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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

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April 9, 2014

Patrick F. Kennedy
Under Secretary for Management
U.S. Department of State
2201 C Street NW
Washington, DC 20520

Dear Mr. Kennedy:

As you are aware, I have written to you nearly a dozen times over the past five years raising concerns about contract management. When I have raised these concerns, you have repeatedly responded that the State Department's contract acquisition and management are adequate and that the Department is making improvements. For example, just last summer, you testified before the Subcommittee that "State's contracting function is organized to effectively undertake both routine and contingency contracting."¹

On April 3, 2014, the State Department Inspector General publicly released a management alert identifying "significant vulnerabilities" with contract management at the State Department. According to the Inspector General, the Department's failure to adequately maintain its contract files "creates significant financial risk and demonstrates a lack of internal control over the Department's contract actions." The Inspector General identified contracts totaling \$6 billion in which the contract files were missing or incomplete.²

The Inspector General's management alert is only the latest on a long list of audits, investigations and inspections where the Inspector General has found serious issues with the State Department's contract management. Unfortunately, the problems found by the Inspector General are more than administrative. For example, the Inspector General cited two contracts worth \$52 million and \$100 million, respectively, that were subject to fraudulent activity due to incomplete contract files.³

¹ Senate Subcommittee on Financial and Contracting Oversight, *Hearing on Implementation of Wartime Contracting Reforms*, 113th Cong. (July 16, 2013).

² Office of Inspector General, State Department, *Management Alert (Contract File Management Deficiencies)* (Mar. 20, 2014) (MA-A-0002).

³ Office of Inspector General, State Department, *Management Alert (Contract File Management Deficiencies)* (Mar. 20, 2014) (MA-A-0002).

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I am concerned that, having failed to implement the Inspector General's recommendations regarding contract management for the last several years, you may not be taking sufficient steps to fully address the current deficiencies. Therefore, I request that you provide specific information regarding your plans to address the Department's contract management deficiencies and the steps you will take to close out all management-related recommendations from the Inspector General.

I request that you respond as soon as possible, but by no later than April 30, 2014.

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 64 (113th Congress).

Please have your staff contact Sarah Garcia with the Subcommittee staff at (202) 224-5602 with any questions. Please send any official correspondence related to this request to Kelsey Stroud at Kelsey_Stroud@hsgac.senate.gov.

Sincerely,



Claire McCaskill
Chairman
Subcommittee on Financial and
Contracting Oversight

cc: Ron Johnson
Ranking Member
Subcommittee on Financial and
Contracting Oversight