings of “marginal” and “good,” respectively.

⁴⁸ FAR 15.308.

⁴⁹ The Consolidated Appropriations Act of 2010, sec.7006, authorized the Department to allow best value contracting for guard contracts in Afghanistan, Iraq, and Pakistan only for FY 2010.

SENSITIVE BUT UNCLASSIFIED

evaluations on contracts that had been performed during the previous 12 months in austere, high-threat environments and that involved security operations similar in size, scope, or complexity to those in the KESF task order. For example, the panel limited EODT's past performance evaluation to eight past performance documents for security services performed in Iraq and Afghanistan within the established timeframe.

The technical evaluation panel developed questions for each offeror, which included technical weaknesses and requests for clarification, and provided the questions to each offeror through the contracting officer. Based on the offerors' responses to the questions, the panel adjusted some of the initial ratings. For example, the panel adjusted Global Strategies Group, Inc.'s technical rating from "good" to "excellent" after that offeror addressed weaknesses in its vehicle maintenance program. Further, the panel did not identify any weaknesses in EODT's past performance, and it rated EODT's past performance as "excellent" because six of the eight reports assessed EODT's overall performance as "excellent." The remaining two past performance documents rated EODT's overall performance as "good."

OIG reviewed the technical panel's documentation of discussions and determined that the adjustments in the ratings were supported and were evaluated consistently in accordance with the criteria in the KESF source selection evaluation plan. The panel recommended that the highest rated offeror, Global Strategies Group, Inc., with final ratings in both technical merit and past performance of "excellent," be awarded the KESF task order.

Task Order Award Decision

OIG found that the contracting officer did not agree with the technical panel's recommendation when making the KESF task order award recommendation to the source selection authority. Although the contracting officer considered the panel's recommendation, ultimately a lower priced contractor, EODT, was recommended for the award. The contracting officer concluded, in the Best Value Award Recommendation, that it was more advantageous for the Government to award the KESF task order to EODT because of EODT's "many enumerated strengths, excellent past performance rating, and lowest price." The contracting officer cited several strengths in EODT's technical proposal: EODT's 5-year presence in Afghanistan, more than 1,200 personnel working in Afghanistan, a comprehensive transition timeline for its transition team, and a 28,000 candidate database from which to recruit personnel. Additionally, EODT was the second highest rated offeror, and its proposed price was \$92 million lower than Global Strategies Group, Inc.'s proposed price. The source selection authority agreed with the contracting officer and awarded the KESF task order to EODT on September 30, 2010.

Despite the contracting officer's positive evaluation of EODT's timeline for transition, EODT has encountered numerous problems since it was awarded the KESF task order. From November 2010 to early March 2011, the contracting officer issued a series of notices to EODT citing performance deficiencies such as problems with the training curriculum and lesson plans, delays in submitting personnel information, and inadequacies in recruitment and screening procedures. In early December 2010, the contracting officer determined that EODT would not

SENSITIVE BUT UNCLASSIFIED

be able to meet the January 1, 2011, transition deadline⁵⁰ and, as a result, extended the transition date to May 1, 2011.⁵¹ Although EODT provided alternative solutions to correct the deficiencies, the contracting officer determined that the solutions suggested were unacceptable and that EODT would not be able to meet the extended May 1, 2011, deadline. On March 11, 2011, the Department terminated EODT's KESF task order contract for default.

EODT contested the termination and entered into a 3-month litigation process with the Department. The Department settled with EODT on June 15, 2011, agreeing to convert the termination for default to a termination for convenience of the Government and to pay certain costs to be determined by a Defense Contract Audit Agency audit.⁵² As part of the settlement agreement, EODT was not eligible to re-compete for the KESF task order. However, EODT is allowed to compete for other task orders under the WPS contract, and the Department is able to use EODT's performance on the original KESF task order and subsequent termination as a part of the past performance evaluation. Nonetheless, since the termination of the KESF task order, EODT has not been awarded any task orders under the WPS contract. On July 29, 2011, the Department awarded the re-competed KESF task order to Aegis Defense Services, LLC.

