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United States Senate

COMMITTEE ON
HOMELAND SECURITY AND GOVERNMENTAL AFFAIRS
WASHINGTON, DC 20510–6250

May 30, 2014

The Honorable Steve A. Linick
Inspector General
Department of State
P.O. Box 9778
Arlington, VA 22219

Dear Mr. Linick:

As you may be aware, the Department of Defense (DOD) Inspector General recently released a report finding that Northrop Grumman and its subcontractor, Dyncorp, improperly charged the U.S. government more than $100 million over nearly six years under a contract to provide counternarcotics services.[1] I am writing to request that you review the State Department's counternarcotics contracts performed by these contractors.

DOD's Counter Narco-terrorism Technology Program Office (CNTPO) provides mission support, technology and "acquisition solutions" to DOD and other agencies engaged in counterdrug operations. Under several task orders, contractor Northrop Grumman and subcontractor DynCorp provided spare parts, maintenance and training for Afghan counternarcotics operations. The contract specified particular labor categories and qualifications for performing the work.[2]

However, for almost six years, Northrop Grumman did not properly charge labor rates under the contract. At least 360 of 460 Dyncorp employees did not meet the labor qualifications required by the contract. In addition, Northrop Grumman charged 215,298 labor hours in excess of 8 hours per day from October 2007 through March 2013. For example, one employee billed 1,208 hours during a 12-day period—more than 100 hours per day—resulting in overpayments totaling $176,900. This overbilling resulted in part because contracting officials did not review invoices before approving labor charges.[3]

Like the Defense Department, the State Department has contracts with DynCorp and other contractors to provide counternarcotics services. In 2011, the Subcommittee on

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[1] Department of Defense Office of Inspector General, *Northrop Grumman Improperly Charged Labor for the Counter Narco-terrorism Technology Program*, (Report No. DODIG-2014-073) (May 13, 2014).

[2] *Id.*

[3] *Id.*

Contracting Oversight, the predecessor to the Subcommittee on Financial and Contracting Oversight, released a report finding that the State Department had failed to adequately oversee its counternarcotics contracts. In particular, the Subcommittee found that the State Department had conducted "sporadic" oversight of DynCorp, noting that DynCorp had settled a False Claims Act lawsuit which alleged overcharges to the State Department for employee expenses over a six year period on a counternarcotics contract in South America.[4]

To ensure that similar overbilling has not occurred under the State Department's current counternarcotics contracts, I request that your office review the State Department's counternarcotics contracts and, if warranted, conduct a thorough audit to determine the existence and extent of overcharges. Please contact Jackson Eaton with the Subcommittee at (202) 224-6579 with any questions. Please send any official correspondence relating to this request to 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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[4] Senate Homeland Security and Governmental Affairs Committee Subcommittee on Contracting Oversight, *Staff Report: New Information about Counternarcotics Contracts in Latin America* (June 11, 2011).