

UNCLASSIFIED

United States Department of State
and the Broadcasting Board of Governors
Office of Inspector General

Middle East Regional Office

Performance Audit of the Triple Canopy Contract for Personal Protective Services in Iraq

Report Number MERO-IQO-09-03, April 2009

~~IMPORTANT NOTICE~~

~~This report is intended solely for the official use of the Department of State or the Broadcasting Board of Governors, or any agency or organization receiving a copy directly from the Office of Inspector General. No secondary distribution may be made, in whole or in part, outside the Department of State or the Broadcasting Board of Governors, by them or by other agencies or organizations, without prior authorization by the Inspector General. Public availability of the document will be determined by the Inspector General under the U.S. Code, 5 U.S.C. 552. Improper disclosure of this report may result in criminal, civil, or administrative penalties.~~

UNCLASSIFIED

SENSITIVE BUT UNCLASSIFIED



**United States Department of State
and the Broadcasting Board of Governors**

Office of Inspector General

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, and Section 209 of the Foreign Service Act of 1980, as amended. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its responsibility to promote effective management, accountability and positive change in the Department of State and the Broadcasting Board of Governors.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG and, as appropriate, have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H. W. Geisel".

Harold W. Geisel
Acting Inspector General

SENSITIVE BUT UNCLASSIFIED

TABLE OF CONTENTS

KEY FINDINGS	1
INTRODUCTION	3
EXECUTIVE SUMMARY	5
Results	5
Recommendations	8
Management Comments and OIG Response	8
BACKGROUND	11
Protection Area of Responsibility	12
MANAGING CONTRACT PROVISIONS	15
Qualifications and Training	15
Property Management	17
Personnel Muster Sheets	18
Vehicles	18
MANAGING CONTRACTOR PERFORMANCE	23
REO Basra Protection Activities	24
Tallil Airbase Protection Activities	25
LIST OF RECOMMENDATIONS	27
ABBREVIATIONS	29
APPENDIX I – PURPOSE, SCOPE, AND METHODOLOGY	31
APPENDIX II – BUREAU OF DIPLOMATIC SECURITY COMMENTS	33

KEY FINDINGS

- Triple Canopy's personal protection operation has been highly effective in ensuring the safety of chief of mission personnel in southeastern Iraq's complex security environment. Triple Canopy has a commendable record of restraint in the use of deadly force while on protection missions.
- Triple Canopy has safeguarded government-furnished vehicles, weapons, and communication and other equipment in Iraq.
- Triple Canopy has had recurring difficulties maintaining required staffing for the critical labor categories of emergency medical technicians, designated marksmen, interpreters, and dog handlers. Personnel rosters (muster sheets) are not reviewed by special agents in the Regional Security Offices (RSO), and therefore, it is uncertain whether the labor costs incurred and charged by Triple Canopy are proper.
- The heavy, armored Suburban protection vehicles are ill-suited to the rugged desert terrain of southeastern Iraq. Furthermore, Triple Canopy's poorly functioning maintenance and parts distribution chain delays delivery of critical repair parts, resulting in downtime for essential protection vehicles.
- Triple Canopy personnel's use on base of protection vehicles for administrative tasks puts unnecessary wear and tear on these expensive vehicles. A standard Suburban armored protection vehicle costs approximately \$100,000.
- Embassy Baghdad has had significant problems managing and monitoring Triple Canopy's performance due to frequent staff turnover and gaps in coverage, inadequate contract monitoring training, failure to maintain contract files, and the Bureau of Diplomatic Security (DS) special agents' focus on the protection and safety of personnel, making contractor oversight a secondary responsibility.

UNCLASSIFIED

UNCLASSIFIED

INTRODUCTION

In June 2005, the private security firm Triple Canopy was awarded a base contract with four option years under the Department of State's second Worldwide Personal Protective Services (WPPS II) contract. This contract provides personal protection to officials who fall under chief of mission authority at the Regional Embassy Office (REO) in Basra and to Provincial Reconstruction Team (PRT) members working in four southeastern Iraqi provinces. The Department provided Triple Canopy \$123 million for fiscal years 2005-2008, which is approximately 6 percent of the nearly \$2 billion obligated in Iraq under the WPPS II contract. As of September 1, 2008, Triple Canopy had 169 employees stationed at REO Basra and Tallil Airbase, which is approximately 13 percent of the nearly 1,300 private security contractors including personal security specialists, administrative and support staff, and guard forces operating under WPPS II in Iraq.

The Middle East Regional Office (MERO) of the Office of Inspector General (OIG) initiated this work under the authority of the Inspector General Act of 1978, as amended,¹ due to concerns about the Department's exercise of control over the performance of private security firms in Iraq. The objectives of this review were to determine: 1) the requirements and provisions of the contract and task orders; 2) whether contract performance measures were established and being achieved; and 3) how effectively the Department was administering the contract to provide proper oversight of Triple Canopy's costs and performance.

This report is the third in a series on the Department's management of the personal protective services program in Iraq.² In developing this assessment, OIG met with officials from DS, the Bureau of Administration's Office of Acquisition Management (AQM), Embassy Baghdad, Multi-National Forces-Iraq, and with Triple Canopy's management and security specialists under contract to the Department to provide personal protective services. In addition, OIG visited REO Basra and Tallil Airbase in Dhi Qar province where Triple Canopy provides movement, physical site security, and personal protection for U.S. mission personnel.

¹ 5 USC App. 3

² See *Status of the Secretary of State's Panel on Personal Protective Services in Iraq Report Recommendations*, MERO-IQO-09-01, December 2008 and *Review of Diplomatic Security's Management of Personal Protective Services in Iraq*, MERO-IQO-09-02, January 2009

UNCLASSIFIED

UNCLASSIFIED

EXECUTIVE SUMMARY

RESULTS

Triple Canopy's personal protection operation has been highly effective in ensuring the safety of chief of mission personnel in southeastern Iraq's complex security environment. OIG's examination revealed a commendable record of restraint in the use of deadly force while on protection missions.