In the March 14, 2011, request to OIG, the Chairman of the Subcommittee on Contracting Oversight, U.S. Senate Committee on Homeland Security and Governmental Affairs, questioned whether the Department, prior to the award of the KESF task order, was aware of EODT's performance on Department of Defense contracts cited in the Senate Armed Services Committee report on private security contractors in Afghanistan.⁵³ While the FAR states that the Department should contact other Federal agencies before making "the determination of responsibility," it does not require the Department to contact other Federal agencies regarding the past performance of their contractors,⁵⁴ as PPIRS is the official past performance repository system for Federal agencies. OIG reviewed the reports from PPIRS that the contracting officer gathered for EODT and found that the system included EODT's past performance reports on Department of Defense contracts. However, the information cited in the Senate Armed Services Committee's report was not included in any of PPIRS reports. In addition, OIG found that questionnaires sent by the contracting officer to gather additional past performance information for EODT contained information indicating that all contracting officials who were contacted would use EODT in the future. OIG determined that the Department was not aware of EODT's past performance until the Senate Armed Services Committee's report was released to the public in October 2010, which was after the WPS contract and the KESF task order had been awarded. Lastly, OIG noted that although GAO has reviewed the use of past performance information, has identified weaknesses in the process, and has made recommendations for improvement, weaknesses continue to exist regarding the inclusion of

⁵⁰ The Department initially planned to have EODT fully transition operations from the incumbent, U.S. Embassy Kabul security contractor ArmorGroup North America, Inc., on January 1, 2011.

⁵¹ Because of the extension of the transition deadline, the Department entered into a bridge contract on January 1, 2011, with ArmorGroup North America, Inc., to continue to perform security services over a 4-month period with two 4-month options. The bridge contract was valued at \$118.6 million.

⁵² As of September 14, 2011, the Defense Contract Audit Agency had not completed its audit.

⁵³ U.S. Senate Committee on Armed Services report.

⁵⁴ FAR 9.105-1(c).

SENSITIVE BUT UNCLASSIFIED

pertinent information in PPIRS. These weaknesses point to a Government-wide issue concerning the input of information into PPIRS.

Other Matters

The Senate Armed Services Committee's Investigation of Private Security Contractors in Afghanistan

The Senate Armed Services Committee contacted the Department of State on March 5, 2009, initiating a dialogue about the Department's private security contractors and associated issues in preparation for a committee investigation. The committee, however, did not formally disclose its investigation until May 2009, when it sent the Department an official request for information. The Department delivered the requested information to the committee between August and September 2009. However, during its investigation, the committee did not interview any Department officials or communicate the preliminary investigation results to the Department.

On October 7, 2010, the committee released its report detailing private security contractor misconduct in Afghanistan to the Department.⁵⁵ The investigation found that to assist in staffing its guard force, EODT "partnered with local strongmen" with ties to "criminal and anti-Coalition activities." The committee gathered evidence of EODT's misconduct through interviews with contractor personnel; reviews of internal contractor documents and records; and information requests from Department of Defense, Defense Intelligence Agency, and private contractor personnel from several companies. On October 25, 2010, the committee sent a letter to the Department expressing its concerns over inconsistencies in EODT's public statement on the report's findings and to remind Department officials to consider the report's findings and EODT's public statement when considering the company for contract awards. In a letter dated January 14, 2011, the Department assured the committee that its report, letter, and EODT's statements were now included in EODT's past performance information provided to the current and future evaluation panels for proposals for task orders that will be awarded under the WPS contract.

⁵⁵ Ibid.

Scope and Methodology

This audit was conducted at the request of the Chairman of the Subcommittee on Contracting Oversight, U.S. Senate Committee on Homeland Security and Governmental Affairs, who asked the Office of Inspector General (OIG) to “investigate the State Department’s review of contractor past performance prior to the award of the WPS [Worldwide Protective Services] contract and the Kabul Embassy task order, including whether the Department reviewed information from the Defense Department or the incidents discussed in the Senate Armed Services Committee report.”¹ (The Chairman’s letter is in Appendix C of this report.) Accordingly, OIG conducted this audit to determine whether the Department of State’s (Department) process to award the Worldwide Protective Services (WPS) contract and the Kabul Embassy Security Force (KESF) task order included required procedures to assess contractor responsibility, including past performance and technical merit.

