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# United States Senate

COMMITTEE ON  
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS

WASHINGTON, DC 20510-6250

December 5, 2014

GABRIELLE A. BATKIN, STAFF DIRECTOR  
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Patrick Kennedy  
Under Secretary for Management  
United States Department of State  
2201 C Street NW  
Washington, DC 20520

Dear Mr. Kennedy:

The State Department Inspector General recently completed a report regarding the closeout of contracts supporting the U.S. Mission in Afghanistan.<sup>1</sup> In light of the Inspector General's findings, I am writing to request a briefing from the State Department regarding the Department's contract closeout process for Afghanistan.

Contract closeout is, in the Inspector General's words, "a key step in ensuring the Department has received the appropriate goods and services at the agreed-upon price."<sup>2</sup> As the Department spent nearly a billion dollars on contracting activity in the 2013 fiscal year, ensuring the contract closeout process is effective and efficient is extremely important.<sup>3</sup>

Unfortunately, the Inspector General's audit found numerous deficiencies in the Department's contract closeout process. For example:

- There was no process to track the status of contracts nearing completion;
- 33% of the contract files selected for review were missing or inadequately supported;
- None of the completed task orders met both documentation and deadline requirements for closing contracts;
- 95% of the completed task orders lacked evidence of initial funds review.<sup>4</sup>

The Inspector General found that these deficiencies were due, in part, to the inadequate handoff of contract files from one contracting officer to another during the life of the contract. In

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<sup>1</sup> Department of State Office of the Inspector General, *Audit of the Contract Closeout Process for Contracts Supporting the U.S. Mission in Afghanistan* (Nov. 2014) (AUD-MERO-15-14).

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> *Id.*

addition, the Department did not have adequate tracking systems that allowed contracting officers to identify contracts nearing completion, or to monitor the location of contract files. Nor had the Department established sufficient procedural guidance for contract closeout.<sup>5</sup> As a result of these deficiencies, the Inspector General identified up to \$52 million in funding that was available for de-obligation that could have been put to better use.<sup>6</sup>

I understand from the Inspector General's report and from the recent briefing your office provided to us on the Worldwide Protective Services contract that the Department is working to implement all three of the Inspector General's recommendations listed in this report.<sup>7</sup> I request that you provide a briefing to Subcommittee staff regarding the Department's progress on implementing these recommendations and the Department's timeline to de-obligate the \$52 million referred to in the report. I ask that you provide this briefing no later than **Tuesday, January 13, 2014**.

The jurisdiction of the Subcommittee on Financial and 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).

I appreciate your assistance. Please contact Jackson Eaton with the Subcommittee staff at (202) 224-6579 with any questions. Please send any official correspondence relating to this request to [kelsey\\_stroud@hsgac.senate.gov](mailto: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

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<sup>5</sup> *Id.*

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*; Briefing by State Department Bureau of Diplomatic Security and Office of Acquisitions Management to Subcommittee on Financial and Contracting Oversight (Dec. 2, 2014).