OIG also found Triple Canopy's static guard force, responsible for perimeter security at REO Basra, performed heroically throughout the dangerous and chaotic 2007 timeframe. Composed of Peruvians through the summer of 2007, and then former Ugandan military personnel, the guards maintained a secure perimeter despite confronting frequent mortar and rockets attacks and direct attempts by hostile elements to breach the outer walls. As instructed by the RSO, Triple Canopy effectively coordinates its security operation with U.S. and coalition military elements in the area by posting liaison personnel in the military's tactical operations centers for better situational awareness, and by fielding military radios in armored protection vehicles for better communication.

Triple Canopy has safeguarded government-furnished vehicles, weapons, and communication and other equipment in Iraq.

OIG noted recurring difficulties maintaining required staffing for the critical labor categories of emergency medical technicians, designated marksmen, interpreters, and dog handlers. The OIG team observed that personnel rosters (muster sheets) are not reviewed or signed by DS special agents assigned to the RSOs in REO Basra and Tallil Airbase. Furthermore, Triple Canopy program managers in the field are not signing the muster sheets to verify the accuracy of information. Therefore, OIG is not assured that personnel staffing data, as represented by the muster sheets, is complete and accurate, and cannot determine whether the labor costs incurred and charged by Triple Canopy are proper.

OIG held numerous discussions with Department, Embassy Baghdad, Triple Canopy, and contracted vehicle maintenance officials; reviewed vehicle maintenance documents; and directly observed security operations at REO Basra and Tallil Air-

UNCLASSIFIED

base. Based on information from these discussions, reviews, and observations, OIG concludes there are significant problems in the selection of models, fielding, and maintenance of armored protection vehicles in Iraq.

- The heavy, armored Suburban protection vehicles are ill-suited for the southeastern region of Iraq. For example, protection movements from Tallil Airbase to Maysan and Muthanna provinces cover hundreds of miles over rugged desert terrain. The OIG team found that vehicles are plagued with recurring maintenance problems including chassis failures, repeated tire blowouts, and electrical and air-conditioning systems problems. In February 2008, a chassis retaining bolt sheared off, causing loss of vehicle control and a crash. In April 2008, the wheel studs of a quick reaction force vehicle sheared off, causing a crash. (The vehicle was subsequently destroyed because repairs were impossible at such a distance from base). In June 2008, a vehicle accident caused by a blown tire resulted in the death of a personal security specialist and injuries to three passengers.
- The standard Department-issued protection vehicle is a high profile armored Suburban. Other coalition partner governments, non-governmental organizations, and private companies have successfully adopted a lower profile stance for their motorcades allowing them to blend in better with the Iraqi traveling public.
- The Department's protracted ordering, shipping, and testing process to field new vehicles in Iraq is hindering protection capabilities and is not responsive to the quickly changing, fast-paced tempo in the field. Furthermore, a poorly functioning maintenance and parts distribution chain delayed delivery of critical repair parts and resulted in subsequent downtime for essential protection vehicles.

OIG is pleased to note that the Department was receptive to Triple Canopy's request to retrofit its armored vehicles for greater efficiency and safety in accomplishing its mission. However, the OIG team also notes it is ineffective and costly to use highly trained and well-compensated personal security specialists to retrofit government-furnished vehicles in the field.

Triple Canopy personnel use armored protection vehicles for general use and errands, such as transport on base to administrative meetings, dining facilities, and housing. OIG noted the use of protection vehicles for administrative and personal tasks puts unnecessary wear and tear on these expensive vehicles. A standard Sub-

UNCLASSIFIED

urban armored protection vehicle costs approximately \$100,000. OIG recommends that DS provide Triple Canopy and the other WPPS firms with standard road vehicles for required non-protection, administrative-related transportation.

OIG also found Embassy Baghdad has had significant problems managing and monitoring Triple Canopy performance. For example, the OIG team found:

- Frequent staff turnover and gaps in coverage — REO Basra and Tallil Airbase are staffed with three DS special agents who each serve a 12-month rotational schedule. With 63 days of annual R&R and travel time to and from posts, usually two and sometimes only one special agent oversaw security operations and the WPPS II contract.
- Inadequate contract monitoring training — The DS special agents reported they are not adequately trained to monitor the Triple Canopy contract provisions. Furthermore, the special agents told the OIG team the training is too generic to adequately prepare them for the scope and complexity of the WPPS II contract.
- Failure to maintain contract files — The RSOs are not maintaining any contractor files as required by Foreign Affairs Handbook (FAH) policy.³ The offices lacked basic documents such as the approved Triple Canopy work plan, copies of the contract and any modifications, progress reports, invoices, and vouchers. The lack of contractor files unnecessarily burdens newly arriving DS special agents who need to quickly learn and understand contract requirements and program practices and procedures.
- Focus on security operations — Senior Embassy Baghdad security officers confirmed the main task for DS special agents is the protection and safety of personnel; contractor oversight is a secondary responsibility.

³ 14 FAH-2 H-142 (b) (15)

RECOMMENDATIONS*

Recommendation 1: The Bureau of Diplomatic Security should implement an armored protection vehicle package specifically tailored for the requirements of protection missions in geographically challenging terrain. (Action: DS)

Recommendation 2: The Bureau of Diplomatic Security should provide a sufficient number of standard road vehicles suitable for required administrative, non-protection transportation. (Action: DS)

*The January 2009 report, “Review of Diplomatic Security’s Management of Personal Protective Services in Iraq” (MERO-IQO-09-02) included issues similar to the third and sixth key findings in this report (MERO-IQO-09-03). These issues relate to staff maintenance and turnover, gaps in staff coverage, muster sheet review, and inadequate contract monitoring. The January 2009 report made several recommendations to correct these similar key findings, so the recommendations are not duplicated in this report.

MANAGEMENT COMMENTS AND OIG RESPONSE

OIG received written comments from DS on a draft of this report. Technical comments and updated information have been incorporated into the report as appropriate. DS’s comments appear in their entirety in Appendix II.

In response to Recommendation 2, DS pointed out that, according to 12 FAM 381.1, its Defensive Equipment and Armored Vehicles (DEAV) Division is not authorized to order and deploy unarmored vehicles, but only purchase appropriate base units to armor and provide to posts as requested. OIG notes that DS has other funding authorities and mechanisms to acquire unarmored vehicles.