OIG conducted this audit from April to September 2011 in the Washington, DC, metropolitan area. This performance audit was conducted in accordance with generally accepted government auditing standards. These 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.

OIG reviewed relevant contracting regulations as established by Federal and Department policy and reviewed the criteria included in the WPS contract and KESF task order solicitations. OIG met with officials from the Bureau of Diplomatic Security, including technical evaluation panel members, as well as the contracting officer and source selection authority from the Bureau of Administration. OIG obtained official contract documentation used throughout the evaluation and award process from the contracting officer. These sources and documents were analyzed to determine whether the WPS contract and the KESF task order were awarded in accordance with the rules and regulations mandated by the *Federal Acquisition Regulation*, the *Foreign Affairs Manual*, and the *Foreign Affairs Handbook*.²

Specifically, OIG determined whether proposals submitted in response to the WPS contract and KESF task order solicitations were evaluated in accordance with the stated criteria, as required by the FAR.³ OIG determined whether the source selection evaluation plans were prepared in accordance with the WPS contract and KESF task order solicitations, including reviews of stated technical merit and past performance requirements. OIG reviewed panel documentation to determine whether the panel had followed the Source Selection Evaluation Plans, documented the evaluation of each proposal’s technical merit and past performance, prepared a consensus report, and provided recommendations for award to the contracting officer.

¹ U.S. Senate Committee on Armed Services, *Report: Inquiry Into the Role and Oversight of Private Security Contractors in Afghanistan* (Sept. 28, 2010).

² FAR 9, “Contractor Qualifications”; FAR 15, “Contracting by Negotiation”; 14 FAM 200, “Acquisitions”; 14 FAH-2, “Contracting Officer’s Representative Handbook”; and WPS Solicitation Section L, “Instructions, Conditions, and Notices to Offerors and Respondents,” and Section M, “Evaluation Factors for Award.”

³ FAR 15.305(a), “Source Selection–Proposal evaluation.”

SENSITIVE BUT UNCLASSIFIED

OIG also interviewed panel members to ensure that the individuals appointed were experienced and “technically competent to identify the strengths and weaknesses of the various proposals,” as required by the *Foreign Affairs Handbook*.⁴ OIG also reviewed the contract documentation to ensure that the contracting officer and source selection authority followed the FAR⁵ requirements for awarding contracts only to responsible offerors, including review of appropriate past performance information. Further, OIG determined whether the source selection authority documented the WPS contract and KESF task order award decision, including any necessary justifications.

In addition, OIG met with officials from the Bureau of Legislative Affairs and reviewed documentation to determine whether Department officials were aware of EODT’s past performance as reported by the Senate Armed Services Committee’s report⁶ and referenced in the Chairman’s request for this audit.

Use of Computer-Processed Data

During the audit, OIG reviewed only hard-copy source documentation. OIG was not provided computer-processed data, and it was therefore unnecessary for OIG to test or assess the usage of controls for computer-processed data.

Review of Internal Controls

To assess the adequacy of internal controls related to the areas audited, OIG reviewed Federal and Department guidance for the applicable policies and procedures established to ensure that contract award processes are properly administered and implemented. Specifically, OIG assessed the Source Selection Evaluation Plans and the technical evaluation panel documentation for consistency with the *Federal Acquisition Regulation*, the *Foreign Affairs Manual*, the *Foreign Affairs Handbook*, and WPS contract and KESF solicitations requirements. To accomplish this, OIG obtained an understanding of internal controls through a review of the Department’s documents and records and assessed the Department’s compliance with applicable laws and regulations for awarding contracts. OIG’s conclusions are presented in the “Audit Results” section of the report.

⁴ 14 FAH-2 H-421.1, “Contracting Officer’s Representative (COR) Responsibilities.”

⁵ FAR 9.103(b), “Responsible Prospective Contractors—Policy.”

⁶ U.S. Senate Committee on Armed Services report.

