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Report of Inspection

Bureau of Diplomatic
Security Directorate for
International Programs

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KEY JUDGMENTS

- At the time of this inspection the directorate was in a state of transition to new leadership, and vacancies existed in several key positions; yet the Office of Inspector General (OIG) found the Bureau of Diplomatic Security's Directorate for International Programs (DS/IP) to be well managed and productive.
- Washington consumers and service providers, as well as those overseas missions that responded to OIG's request for comments, were overwhelmingly positive in their evaluation of DS/IP's effectiveness and the dedication of its staff.
- DS/IP has done a credible job of maintaining the level of its highest priority programs during a time of budget uncertainties and increasing security threats; however, improvements are needed in financial management of its key programs to better align the bureau's budget to actual program costs.
- OIG believes the relationship between Force Protection Detachment (FPD) personnel assigned to an embassy and the embassy's regional security officer (RSO) needs to be clarified to ensure the separation of security responsibilities between the Chief of Mission (COM) and the area combatant commander (COCOM).
- The oversight and administration of the Worldwide Personal Protection Services (WPPS) contract should be reviewed to ensure adequate protection against billing errors and overcharges, and to ensure there is adequate staff to integrate previous task orders into the existing contract.
- OIG found morale to be generally good in most segments of DS/IP, with the exception of the Office of Overseas Protective Services (DS/IP/OPO). Staff in this office expressed frustration with what they perceived to be insufficient funding for key programs, inadequate staffing, and the need for employees to cover multiple portfolios.

CONTEXT

The Bureau of Diplomatic Security's Directorate for International Programs consists of four offices: the Office of Regional Directors (DS/IP/RD), the Office of Special Programs (DS/IP/SPC), the Office of Intelligence and Threat Analysis (DS/IP/ITA), and the Office of Overseas Protective Operations (DS/IP/OPO). The directorate is staffed by 218 employees (86 direct-hire, 95 contractors, and 37 when actually employed (WAE) staff) and is responsible for approximately two-thirds of DS's total budget, or approximately \$950 million. The director of DS/IP reports to the principal deputy assistant secretary for DS, who is also the Director of the Diplomatic Security Service.

DS/IP/RD consists of regional directors (RDs) with geographic responsibility that approximately mirrors the Department's geographic bureaus. The RDs of each region and their staff oversee and provide guidance to the nearly 500 RSOs posted worldwide. They are the RSO's link to the Department of State (Department) and other U.S. government federal agencies.

DS/IP/SPC provides expertise and liaison in response to crisis situations at U.S. overseas missions. The office provides training in response to chemical, biological, and radiological attacks. It also provides liaison with Department of Defense (DOD) regional commands, with the U.S. Marine Corps for the Marine security guard program, and the DOD Special Operations Command.

DS/IP/ITA researches, monitors, and analyzes all source intelligence on terrorist activities and threats against Americans, U.S. diplomatic and consular personnel, and U.S. overseas facilities.

DS/IP/OPO provides management oversight, operational guidance, and funding necessary to ensure the security of U.S. overseas personnel and facilities. Among the programs under DS/IP/OPO are the Local Guard, Residential Security, Surveillance Detection, and High Threat Protection. These programs account for the majority of DS/IP's budget. Because of the high-dollar value and complexity of these programs and the fact that they are funded through DS/EX, the review of the financial management of these programs will be done in conjunction with a management review of DS/EX.

The former Office of Security Oversight conducted the last inspection of the entire Bureau of Diplomatic Security during February through June 1990.¹ However, since 1990, portions of the bureau have been inspected or audited. In response to the FY 2003 Intelligence Authorization Act (P.L. 107-306, Section 832) OIG conducted three audits in consecutive years of the Department's protection of Sensitive Compartmented Information. From July through September 2004, OIG inspected the bureau's Directorate of Security Infrastructure (DS/SI).² Other parts of DS will be reviewed in future inspections.

All DS/IP staff, with the exception of three officers assigned to DOD regional commands and one officer detailed to the National Counterterrorism Center (NCTC) are located on the 16th, 21st, and 22nd floors of State Annex 20 (SA-20). The building's access controls were reviewed during the 2004 inspection of DS/SI, which also occupies SA-20; consequently they were not reviewed during this inspection.