DS had two comments on OIG’s findings regarding armored protection vehicles. First, DS did not concur with OIG’s conclusion that the Department’s protracted ordering, shipping, and testing process to field new vehicles is not responsive to the quickly changing, fast-paced tempo in the field. Second, OIG noted that it is ineffective and costly to use highly trained and well-compensated personal security specialists to retrofit government-furnished vehicles in the field. DS commented that,

UNCLASSIFIED

in light of maintenance deficiencies pointed out by OIG, allowing Triple Canopy personnel to perform minor work on the vehicles is the only timely way to install equipment that benefits its personnel riding in the vehicles.

OIG recognizes the roles and responsibilities in the Foreign Affairs Manual regarding protection vehicles. However, the intent of the OIG's recommendations is to highlight policies and procedures that are not responsive to the needs of U.S. Government representatives in outlying, dangerous post-conflict environments. Timely delivery, appropriateness of vehicles, and associated maintenance support are more important to conducting diplomatic engagements in regional offices than in urban-based embassies. Regional offices need policies and procedures for expeditious provision of vehicles and service.

DS also commented on some of OIG's conclusions regarding inadequate contract monitoring. DS special agents reported to OIG they are not adequately trained to monitor the Triple Canopy contract provisions, and the training is too generic to adequately prepare them for the WPPS II contract. DS responded that all Contracting Officer's Representatives (CORs) and Government Technical Monitors (GTMs) are required to take the Department's 1-week COR course. DS agreed that this course alone may not prepare CORs and GTMs for the WPPS II contract, but it does prepare them for the duties they are expected to fulfill in Iraq. Further, DS provides contract monitoring checklists to CORs and GTMs. Finally, DS noted that its High Threat Protection Division and the contracting officer from AQM manage the WPPS II contract. OIG also noted that contractor files are not maintained and basic documents are missing from the regional security offices. In response, DS pointed out that contract files are maintained by AQM and DS's High Threat Protection Division, and that RSOs and GTMs are provided with appropriate documentation.

DS pointed out it has initiated a plan to establish continuous COR support, including a full-time COR and two alternate CORs, at the regional security office in Embassy Baghdad. The COR will be based in Baghdad, but will travel to other locations in Iraq. GTMs will also be appointed to work in Erbil, Hillah, Tallil, and Basra. Finally, DS will conduct quarterly program reviews. OIG fully supports and commends DS on these proactive corrective actions outlined in comments to this report.

UNCLASSIFIED

UNCLASSIFIED

BACKGROUND

In 2000, the Department developed and awarded the first iteration of the WPPS contract to provide personal protective services in areas of the former Yugoslavia, Palestinian Territories, and Afghanistan. In 2004, task orders under the WPPS contract were issued for personal protective services for Embassy Baghdad when it opened in July 2004. Subsequently, a contract was awarded to Triple Canopy to provide personal protective services at REO Basra in southeastern Iraq.

In 2005, a new contract (referred to as WPPS II) replaced the original WPPS contract and was awarded to three firms, Blackwater (now called U.S. Training Center)⁴, DynCorp, and Triple Canopy, for personal protective services in three separate geographical areas in Iraq. Triple Canopy was assigned protection responsibilities in southern Iraq; the firm's service footprint has ebbed and flowed with the security situation in that volatile region. Initial funding supported personal protective services at REO Basra in 2006. In 2007, additional personal protective services were required in Tallil. Triple Canopy staffed both locations until the majority of personnel shifted in mid-year to Tallil where there was a much higher requirement for motorcade operations (protection movements). PRTs, headquartered at Tallil Airbase, were established to work with provincial and local leaders in Dhi Qar, Maysan, and Muthanna provinces on reconstruction, improved governance, and economic development. (Table 1 provides information on funds provided to Triple Canopy and overall WPPS II funding.)

Table 1: Funds Provided to Triple Canopy for Fiscal Years 2005-2008

Dollars in Millions	2005	2006	2007	2008	Total
Triple Canopy	\$.7	\$ 5.8	\$ 81.8	\$ 4.4	\$ 122.7
Total WPPS II Funding	\$354.2	\$654.1	\$856.7	\$102.9	1,967.9

Source: OIG analysis of DS data

⁴ The entity formerly known as Erik Prince Investments is now called Xe. Its subsidiary, Blackwater Lodge and Training Center, held its second Worldwide Personal Protective Services (WPPS II) contract. Blackwater Lodge and Training Center has changed its name to the U.S. Training Center.

UNCLASSIFIED

Triple Canopy, with its 169-member staff consisting of personal security specialists, administrative and support personnel, and its local guard force employs the second largest contingent of private security contractors behind Blackwater's (U.S. Training Center's) 968 and ahead of DynCorp's 153, under the WPPS II contract. (Table 2 provides information on the number of Triple Canopy's private security contractors and overall WPPS II staffing.)

Table 2: Triple Canopy Personnel in Iraq as of September 1, 2008

Location	Personal Security Specialists	Administrative and Support Staff	Guard Force	Total
Tallil Airbase	45	11	0	56
REO Basra	35	18	60	113
Total Triple Canopy	80	29	60a	169
Total WPPS II Personnel in Iraq	759	257	274	1290

Source: OIG analysis of DS data

Note: a Guard force is authorized at 166, but currently staffed at 60 due to transition to Basra Airbase

PROTECTION AREA OF RESPONSIBILITY

The southeastern region of Iraq is composed of Basrah, Dhi Qar, Maysan, and Muthanna provinces (see Fig. 1). Triple Canopy provides personal protection and guard force service for an area covering 38,524 square miles with a combined population of 4.5 million people — the geographic size of Kentucky and the population of Louisiana, respectively. The residents are almost exclusively Shia Arabs living in desert terrain and marshlands along the Tigris River.