Technical Evaluation Panel's Ratings of Offerors

During the Worldwide Protective Services (WPS) contract evaluations, the technical evaluation panel identified areas of weaknesses in both technical and past performance areas in each proposal, and it asked each offeror to address, through the contracting officer, its responses to these weaknesses. Based on the offerors' responses, the panel adjusted some of the ratings from the initial ratings to the final ratings. The nine offerors' ratings before and after discussions are shown in Table 1.

Table 1. Initial and Final Ratings of Offerors During Discussions on the WPS Contract

Offerors	Technical Approach		Past Performance	
	Initial	Final	Initial	Final
1) Aegis Defense Services, LLC	Good	Excellent	Excellent	Excellent
2) SOC, LLC	Good	Excellent	Good	Good
3) International Development Solutions, LLC	Excellent	Excellent	Excellent	Excellent
4) Torres International Services, LLC	Good	Good	Unacceptable	Good
5) EODT	Marginal	Excellent	Unacceptable	Marginal
6) Triple Canopy, Inc.	Marginal	Good	Unacceptable	Marginal
7) Global Strategies Group, Inc.	Unacceptable	Marginal	Good	Good
8) DynCorp International, LLC	Marginal	Good	Unacceptable	Unacceptable
	Marginal	Marginal	Good	Good

During the Kabul Embassy Security Force task order evaluation, the panel evaluated four contractors during the discussion period. The panel's initial and final ratings of the offerors are shown in Table 2.

Table 2. Initial and Final Ratings of Offerors During Discussions on the Kabul Embassy Security Force Task Order

Offerors	Technical Approach		Past Performance	
	Initial	Final	Initial	Final
1) Aegis Defense Services, LLC	Good	Good	Excellent	Excellent
2) SOC, LLC	Good	Good	Neutral	Good
3) EODT	Good	Good	Excellent	Excellent
4) Global Strategies Group, Inc	Good	Excellent	Excellent	Excellent

**Letter From the Chairman of the Subcommittee on Contracting Oversight,
U.S. Senate Committee on Homeland Security and Governmental Affairs**

JOSEPH I. LIEBERMAN, CONNECTICUT, CHAIRMAN
CARL LEVIN, MICHIGAN
DANIEL K. AKAKA, HAWAII
THOMAS R. CARPER, DELAWARE
MARK L. PRYOR, ARKANSAS
MARY L. LANDRIEU, LOUISIANA
CLARE McCASKILL, MISSOURI
JON TESTER, MONTANA
MARK BEUGH, ALASKA
SUSAN M. COLLINS, MAINE
TOM COBURN, OKLAHOMA
SCOTT P. BROWN, MASSACHUSETTS
JOHN MCCAIN, ARIZONA
RON JOHNSON, WISCONSIN
JOHN ENGLISH, NEVADA
BOB PORTMAN, OHIO
RAND PAUL, KENTUCKY

MICHAEL L. ALEXANDER, STAFF DIRECTOR
NICHOLAS A. ROSE, MINORITY STAFF DIRECTOR

United States Senate
COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510-6250

March 14, 2011

Harold W. Geisel
Deputy Inspector General
U.S. Department of State
Office of Inspector General
2201 C Street, NW
Washington, DC 20522-0308

Dear Ambassador Geisel:

I am writing to request that you initiate an investigation into the State Department's award of contracts for guard services at U.S. embassies, including the U.S. Embassy in Kabul, Afghanistan.

On June 10, 2009, the Subcommittee on Contracting Oversight held a hearing examining a contract for guard services performed at the U.S. Embassy in Kabul by the contractor ArmorGroup North America, Inc. (AGNA), now owned and controlled by G4S/Wackenhut Services, Inc. The hearing reviewed potential contractor violations, including internal State Department documents finding that AGNA's inadequate performance of the contract had placed the security of the Embassy "in jeopardy."¹

In September 2009, I sent a letter to the State Department's Under Secretary for Management, Patrick Kennedy, raising additional concerns about AGNA's performance, including troubling allegations regarding guard shortages, hazing, alcohol abuse, and misuse of government property by AGNA employees in Kabul.² Both the hearing and these subsequent allegations raised serious questions regarding the State Department's management and oversight of private security contractors at the U.S. Embassy in Kabul.