This inspection was limited to only a portion of the bureau, the Directorate for International Programs, and did not include the bureau's executive office. DS/EX is responsible for the directorate's executive functions to include the financial management of its programs. Because DS/EX was not included in the inspection, OIG did not assess the overall management of these programs.

¹OIG report OSO/I-90-24, dated September 1990.

²OIG report ISP-I-04-45, dated December 2004.

EXECUTIVE DIRECTION

In spite of the transition to new leadership and staffing gaps, OIG found DS/IP to be well managed and productive. The acting director of DS/IP handed over management of the office to the new director in the last week of the inspection, and the senior Deputy Assistant Secretary also filled the position of Assistant Secretary for Diplomatic Security on an acting basis during the survey phase of the inspection. Due to the normal transfer season for Foreign Service officers, which took place during the inspection, there was also a number of temporary staffing gaps in mid-level management positions in the office. The acting director exhibited strong interpersonal skills, concern for effective and judicious use of limited resources, a commitment to career development of DS/IP staff members, and a realistic view of the need to balance long-term programmatic responsibilities against newly emerging security mandates.

One overseas RSO characterized DS/IP as the "ultimate source" for all RSOs serving at embassies and missions abroad. The programs RSOs manage at Foreign Service missions are literally "life and death" programs. Any lack of consistent support from DS/IP would diminish the effectiveness of these programs in protecting U.S. government employees, facilities, and classified information. Washington customers and service providers as well as RSOs who responded to OIG's request for comments were overwhelmingly positive in their evaluation of DS/IP's effectiveness and the dedication of its staff members. Where there were criticisms, they were generally directed at bureau-wide issues such as DS's budget methodology (which is outside the scope of this inspection) or at negative interpersonal skills exhibited by a few individual staff members.

DS/IP management has done a credible job of supporting their highest priority programs during a time of budget uncertainties. The vast majority of funds expended by DS are for programs managed by DS/IP to include several new mega contracts to provide protective security for senior U.S. government officials, hundreds of millions of U.S. dollars for local guard, surveillance detection and residential security contracts, and a resource intensive (and expensive) weapons of mass destruction frontline response training program. Management of DS/IP has made clear its concern that more direct-hire employees are needed to supervise effectively the performance of these contracts. Several issues have complicated the

resolution of this problem. First, there is an ongoing debate within the Department as to the proper location for contract procurement responsibility and contract management responsibility for these DS/IP contracts. Until this issue is fully resolved there will be little support for the addition of direct-hire staff to supervise these contracts. Second, previous DS management decided that all DS training should be conducted at the DS Training Center in Dunn Loring, Virginia. Consequently, FY 2005 travel funds for contract trainers in several of DS/IP's programs were cut below the level needed for an effective training program. OIG notes that several of these large contracts are already scheduled for review by OIG's Office of Audits.

OIG found morale in most segments of DS/IP to be generally good with the exception of DS/IP/OPO with its high concentration of institutional contractors. Staff in DS/IP/OPO reflected strong frustration with what they perceived to be insufficient funding for key programs, inadequate staffing, and the need for employees to cover multiple portfolios, and, among contractors, stress due to the uncertainty of contract renewal. Communications problems expressed by staff members related more to communication with the DS front office than with their immediate managers in DS/IP.

POLICY AND PROGRAM IMPLEMENTATION

OFFICE OF REGIONAL DIRECTORS

DS/IP's regional directors provide the critical link between RSOs and their interlocutors in the Department and other U.S. government agencies. The nearly 500 RSOs assigned to U.S. embassies and consulates throughout the world are responsible for managing their missions' defenses against criminal, intelligence, and terrorist threats. The RDs and their staff support and assist the RSOs within their regions and are their conduit to the Department and other U.S. government agencies. Through periodic program management reviews the RDs also evaluate, and, where needed, give guidance to RSOs in the management of their security programs. The office has a staff of 35 direct-hire employees and 34 WAEs. The WAEs are not employed in DS/IP headquarters, but rather are retired RSOs who are used to fill overseas RSO staffing gaps. Unlike the other offices of DS/IP, each of the RDs reports directly to the Director of DS/IP.