With a population of nearly 2.4 million, Basrah province is home to two-thirds of Iraq's oil resources, and the country's sole dependable outlet for exporting oil. Thus, this province dominates the southeastern region and has become a strategic battlefield for local political parties and area governments. REO Basra is located on Basra Airbase. The U.S. military's forward operating base is at Tallil Airbase, near the provincial capital of Al Nassiriyah in Dhi Qar. Tallil Airbase is also the base of operations for PRT outreach to the provinces of Dhi Qar, Maysan, and Muthanna.

UNCLASSIFIED

Dhi Qar province was notorious during Saddam Hussein's era of dictatorship as one of the most troublesome spots for the Baath government. Thus, local officials are wary of U.S. and coalition activities in the province. Maysan province has been a chokepoint for munitions and people entering Iraq from Iran. In Muthanna, on Iraq's southern border with Saudi Arabia, Iraqi army forces first took over security responsibilities for the entire province. Muthanna is considered the most relaxed security environment in Arab Iraq.

The Department's engagement model focuses on meeting Iraqi officials and citizens in their government offices, public places, and homes, to the greatest extent possible given the security situation. Protection movements are resource-intensive and require precise coordination of personnel, communication equipment, weapons, and vehicles. Each protection movement entails an initial planning session, advance surveys of the route and meeting site, conducting the actual personnel movement, and positioning of a quick response force in case of an emergency. Different members of the protection detail need specific skill sets to work as drivers, gunners, dog handlers, designated marksmen, emergency medical technicians, communications specialists, and team leaders. Since July 2008, the Department has required a DS special agent to accompany each protection movement.

Figure 1: Map – Location of Triple Canopy Security Operations in Iraq



Source: OIG analysis of DS data

UNCLASSIFIED

UNCLASSIFIED

MANAGING CONTRACT PROVISIONS

Overall, OIG found DS has been generally effective in managing the Triple Canopy personal protective services contract in southeastern Iraq. In this audit, OIG did not review the initial recruitment, screening, and training of Triple Canopy personnel. However, OIG did review the qualifications of personnel in Iraq and found them to be skilled personal security specialists and guards. Continuing professional education in cross-cultural awareness, deadly force policy review, emergency medicine, dog handling, emergency response, and weapons training and requalification is conducted at REO Basra and Tallil Airbase. The education is appropriate, timely, and carried out as required by the contract. Triple Canopy has established sound controls and physical security procedures to effectively safeguard government-furnished vehicles, weapons, and communication and other equipment.

Triple Canopy has had recurring difficulties maintaining required staffing for the critical labor categories of emergency medical technicians, designated marksmen, interpreters, and dog handlers. In addition, the heavy armored protection vehicles used by Triple Canopy do not provide sufficient reliability, range, or flexibility needed for southeastern Iraq's challenging terrain and extensive distances. Furthermore, the Department's protracted ordering, shipping, and testing of new vehicles for fielding to Iraq, and a poorly functioning maintenance and parts distribution chain, undermines security operations in the field.

QUALIFICATIONS AND TRAINING

DS actively engages with Triple Canopy's U.S. program management office to review the quality of pre-employment screening and initial training of personal protection specialists before their deployment to Iraq. This engagement is augmented by a weekly program update session among DS, Triple Canopy's U.S. program management office, DS special agents in the Embassy Baghdad RSO, and Triple Canopy personnel in Iraq. This forum provides program updates in a fast changing environment and coordinates problem-solving in a wide array of areas including personnel, equipment, and billing issues. OIG noted that DS conducts periodic reviews evaluating marksmanship, driver training, and protection operations of Triple Canopy personnel. OIG also noted that, in compliance with the contract requirements, continuing professional education courses are conducted at REO Basra and Tallil Airbase.

UNCLASSIFIED

(Figures 2 and 3 are examples of training exercises in engaging targets while in a defensive circle and using vehicles.)

Figure 2: Triple Canopy Training Exercise Engaging Targets While in a Defensive Circle



Source: WPPS Performance Report

Figure 3: Triple Canopy Training Exercise with Vehicles



Source: WPPS Performane Report

OIG conducted structured interviews with all Triple Canopy personal security specialists to determine the nature of their background, experience, and training in personal protection. The OIG team found an overall well-trained, professional work force with significant prior experience in military or law enforcement organizations. For example, 94 percent of the personal security specialists possess a military background, and one-third of these specialists have over twenty years military experience. One-quarter of the personal security specialists served in special operations units such as Force Recon, Rangers, SEALs, sniper units, and Special Forces, with previous experience in conflict areas including Afghanistan, Bosnia, Haiti, Iraq, Panama, and Philippines. Fourteen percent of the personal security specialists graduated from a police academy and served on a police force. Many of the personal security specialists have worked for Triple Canopy in southern Iraq for several years, providing significant continuity and experience.

PROPERTY MANAGEMENT

OIG conducted a physical inventory of the vehicles, weapons, and communication equipment furnished by the Department and found Triple Canopy has established sound inventory controls and physical security at REO Basra and Tallil Airbase. The OIG team conducted an inventory of the armories, which included hand guns, rifles, automatic weapons, scopes, and other specialized weaponry, and checked models, serial numbers, and quantities. The team verified the installation of cameras, radios, and tracking equipment in protection vehicles as required by the October 2007 *Secretary of State's Panel on Personal Protective Services in Iraq* report. Finally, OIG verified that Triple Canopy's logistics personnel conducts quarterly joint inventories of government-furnished equipment with the RSO Logistics Office as required by the contract. OIG's review of these inventory documents showed that Triple Canopy records matched those managed by the RSO.

The physical security of the weapons and ammunition storage facilities (armories) at REO Basra and Tallil Airbase is an ongoing vulnerability. Embassy Baghdad regional security officers are aware that the current practice of using metal shipping containers does not meet Department standards, and they are actively working to improve security at the armories.

PERSONNEL MUSTER SHEETS

Triple Canopy is required by contract to submit personnel rosters (muster sheets) to document that staff members are present and available for work. The muster sheets list the names, labor categories, and dates Triple Canopy personnel are present and available for work, and they are the basis for the Department's payment to Triple Canopy. The Triple Canopy program manager in Iraq forwards the sheets to the U.S. Triple Canopy program office in Washington, DC. The sheets are then submitted as substantiating documents with billing invoices to the DS COR for the WPPS II contract.