In December 2009, the State Department advised AGNA that it would not be exercising the Department's option to extend AGNA's contract for an additional year.³ On March 1, 2010, in response to my questions about the State Department's handling of the Kabul Embassy guard contract, Ambassador Boswell assured me that the State Department had taken "swift action" to investigate the allegations of misconduct by the AGNA guards. He continued:

¹ Letter from James S. (Steve) Rogers, Senior Contracting Officer, U.S. Department of State, to AGNA President Karl Semancik (July 19, 2007) (incorrectly dated June 19, 2007).

² Letter from Chairman McCaskill to Patrick F. Kennedy, Under Secretary for Management, U. S. Department of State (Sept. 1, 2009).

³ E-mail from Department of State Bureau of Legislative Affairs to Senate Homeland Security and Governmental Affairs, Subcommittee on Contracting Oversight Staff (Dec. 7, 2009).

SENSITIVE BUT UNCLASSIFIED

Harold W. Geisel
March 14, 2011
Page 2

The results of a senior-level Department review of the circumstances and investigative findings, combined with AGNA's history of contract compliance deficiencies, led [the Department] to conclude that it was in the best interest of the Government to compete a new contract.⁴

On September 30, 2010, the State Department awarded a contract to EOD Technology, Inc. (EODT) to replace AGNA as the contractor for guard services at the Kabul Embassy. The contract, which is valued at \$273 million over the next five years, was awarded as a task order under the Department's Worldwide Protective Services (WPS) umbrella contract.⁵ The WPS umbrella contract was awarded on September 29, 2010 to eight contractors, including EODT, each of whom is guaranteed to receive contracts worth at least \$5,000 under the contract, which can reach a maximum of \$10 billion.⁶ The WPS umbrella contract will allow multiple IDIQ contract task orders for personal, static, and emergency guard services worldwide, including in Afghanistan, Iraq, and Jerusalem.⁷

Based on information released by the Senate Armed Services Committee, I have serious concerns regarding the State Department's award of the WPS contract and subsequent task orders to EODT. The Committee's report found multiple examples of private security contractors working for the Defense Department who funneled U.S. taxpayer dollars to Afghan warlords. The Committee also found that the performance of EODT and other private security contractors was so inadequate that their failures "directly affect the safety of U.S. military personnel."⁸

The Committee also detailed evidence of serious misconduct by EODT in Afghanistan, including:

⁴ Ambassador Eric Boswell Response to Senator Claire McCaskill Questions for the Record, Homeland Security and Governmental Affairs Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia hearing, *The Diplomat's Shield: Diplomatic Security in Today's World* (Dec. 9, 2009), submitted March 1, 2010.

⁵ EOD Technology, Inc. Task Order IDV PIID : PIID SAQMMA10D0096 : SAQMMA10F5213, Online at www.USASpending.gov (accessed Feb. 22, 2011).

⁶ E-mail from Department of State Bureau of Legislative Affairs to Senate Homeland Security and Governmental Affairs, Subcommittee on Contracting Oversight Staff (Sept. 29, 2010). The other seven contractors are : Aegis Defense Services, LLC; DynCorp International, LLC; Global Strategies Group (Integrated Security), Inc; International Development Solutions, LLC; SOC, LLC; Torres International Services, LLC; and Triple Canopy, Inc. *Id.* One of the WPS awardees, International Development Solutions, appears to be a joint venture between Kaseman and U.S. Training Center, an affiliate of Xe Services, formerly known as Blackwater. See Exclusive: *Blackwater Wins Piece of \$10 Billion Mercenary Deal*, Danger Room (Oct. 1, 2010). The Subcommittee has been unable to verify whether the State Department was aware of the affiliation with Blackwater prior to the award of the WPS contract.

⁷ See FedBizOpps.gov (online at https://www.fbo.gov/index?s=opportunity&mode=form&tab=core&id=510481d9cc6330df06af3decbed1696a&_cview=0) (accessed March 7, 2011).