The RDs are organized geographically nearly corresponding to the Department's geographic bureaus-African Affairs, Western Hemisphere Affairs, East Asian and Pacific Affairs, European and Eurasian Affairs, Near Eastern Affairs (NEA), and South Asian Affairs (SA). The NEA and SA RDs are in the process of merging to correspond to the Department's Office of the Executive Director for NEA/SA. One RD will direct NEA/SA with the assistance of three deputies. Each region has an RD, a deputy RD, and two to five desk officers, all of whom have formerly served as an RSO or assistant RSO. Because of its high-profile activities, NEA/SA has some unique positions. It has a Karzai detail coordinator, an Iraq policy coordinator, and a senior desk officer responsible solely for the Wolfensohn and Ward mission in Gaza.

In addition to supporting those RSOs within their region, the RDs and their staff either brief or provide briefing material for senior officials traveling overseas, periodically conduct on-site reviews of the security programs of the missions within their regional responsibility, participate in Department task forces, assist with personal protection security details, and coordinate temporary assistance during RSO absences and crisis situations.

In preparing briefing papers, desk officers poll and assemble information about a mission's security program from those offices within DS responsible for specific programs, such as the local guard, Marine security guard, and residential security programs. Depending upon the rank of the official, these briefings may be given by the desk officer, the RD, the Director of the Diplomatic Security Service, or the Assistant Secretary for DS.

Program management reviews examine the RSO's management of the security program and liaison with post officials. There is no prescribed period for these reviews. Most posts are reviewed every two to four years or if there are specific concerns. Depending upon the size of the mission, these reviews are conducted by the RD, the deputy RD, or a desk officer. To facilitate the conduct of these reviews, the office has prepared detailed instructions and a comprehensive 50-page checklist that covers all aspects of an overseas security program. Every program review is documented with the completed checklist and a two-to-four page summary memorandum to the Director of the Diplomatic Security Service.

Periodically, regional desk officers are tasked to participate in Department task forces. These task forces are assembled in response to major world events that can have a security aspect, such as the recent London bombing, or a natural disaster such as the December 2004 South Asian Tsunami. These task forces have been created on the average of one per month, although some do not proceed beyond the identification of the task force members.

Because all regional desk officers are special agents, they are also periodically assigned to personal protection security details, lasting anywhere from a few days to a few weeks. With few exceptions, all special agents throughout DS share in this responsibility. Most desk officers participate in one or two details a year. These details are mostly in the Washington metropolitan area and last no more than a few days. The exception is the annual meeting of the UN General Assembly, which occurs between mid-September and mid-October. Because of the number of high-level dignitaries in the United States for this event, most DS special agents participate in protective details lasting from one week to several weeks.

In spite of the multiple duties that the RDs and their staffs perform, most find the workload manageable, are satisfied with their jobs, and have a good relationship with their supervisors. As one desk officer stated, he sees his job as helping the RSOs in his region. Having been an RSO himself and knowing the difficulties of the job, he feels good about doing this. However, the manageability of the workload falls short during the summer transfer cycle, when most Foreign Service officers are reassigned. At present, all RDs and their staff are Foreign Service officers, most on two-year assignments. As a result, staffing gaps frequently occur during the summer cycle, leaving some regions shorthanded. When this inspection commenced, in early July 2005, the RD for the Bureau of East Asian Affairs had, in addition to the RD and deputy RD, only one desk officer. DS/IP senior managers are aware of this shortcoming, and are in the process of establishing two Civil Service positions within the office as a buffer against staffing gaps and to provide better continuity.

The vast majority of the responses from overseas missions, and the RD's principal contacts in the Department, give the RDs an excellent performance rating. RSOs praised the excellent support and assistance the RDs provide them, as did post managers, particularly the excellent job the RDs are doing in finding WAEs with former RSO experience to fill staffing gaps in RSO assignments.

Within the Department, the RD's principal contacts are the post management officers of the geographic bureaus. The majority of these bureaus have excellent working relationships with their RD counterparts, which more than one described as "positive and collegial." With NEA/SA, the relationship was described as "beyond excellent." According to the NEA/SA supervisory post management officer, the RDs and desk officers of the NEA and SA region go out of their way to work with the bureau on security issues and to keep the bureau fully informed. The single exception to what is otherwise an excellent relationship with the Department's geographic bureaus is the Bureau of African Affairs. Although the bureau's post management officers and the RD desk officers are frequently in contact by telephone and e-mail, the exchange of information is not as good as it could be. Immediately prior to this inspection DS disapproved the short-term assignment of an officer to an African post shortly before the person was to depart, thereby creating a hardship for the bureau. This could have been avoided if the bureau and RD had a better working relationship. DS/IP management is aware of this situation and is taking steps to correct it.