The OIG team observed the muster sheets are neither reviewed nor signed by DS agents at REO Basra or Tallil Airbase. Furthermore, Triple Canopy program managers in the field are not signing the muster sheets to verify the accuracy of the information. Therefore, OIG is not assured that personnel staffing data, as represented by the muster sheets, is complete and accurate, and OIG cannot determine whether the labor costs incurred and charged by Triple Canopy are proper.

OIG's analysis of the muster sheets also revealed that Triple Canopy has had recurring difficulties maintaining required staffing for some critical labor categories, including emergency medical technicians, designated marksmen, interpreters, and dog handlers. Finally, at the time of its fieldwork, OIG noted that DS did not invoke the financial deduction clause for these personnel shortages, as provided for in the WPPS II contract. However, DS has since reported that the Department reconstituted its right to take deductions and has assessed deductions from June through September 2008 invoices that surpassed the maximum allowable vacant days. This information from DS was included in OIG's January 2009 *Review of Diplomatic Security's Management of Personal Protective Services in Iraq* (MERO-IQO-09-02).

VEHICLES

The interagency Overseas Security Policy Board establishes standards for vehicles used for personal protection by, among others, DS special agents in RSOs and private security firms under contract with the Department. DS's DEAV Division is charged with selecting and fielding armored protection vehicles used by overseas posts. Embassy Baghdad's RSO Logistics Office is responsible for requesting, managing, and controlling the armored protection vehicles and other government-furnished equipment provided to Triple Canopy and the other WPPS firms. OIG

held numerous discussions with Department, Embassy Baghdad, Triple Canopy, and contracted vehicle maintenance officials; reviewed vehicle maintenance documents; and directly observed security operations at REO Basra and Tallil Airbase. Based on information from these discussions, reviews, and observations, OIG concludes there are significant problems in the selection, fielding, and maintenance of armored protection vehicles in Iraq.

- The heavy, armored Suburban protection vehicles are ill-suited for the south-eastern region of Iraq. For example, personal protection movements from Tallil Airbase to Maysan and Muthanna provinces cover hundreds of miles over rugged desert terrain. The OIG team found that vehicles are plagued with recurring maintenance problems including chassis failures, electrical and air-conditioning systems problems, as well as repeated tire blowouts. In February 2008, a chassis retaining bolt sheared off causing loss of vehicle control and a crash. In April 2008, the wheel studs of a quick reaction force vehicle sheared off causing a crash. (The vehicle was subsequently destroyed because repairs were impossible at such a distance from base). In June 2008, a vehicle accident caused by a blown tire resulted in the death of a personal security specialist and injuries to three passengers.
- The standard Department-issued protection vehicle is a high profile armored Suburban. Other coalition partner governments, non-governmental organizations, and private companies have successfully adopted a lower profile stance for their motorcades allowing them to blend in better with the Iraqi traveling public.
- A protracted ordering, shipping, and testing process to field new vehicles in Iraq is hindering protection capabilities and is not responsive to the quickly changing, fast-paced tempo in the field. Furthermore, a poorly functioning maintenance and parts distribution chain delays delivery of critical repair parts, resulting in downtime for essential protection vehicles.

OIG is pleased to note that the Department was receptive to Triple Canopy's request to retrofit its armored protection vehicles for greater efficiency and safety for protection missions. Figure 4 is an example of an important in-country retrofit of the seat used by the personal security specialist for safer positioning and increased effectiveness. However, the OIG team also notes it is ineffective and costly to use highly trained and well-compensated personal security specialists to retrofit government-furnished vehicles in the field.

UNCLASSIFIED

Figure 4: Triple Canopy Retrofit of Protection Vehicles



Note: The two photos above show the seated and shooting position in the protection vehicle as it was delivered to the field in Iraq. With the seat facing forward and seatbelt fastened, the personal security specialist is in an extremely difficult and unsteady position to effectively communicate with an approaching vehicle and/or engage threats approaching the rear of the protection vehicle.

Source: WPPS Performance Report



Note: The two photos above show readjustment of the seats in the protection vehicle to face backward. In this backward position, the personal security specialist can effectively communicate and warn off approaching vehicles, and has a stable shooting position while safely harnessed.

Source: WPPS Performance Report

UNCLASSIFIED

Finally, OIG noted that Triple Canopy personnel use armored protection vehicles for general use and errands, such as transport on base to administrative meetings, dining facilities, and housing. The use of protection vehicles for administrative and personal tasks puts unnecessary wear and tear on these expensive vehicles. A standard Suburban armored protection vehicle costs approximately \$100,000. OIG observed a large number of standard road vehicles in Baghdad available for redistribution, since the Embassy has adopted a robust motor pool operation. OIG recommends that DS provide Triple Canopy and the other WPPS firms with standard road vehicles suitable for required administrative, non-protection transportation.

UNCLASSIFIED

UNCLASSIFIED

MANAGING CONTRACTOR PERFORMANCE

Triple Canopy's personal protection operation has been highly effective in ensuring the safety of chief of mission personnel in southeastern Iraq's complex security environment. OIG's examination of Embassy Baghdad's WPPS II Incident Report Database revealed a commendable record of restraint in the use of deadly force while on protection missions. According to the Basra RSO, Triple Canopy's static guard force, responsible for perimeter security at REO Basra, performed heroically throughout the dangerous and chaotic 2007 timeframe. Composed of Peruvians through the summer of 2007, and then former Ugandan military personnel, the guards maintained a secure perimeter despite confronting frequent mortar and rockets attacks and direct attempts by hostile elements to breach the outer walls. Finally, as instructed by the RSO, Triple Canopy effectively coordinates its security operation with U.S. and coalition military elements in the area by posting liaison personnel in the military's tactical operations centers for better situational awareness, and by fielding military radios in protection vehicles for better communication.

