

\$1.4 billion. Further, CA did not have an adequate process to analyze its financial results over time to determine whether adjustments were required to its fee-setting methodology, and it did not have adequate historical data or sound quality processes to assess the data that it did use. OIG recommended the Department return \$284 million in excess unobligated balances from consular fees to the Department of the Treasury to be put to better use across the Federal Government and to benefit taxpayers. OIG also recommended the Department develop and implement standard data documentation and quality control measures.

Seeking Reimbursement and Sharing Costs for Services Provided

Finally, OIG inspections reported weaknesses in various methods by which the Department should ensure that costs are appropriately shared across agencies. As noted above, the Department does not maintain information necessary to ensure that it can accurately bill for overseas investigatory work it performs on other agencies' behalf.⁸⁷ In addition, OIG reported that the Department did not appropriately designate particular positions to the International Cooperative Administrative Support Services (ICASS) system so that other agencies that received services from those positions shared the cost of providing them. In particular, OIG identified 52 U.S. direct-hire information management positions whose salary and benefits costs were being paid entirely by the Department even though other agencies used these services at various diplomatic and consular posts overseas.⁸⁸ Because other agencies are benefiting from these individuals' work, their salaries should be paid through the ICASS Working Capital Fund, a mechanism for spreading the cost among Federal agencies at overseas posts. OIG estimated the Department could recover \$81,331 per position, or a total of \$4.23 million annually, if it converted these 52 information management positions to ICASS.

5 OPERATING IN CONTINGENCY AND CRITICAL ENVIRONMENTS

In FY 2017, the Department continued to carry out programs and operations in environments affected by ongoing "contingency operations" (involving the deployment of the U.S. military overseas) and in what the Department calls "critical environments" (other situations characterized by conflict, instability, and natural disasters, including disease). Recognizing the particular difficulties of managing posts and programs in such areas, as well as the fact that the Department has spent billions of dollars doing so, OIG continued to focus closely on the complex issues affecting Department operations in these environments. The difficulties of these operations often contribute to the management and performance challenges discussed elsewhere in this report.

Managing contracts and grants can be particularly challenging in these locations, and many OIG reports related to contingency and critical environments focused on this issue quite closely. For example, an audit of the Baghdad Life Support Services and Operations and Maintenance Support Services⁸⁹ contracts in Iraq illustrates the unique challenges associated with the administration of large, complex contracts in such areas. Among other conclusions, OIG found that NEA had not assigned personnel with the contract management and technical experience to oversee these contracts.⁹⁰ Inexperience was compounded by 1-year rotations, which allow limited time to understand and oversee the contract, particularly in light of the fact that, on average, 17 percent of that rotation is spent on rest and recuperation travel. As a result, many oversight activities did not occur, and subpar contractor performance went unaddressed.⁹¹

OIG's report addressing the operations and maintenance contract at Embassy Kabul also identified the relationship among staffing limitations, security concerns, and contract

⁸⁷ ESP-17-02, July 2017.

⁸⁸ *Management Assistance Report: Cost of Information Management Staff at Embassies Should Be Distributed to Users of Their Services* (ISP-17-23, May 2017).

⁸⁹ As relevant to this discussion, the Baghdad Life Support Services contract addresses acquisition, inspection, and delivery of fuel and has a not-to-exceed cost of \$1 billion. As relevant to this discussion, the Operations and Maintenance Support Services contract addresses testing, storage, and distribution of fuel as well as maintenance of fuel-related equipment for all sites in Iraq. It has a not-to-exceed cost of \$2 billion.

⁹⁰ OIG, *Audit of the Oversight of Fuel Acquisition and Related Services Supporting Department of State Operations in Iraq* (AUD-MERO-17-16, December 2016).

⁹¹ *Ibid.*