



OIG HIGHLIGHTS

(U) AUD-MERO-17-39

(U) What Was Audited

(U) SOC LLC (SOC) supports the Department of State's Worldwide Protective Services (WPS) program. Under the Federal Acquisition Regulations (FAR), SOC is required to prepare and submit an Incurred Cost Proposal (ICP), which is used for reporting costs incurred on Government contracts, reconciling costs to the amounts billed, and calculating an indirect cost rate. The FAR also requires that the cognizant Federal agency obtain an audit of the ICP.

(U) The Department of State, Bureau of Administration, Office of Logistics Management, Office of Acquisition Management (AQM), is the cognizant Federal agency for SOC. AQM requested that the Office of Inspector General (OIG) conduct an audit of SOC's cost representation for its FY 2011 ICPs for WPS contract SAQMMA10D0099, Task Order SAQMMA10F5211 (Task Order 3). The objective of the audit was to determine whether the indirect and direct costs claimed in SOC's FY 2011 ICPs were reasonable, allowable, allocable, and applicable to the contract.

(U) SOC prepared two ICPs for FY 2011: the corporate ICP and the Special Programs ICP. An external audit firm, Kearney & Company, P.C. (Kearney), performed this audit acting on behalf of OIG.

(U) What OIG Recommends

(U) OIG made nine recommendations to address the questioned costs identified in this report. On the basis of the response from AQM, OIG considers all nine recommendations resolved, pending further action.

(U) AQM's comments are included as Appendix D. SOC's response to the audit findings is included as Appendix E. A summary of SOC's comments and Kearney's responses is included as Appendix F.

May 2017

OFFICE OF AUDITS

Contracts, Grants, and Infrastructure Division

(U) Audit of FY 2011 Incurred Cost Proposals for SOC LLC's Worldwide Protective Services Task Order

(U) What Was Found

(U) Kearney is questioning a total of (b) (4) in indirect and direct costs claimed in SOC's Special Programs FY 2011 ICP.

(U) Of the total questioned costs, Kearney is questioning (b) (4) in indirect costs in the Special Programs FY 2011 ICP. Specifically, Kearney is questioning (b) (4) in indirect costs claimed because SOC did not provide sufficient documentation to support related party transactions, duplicated a transaction, included FY 2010 costs in the FY 2011 ICP, and did not properly complete or approve timesheets. In addition, Kearney is questioning (b) (4) in indirect costs included on the Special Programs 2011 ICP related to SOC corporate allocations. Kearney questions (b) (4) in indirect costs because SOC included FY 2010 costs in the FY 2011 ICP, was unable to provide sufficient documentation related to non-labor indirect expenses, included unallowable costs related to sponsoring a trade show, and did not follow its own policy or FAR guidelines when completing or approving timesheets.

(U) Finally, Kearney is questioning (b) (4) in Special Programs direct costs, including (b) (4) that lacked supporting documentation, (b) (4) incurred in FY 2010 but claimed on the Special Programs ICP FY 2011, and (b) (4) in unallowable travel-related service fees.

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