⁸ U.S. Senate Committee on Armed Services, *Report: Inquiry Into the Role and Oversight of Private Security Contractors in Afghanistan* (Sept. 28, 2010).

SENSITIVE BUT UNCLASSIFIED

Harold W. Geisel
March 14, 2011
Page 3

- Relying on local Taliban warlords to provide guards and, in some cases weapons, for use on EODT's contracts;
- Failing to adequately investigate guards' previous employment, which resulted in the company's hiring individuals who had previously been fired for sharing sensitive security information with Taliban warlords; and
- Failure to appropriately vet guards, some of whom, according to U.S. intelligence reports, may have been involved in anti-American activities.⁹

It is unclear whether the State Department was aware of EODT's past performance on other private security contracts prior to its award of the Kabul Embassy security contract. However, the award of the contract to EODT, particularly given the Department's difficulties with managing the AGNA contract, raises serious concerns regarding the Department's evaluation of contractors. As a result, I request that you investigate the State Department's review of contractor past performance prior to the award of the WPS contract and the Kabul Embassy task order, including whether the Department reviewed information from the Defense Department or the incidents discussed in the Senate Armed Services Committee report.

The jurisdiction of the Subcommittee on Contracting Oversight is set forth in Senate Rule XXV clause 1(k); Senate Resolution 445 section 101 (108th Congress); and Senate Resolution 73 (111th Congress).

I appreciate your assistance. Please contact Alan Kahn with the Subcommittee staff at (202) 224-3230 with any questions. Please send any official correspondence relating to this request to kelsey_stroud@hsgac.senate.gov.

Sincerely,



Claire McCaskill
Chairman
Subcommittee on Contracting Oversight

cc: Rob Portman
Ranking Member

⁹ *Id.*

Bureau of Diplomatic Security Response



United States Department of State

Washington, D.C. 20520

NOV 22 2011

UNCLASSIFIED

**INFORMATION MEMO FOR HAROLD W. GEISEL, DEPUTY
INSPECTOR GENERAL**

FROM: DS/MGT/PPD – James E. Weston *JW*

SUBJECT: Audit of the Department of State Process to Award the Worldwide
Protective Services Contract and Kabul Embassy Security Force Task
Order

Thank you for the opportunity to review and comment on the subject draft
report. Please be advised that DS does not have any comments.

UNCLASSIFIED

SENSITIVE BUT UNCLASSIFIED

Appendix E

Bureau of Administration Response




United States Department of State
Washington, D.C. 20520



November 29, 2011

MEMORANDUM

TO: OIG – Evelyn Klemstine

FROM: A/LM/AQM  Cathy Read

SUBJECT: Draft Report on Audit of the Department of State Process To
Award the Worldwide Protective Services Contract and Kabul Embassy
Security Force Task Order

Below is the Bureau of Administration's response to the subject audit report.
 in A/LM/AQM/WWD/SB is the point of contact and can be
reached at 

The Office of Acquisitions Management (A/LM/AQM) appreciates the
opportunity to comment on the draft report. While the draft report did not
contain any specific recommendations, AQM, in consultation with L/BA,
recommends redacting the identity of the non-awardees in Table 1.

UNCLASSIFIED

Major Contributors to This Report

Regina M. Meade, Director
Division of Security and Intelligence
Office of Audits

Beverly J.C. O'Neill, Audit Manager
Division of Security and Intelligence
Office of Audits

Nina Y. Lin, Auditor in Charge
Division of Security and Intelligence
Office of Audits

Laura G. Miller, Management Analyst
Division of Security and Intelligence
Office of Audits

Alexandra Vega, Management Analyst
Division of Security and Intelligence
Office of Audits

Joseph D. Hamrock, Management Analyst
Division of Security and Intelligence
Office of Audits

FRAUD, WASTE, ABUSE, OR MISMANAGEMENT
of Federal programs
and resources hurts everyone.

Call the Office of Inspector General
HOTLINE
202/647-3320
or 1-800-409-9926
to report illegal or wasteful activities.

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

Please visit our Web site at oig.state.gov

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

SENSITIVE BUT UNCLASSIFIED

SENSITIVE BUT UNCLASSIFIED