However, OIG found Embassy Baghdad has had significant problems managing and monitoring Triple Canopy performance. For example, the OIG team found:

- Frequent staff turnover and gaps in coverage — REO Basra and Tallil Airbase are staffed with three DS special agents who each serve a 12-month rotational schedule. With 63 days of annual R&R and travel time to and from posts, usually two and sometimes only one special agent oversee security operations.
- Inadequate contract monitoring training — The DS special agents reported they are not adequately trained to monitor the Triple Canopy contract provisions. Furthermore, the special agents told the OIG team the training is too generic to adequately prepare them for the scope and complexity of the WPPS II contract.
- Failure to maintain contract files — The regional security offices are not maintaining any contractor files as required by FAH policy.⁵ The offices lack basic documents such as the approved Triple Canopy work plan, copies of the contract and any modifications, progress reports, invoices, and vouchers. The lack of contractor files unnecessarily burdens newly arriving DS special agents who need to quickly learn and understand contract requirements and program practices and procedures.

⁵ 14FAH-2 H-142 (b) (15)

- Focus on security operations — Senior Embassy Baghdad special agents confirmed the main task for special agents is the protection and safety of personnel; contractor oversight is a secondary responsibility. While protecting people is most important, contract management must also be properly staffed and performed to protect tax payer dollars.

REO BASRA PROTECTION ACTIVITIES

REO Basra, located in downtown Basra, was established in 2004 and was a legacy office from the Coalition Provisional Authority era. The REO was initially in the Basra Palace, adjacent to the British military forces compound and the United Nations compound. Beginning in January 2007, a high volume of rockets and mortars made the operating environment dangerous enough to limit personal protection movements to essential or emergency moves. This situation lasted until August 2007⁶ when the REO Basra Palace offices were closed and the REO was relocated to Basra Airbase.

During the first half of 2007, Triple Canopy personal security specialists accompanied chief of mission personnel on 25 U.S. military helicopter movements to Basra Airbase in support of the REO relocation. Triple Canopy personal security specialists also accompanied personnel from the U.S. Agency for International Development (USAID) on six ground movements to support their engagements. In 2007, the Triple Canopy guard force conducted approximately 13,500 personnel screenings, 900 vehicle searches, and 6,635 searches using security dogs. Finally, Triple Canopy personal security specialists were used to supplement the guard force in the towers to bolster the REO perimeter defenses from attack.

Relocation of the REO and handover of the Basra Palace compound to the Iraqis was a formidable logistical task requiring disassembling, loading, and transporting the tactical operations center, equipment, furniture, weapons and ammunition, and staff. Once the move was completed, Triple Canopy personal security specialists primarily accompanied REO staff and staff from KBR (a private company providing life support services) on low-risk movements on the coalition military-controlled Basra Airbase. For the remainder of 2007, Triple Canopy conducted only two protection movements off Basra Airbase. These protection movements supported diplomatic engagements with high level visitors at the port city of Um Qasr.

⁶ According to WPPS monthly performance reports, 215 shells landed in the REO Basra Palace compound; neighboring coalition compounds also experienced a high volume of shelling from January through August of 2007.

At the time of the OIG team's fieldwork in September 2008, Triple Canopy conducted only five protection movements off Basra Airbase: the Basra Governor's Office and Operations Center; a police center and court house; a drive through the commercial area where the port headquarters and oil companies are located; a USAID reconstruction project; and the Port of Um Qasr. Triple Canopy personal security specialists primarily provided low-risk escort security for chief of mission personnel and KBR support staff on Basra Airbase, to and from the flight terminal, and for Iraqi visitors from the main gate to the REO compound.

TALLIL AIRBASE PROTECTION ACTIVITIES

Triple Canopy protection operations were established at Tallil Airbase at the end of 2006 to support personnel from the PRTs covering Dhi Qar, Maysan, and Muthanna provinces, who were headquartered on the airbase. Due to the challenges of slow delivery of armored protection vehicles, and communication and other equipment, no protection movements were conducted from January until July 2007. Instead, Triple Canopy and DS special agents from the RSO focused on coordinating building of the physical site to support personal protection missions. Triple Canopy and DS personnel established billeting and office space, a tactical operations center, and a weapons armory. They also worked on communication and vehicle maintenance, and they interacted with U.S. and coalition military commanders in the area to coordinate protection movement procedures and rules of engagement.

Beginning in August 2007, the PRTs were in full operation and began a steady string of engagements with provincial officials. At the time of the OIG team's fieldwork in September 2008, Triple Canopy had conducted more than 150 protection movements, including more than 130 to distant Muthanna province. In the first 7 months of 2008, Triple Canopy conducted 254 ground protection movements, averaging 36 movements per month. In 2008, after the December 2007 establishment of a WPPS helicopter unit at Tallil Airbase, Triple Canopy personal security specialists began conducting air protection movements. From January through July 2008, Triple Canopy performed 75 air protection movements, significantly expanding the number of engagements with Iraqi officials by the PRTs.

UNCLASSIFIED

UNCLASSIFIED

LIST OF RECOMMENDATIONS*

Recommendation 1: The Bureau of Diplomatic Security should implement an armored vehicle package specifically tailored for the requirements of protection missions in geographically challenging terrain. (Action: DS)

Recommendation 2: The Bureau of Diplomatic Security should provide a sufficient number of standard road vehicles suitable for required administrative, non-protection transportation. (Action: DS)

*The January 2009 report, *Review of Diplomatic Security's Management of Personal Protective Services in Iraq* (MERO-IQO-09-02) included issues similar to the third and sixth key findings in this report (MERO-IQO-09-03). These issues relate to staff maintenance and turnover, gaps in staff coverage, muster sheet review, and inadequate contract monitoring. The January 2009 report made several recommendations to correct these similar key findings, so the recommendations are not duplicated in this report.