Federal Bureau of Investigation's Legal Attaché Presence at Overseas Posts

DS/IP's Office of Regional Directors (DS/IP/RD) is responsible for coordinating security-related policy with other government agencies, among which are the 51 Federal Bureau of Investigation Legal Attaché offices (LEGATTs) at overseas posts.

The LEGATT program is managed by the Office of International Operations (OIO), headed by a Special Agent in Charge, at Federal Bureau of Investigation Headquarters. In the past, contact between DS/IP/RD and OIO was extremely limited. However, during 2005 OIO initiated efforts to establish and maintain regular interaction with DS/IP/RD and other Department elements, including the Department's Coordinator for Counterterrorism and OIG.

As a reflection of the heightened emphasis on the LEGATT program, OIO has expressed its commitment to establishing "regular and routine" dialogue with DS/IP/RD, as well as reciprocal participation in planning, review, and professional development events. In August 2005, DS/IP/RD hosted a visit by and orientation discussions with the entire OIO management and staff. In return, OIO has invited DS/IP/RD to participate in its LEGATT conference, scheduled for September 2005. The OIO sees building an active and positive relationship with DS/IP/RD as essential to its mission and is very encouraged by the results of the August 2005 initial meeting.

Senior DS/IP/RD managers welcome the Federal Bureau of Investigation's "bridge-building" initiative. They see it as one element in fostering a greater sense of institutional collaboration among intelligence-related elements at overseas posts.

OFFICE OF SPECIAL PROGRAMS AND COORDINATION

DS/IP/SPC is made up of one division and three branches that have very diverse missions and functions--Weapons of Mass Destruction Countermeasures Division (WMD), Emergency Plans Branch (EP), Marine Security Guard Branch (MSG), and Special Operations Branch (SO). The primary functions of DS/IP/SPC are to: provide training and guidance on responding to chemical/biological/radiological attack, assist posts in drafting and updating Emergency Action Plans (EAPs), coordinate the MSG program, and coordinate with DOD special operations commands. DS/IP/SPC is also coordinating office for DOD's FPD program.

The office has a combined staff of 48, 10 direct-hire employees and 38 contractors, WAEs, and personal service contractors (PSCs). SPC also has liaison officers in three of the five major military commands.

Overall DS/IP/SPC is well managed and is fulfilling its mission. EP in particular has made significant progress in improving its operations over the past year. Because DOD funds some components of SPC, it has been less affected by recent DS budget cuts in comparison to other DS offices. However, the WMD program will have to curtail some of its programs if budget cuts continue.

Weapons of Mass Destruction Countermeasures Division

The primary mission of WMD is providing Department employees, both domestic and overseas, with protection and response capability in the event of a chemical, biological, or radiological attack. The WMD program started in 1999 at the request of the Under Secretary for Management following the 1998 East Africa embassy bombings. The Report of the Accountability Review Boards for those attacks stressed the need for the Department to be prepared against various types of attacks and recommended training and equipment to defend against chemical, biological, and nuclear attacks. Since the terrorist attacks of September 11, 2001, and the anthrax incidents that followed there has been growing interest in this area. Overall, the program is well managed and organized. The WMD staff believes in the reality and urgency of the threat and is dedicated in their mission of protecting Department employees.

WMD provides training, equipment, information awareness, and contingency planning. Overseas, training is provided to all employees under COM authority, including foreign nationals and local guards. Equipment provided to posts includes first responder equipment, personal protective equipment, detection kits, and personal decontamination kits. Approximately 80,000 U.S. and local employees at 257 posts have been trained. This training is repeated every two years. Domestically, personal escape mask training is provided to all Department Washington-area employees. To date, approximately 8,000 domestic personnel have been trained and equipped with escape masks.