UNCLASSIFIED

UNCLASSIFIED

ABBREVIATIONS

AQM	Office of Acquisition Management, Bureau of Administration
COR	Contracting Officer's Representative
DEAV	Defensive Equipment and Armored Vehicles (Division)
Department	Department of State
DS	Bureau of Diplomatic Security
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
GTM	Government Technical Monitor
MERO	Middle East Regional Office
OIG	Office of Inspector General
PRT	Provincial Reconstruction Team
REO	Regional Embassy Office
RSO	Regional Security Office
USAID	U.S. Agency for International Development
WPPS II	Worldwide Personal Protective Services, second contract

UNCLASSIFIED

UNCLASSIFIED

APPENDIX I – PURPOSE, SCOPE, AND METHODOLOGY

The Middle East Regional Office (MERO) of the Office of Inspector General (OIG) initiated this work under the authority of the Inspector General Act of 1978, as amended, due to concerns about the Department of State's exercise of control over the performance of private security firms in Iraq. The objectives of this review were to determine: 1) the requirements and provisions of the contract and task orders; 2) whether contract performance measures were established and being achieved; and 3) how effectively the Department was administering the contract to provide proper oversight of Triple Canopy's cost and performance.

OIG analyzed the second Worldwide Personal Protective Services (WPPS II) contract and task orders against requirements within the Federal Acquisition Regulations and the Foreign Affairs Manual. The team reviewed the Department's internal controls based upon requirements established in OMB Circular A-123 and standards set forth by the U.S. Government Accountability Office. OIG also reviewed the contract provisions, interviewed contracting officers, contracting officer representatives, and staffs in the United States (Washington, DC) and Iraq to determine Triple Canopy's level of performance as compared to the base contract standards prescribed for: 1) qualification of personnel; 2) quality of training; 3) personnel work schedules; and 4) reporting on personal protective services in Iraq. OIG documented and analyzed the organization of the Department's Bureau of Diplomatic Security (DS), as well as the policies and procedures for contract oversight. OIG did not analyze contractor furnished resources, recruitment of applicants, security clearance procedures, initial firearms qualification; the guard electronic monitoring system, or transition planning for contract completion.

In Washington, DC, OIG met with senior officials from DS and the Bureau of Administration, and with corporate representatives from Triple Canopy. The team reviewed the procedures in place to evaluate contractor performance and contractor oversight policies in the WPPS II contract with DS. OIG met with officials from DS's International Programs Office of Overseas Protection Operations, High Threat Protection Division, and its Near-Eastern Division. OIG also met with several contracting officers and specialists from the Bureau of Administration's Office of Logistics Management, and the same bureau's Office of Acquisition Management, as well as former DS officials associated with the WPPS I and WPPS II programs.

UNCLASSIFIED

In Iraq, OIG primarily focused on Triple Canopy's performance, including: 1) the conduct of personal protective services; 2) continuing professional training; 3) firearms re-qualification; and 4) accountability, maintenance, and safeguarding of government-furnished equipment. OIG held discussions with senior Embassy Baghdad officials, including the counselors for regional security and provincial affairs. In southern Iraq, OIG interviewed Regional Embassy Office personnel, Provincial Reconstruction Team officials, and military officials to measure contract performance, internal controls, and contract oversight.

OIG reviewed and observed several sources of evidence including documentation of internal controls; program operation; and Triple Canopy's performance results compared with the legal, regulatory, and contractual requirements of WPPS II. OIG analyzed personal protection movement data for 2007 and 2008, monthly contractor performance reports, DS program management reviews, in-country training program reports, and the RSO Incident Database. Analysis of this information was used to evaluate contractor performance, as well as the use and nature of protection missions in these isolated sites. OIG observed mission planning, execution and post movement de-briefings, and emergency reaction training drills conducted by the guard force and dog handlers.

The OIG team also conducted an inventory of the weapons and government-furnished armored protection vehicles provided to Triple Canopy under the WPPS II contract.

OIG conducted this evaluation from June to November 2008. OIG did not use computer-processed data to perform this evaluation. Following generally accepted government auditing standards, OIG obtained sufficient and appropriate evidence and conducted a thorough analysis to provide a reasonable basis for findings and recommendations on Triple Canopy's performance and the Department's oversight of WPPS II in Basra and Tallil, Iraq.

This report was prepared under the direction of Richard "Nick" Arntson, Assistant Inspector General for MERO. The following staff members conducted the evaluation and/or contributed to the report: Patrick Dickriede, Kelly Herberger, Kristen Jenkinson, and Judith Morsy.

APPENDIX II - BUREAU OF DIPLOMATIC SECURITY
COMMENTS

**DS Comments to MERO Draft Report
Performance Audit of the Triple Canopy Contract
for Personal Protective Services in Iraq
Report Number MERO-IQO-09-03**

1. *OIG also found Triple Canopy's static guard force, responsible for perimeter security at REO Basra, performed heroically throughout the dangerous and chaotic 2007 timeframe. Composed of former Ugandan military personnel, the guards maintained a secure perimeter despite confronting frequent mortar and rockets attacks and direct attempts by hostile elements to breach the outer walls. Triple Canopy has effectively coordinated its security operation with U.S. and coalition military elements in the area by posting liaison personnel in the military's tactical operations centers for better situational awareness, and by fielding military radios in armored protection vehicles for better communication. (page 5)*

DS Comment: The guard force was composed of Peruvians through the summer of 2007. When the REO moved from the Basra Palace to the Basra Air Station (BAS), the Peruvians were transferred to Triple Canopy's Baghdad Embassy Security Force contract and Ugandans began performing guard duties at BAS.

In addition, please change the underlined text above to reflect that on the instructions of the RSO, Triple Canopy effectively coordinated its coordination with military units and fielding of military radios.

2. *The Department's protracted ordering, shipping, and testing process to field new vehicles in Iraq is hindering protection capabilities and is not responsive to the quickly changing, fast-paced tempo in the field. Furthermore, a poorly functioning maintenance and parts distribution chain delayed delivery of critical repair parts and resulted in subsequent downtime for essential protection vehicles. (page 6)*

DS Comment: DS does not concur with the comment on protracted ordering, shipping and testing and notes this MERO inspection does not include a review of DS/PSP/DEAV functions.

3. *OIG is pleased to note that the Department was receptive to Triple Canopy's request to retrofit its armored vehicles for greater efficiency and safety in accomplishing its mission. However, the OIG team also notes it is ineffective and costly to use highly trained and well-compensated personal secu-*

urity specialists to retrofit government-furnished vehicles in the field. (page 6)

DS Comment: In light of the maintenance deficiencies noted by the OIG, DS believes that allowing Triple Canopy personnel to perform minor work on the vehicles was the only timely way to install equipment beneficial to their personnel riding in the vehicles.

4. Inadequate contract monitoring training -- The DS special agents reported they were not adequately trained to monitor the Triple Canopy contract provisions. Furthermore, the special agents told the OIG team the training was too generic to adequately prepare them for the scope and complexity of the WPPS II contract. (page 7)

DS Comment: The contracting officer's representatives (CORs) and Government Technical Monitors (GTMs) for the WPPS contract in Iraq are required to have completed the Department's one-week COR course. While DS concurs that the Department's COR course alone may not adequately prepare the RSO CORs and GTMs in the field for the scope and complexity of the WPPS II contract, it does prepare them for the duties they are expected to fulfill while assigned in Iraq. Moreover, the High Threat Protection Division has also provided the CORs and GTMs in Iraq with checklists to use to monitor contractor performance. DS expects the High Threat Protection Division to manage the scope and complexities of the WPPS II contract in conjunction with the contracting officer from the Department's Acquisition Management Division (A/LM/AQM).

5. Failure to maintain contract files -- The regional security offices were not maintaining any contractor files as required by Foreign Affairs Handbook (FAH) policy. The offices lacked basic documents such as the approved Triple Canopy work plan, copies of the contract and any modifications, progress reports, invoices, and vouchers. The lack of contractor files unnecessarily burdens newly arriving DS special agents who need to quickly learn and understand contract requirements and program practices and procedures. (page 7)

DS Comment: The contract files referred to by the OIG are maintained by the A Bureau's Acquisitions Management Division (A/LM/AQM) and DS's High Threat Protection Division (DS/OPO/HTP), in accordance with their responsibilities as Contracting Officer and the primary Contracting Officer's Representative. The RSOs have copies of the task order and standard operating procedures, and the High Threat Protection Division will direct the contractor to provide additional information, such as the management plan, to each GTM.

6. In 2005, a new contract (referred to as WPPS II) replaced the original WPPS contract and was awarded to three firms, Blackwater (now called Xe), DynCorp, and Triple Canopy, for personal protective services in three separate geographical areas in Iraq. Triple Canopy was assigned

protection responsibilities in southern Iraq; the firm's service footprint has ebbed and flowed with the security situation in that volatile region. Initial funding supported personal protective services at REO Basra in 2006. Personal protective services significantly expanded in 2007 when the PRTs, headquartered at Tallil Airbase, were established to work with provincial and local leaders in Dhi Qar, Maysan, and Muthanna provinces on reconstruction, improved governance, and economic development. (Table 1 provides information on funds provided to Triple Canopy and overall WPPS II funding.) page 9).

DS Comment: DS records indicate that protective services did not expand in 2007, but shifted from Basra to Tallil. PSD staffing remained stable, but most of the PSS personnel moved from Basra, with a low requirement for motorcade operations, to Tallil, which has a very high requirement. The requirement for guard services declined due to the relocation of the REO Basra from the Palace to the Air Station, and the lack of housing at the Air Station.

Additionally, Xe is the entity formerly known as Erik Prince Investments. Blackwater Lodge and Training Center, is the subsidiary of the former Erik Prince Investments which has held the WPPS II contract. In conjunction with the rebranding of Erik Prince Investments to Xe, Blackwater Lodge and Training Center has changed its name to the U.S. Training Center. The Department is in the process of modifying the WPPS II contract to reflect this name change.

7. Focus on security operations – Senior Embassy Baghdad special agents confirmed the main task for special agents is the protection and safety of personnel; contractor oversight is a secondary responsibility. While protecting people is most important, contract management must also be properly staffed and performed to protect tax payer dollars.

OPO Comment: DS has initiated a plan to establish a continuous presence of TDY contracting officer's representatives (COR) support for RSO Baghdad. The HTP Division will maintain a COR in Iraq, full-time, to work with RSO Baghdad and oversee WPPS contract management. The position will be staffed by direct-hires and PSC personnel on a rotating TDY basis. One Program Office (DS/IP/HTP) employee will be present in-country at all times, based in Baghdad and traveling to outlying locations. Additional Program Office personnel will travel to Iraq quarterly to conduct program reviews and provide any additional assistance required. In order to maintain contract oversight coverage at all locations, two members of the Baghdad Regional Security Office will continue to be designated as alternate CORs for the ground task orders, and the RSOs will continue to be appointed as Government Technical Monitors (GTM) in Erbil, al Hillah, Tallil and Basrah. DS intends to shift the majority of COR responsibilities for Iraq task orders to DS/IP/HTP and coordinate closely with RSO personnel for the balance of these responsibilities.

UNCLASSIFIED

Technical Correction

DS is mandated (12 FAM 381.1) “to protect chiefs of mission, principal officers, and others as specified from the threat of terrorism, war, and civil disturbance. This protection may include the use of armored vehicles abroad.” DS’s Defensive Equipment and Armored Vehicle Division (DS/PSP/DEAV) is not authorized to order and deploy unarmored vehicles, but only to purchase appropriate base units to armor and provide to posts as requested. Additionally, per 12 FAM 386, “As a post responsibility, all armored vehicles must undergo top quality preventive and mechanical maintenance on a regular basis by post-designated local mechanics...”

Further to the regulations cited above, DEAV sent the following Security Office Collective telegrams with specific guidelines for post armored vehicle programs: 06 STATE 001192 Armored Vehicle Tier 1 Maintenance and 08 STATE 78047 Security/Safety Advisory Concerning the Use of Armored Vehicles.

FRAUD, WASTE, ABUSE OR MISMANAGEMENT
of Federal programs
and resources hurts everyone.

Call the Office of Inspector General
HOTLINE
202/647-3320
or 1-800-409-9926
or e-mail oighotline@state.gov
to report illegal or wasteful activities.

You may also write to
Office of Inspector General
U.S. Department of State
Post Office Box 9778
Arlington, VA 22219
Please visit our website at oig.state.gov

Cables to the Inspector General
should be slugged "OIG Channel"
to ensure confidentiality.