WMD coordinates with the chemical/biological/radiological/nuclear countermeasures community, including intelligence and law enforcement agencies, DOD, and interagency groups. WMD also coordinates with the Department's Bureau of Administration Emergency Management Office, which is responsible for preparing for and responding to threats and other incidents that may affect domestic personnel and facilities. WMD has provided training to the emergency response team at

the Harry S Truman building. WMD also works closely with the Office of the Medical Director. This year, WMD designed and implemented a comprehensive website, which includes material to assist RSOs in providing refresher training at post and provides useful information to all employees. WMD is updating the Foreign Affairs Handbook and is awaiting clearance of its revision of the "Chemical and Biological Incidents" section (12 FAH-1 H-900) of the Emergency Planning Handbook.

WMD is staffed by four direct-hire employees, 25 contractors, and one PSC. The office's 22 instructors are subcontractors to a prime contractor, which has an onsite coordinator to provide contract oversight. The WMD program director maintains oversight of the prime contractor. Since its inception in 1999, the program expanded from four instructors to 22. Funding for FY 2005 was approximately \$10 million, which was reduced to \$8.6 million (approximately \$6.7 million for instructors and related expenses and \$1.7 million for equipment and supplies). The program faces funding uncertainties for FY 2006 and beyond.

There are two issues of major concern to WMD management and employees that affect the program's effectiveness and scope of operations. WMD staff question the level of DS and the Department's commitment to the program. Program managers expressed a desire for more communication and coordination with DS/EX on budget issues and for greater access to the DS front office to discuss program challenges.

The foremost concern is the impact of budget reductions on the replacement of personal escape masks. Much of the equipment used in the WMD program requires periodic replacement. The personal escape masks first deployed in 2002 have a four-year shelf life. The masks issued in 2002--1,760 masks deployed at seven high priority NEA/SA posts--need to be replaced in FY 2006 at total cost of \$188,320. Each mask costs approximately \$110. In FY 2007, about 38,000 masks issued in 2003 at 119 posts will expire at a total replacement cost of \$4.1 million. In FY 2008, approximately 50,000 masks will be due for replacement. Under current budget estimates, only a fraction of the masks can be replaced each year. Annual masks replacement will require a long-term funding commitment from the Department. Further budget reductions will decrease the number of posts that receive training, reduce deployment of radiological detection equipment, and continue to restrict domestic escape mask training only to those employees in the Washington metropolitan area.

The second issue of major concern is the decision by the former Under Secretary for Management that WMD training is not mandatory. Overseas, training may be made mandatory at the discretion of the COM; approximately half of COMs have done so. Otherwise, training is voluntary, as it is for domestic employees. WMD staff believe the issue should be revisited with the new Assistant Secretary for DS and the new Under Secretary for Management. DS/IP's Acting Director agreed that that WMD training should be mandatory, but DS management has not yet raised the issue with the Under Secretary for Management.

WMD's placement within the DS organization may not be optimal. As it is essentially a training and equipment program, there would appear to be merit in placing it under the Directorate of the DS Assistant Director for Training. This directorate develops and implements training programs for DS employees and other Department personnel. At its inception, WMD was part of the Directorate for Training, although subordinate to another office within the directorate. It was shifted to DS/IP/SPC as the program expanded. Returning WMD to the Directorate for Training would centralize all DS training functions. DS/IP management is aware of the program's less than optimal placement in the bureau and is exploring alternative locations for the program.

Emergency Plans Branch

EP provides guidance and support to overseas posts in the drafting and publication of their Emergency Action Plans (EAPs). EP is staffed by one direct-hire employee, who is the branch chief, six WAEs, and one PSC.

Prior to the 1998 East Africa embassy bombings EP was understaffed and smaller than its present size. Following the bombings, DS reevaluated its responsibility for oversight of the Department's EAPs, added additional staff to EP, and assigned the branch additional emergency action plan oversight responsibilities. Since the arrival of the current branch chief, about two years ago, EP has rewritten the Emergency Planning Handbook (12 FAH-1), developed a web-based Crisis Emergency Planning Application (CEPA) system, and updated the Department's overseas crisis management policy.

The Department's emergency management responsibilities are divided between domestic and overseas. Domestic responsibilities are centralized in the Bureau of Administration; however, no single office has overall responsibility for overseas emergency management. A number of offices contribute to overseas emergency management--the National Foreign Affairs Training Center (training), Office of the Executive Secretariat, Operations Center, Crisis Management Staff (support),

Consular Affairs (American Citizens Services), Overseas Buildings Operations (fire), and Office of Casualty Assistance, but no office has overall responsibility. The points of contact in these offices are typically officers at the FS-01 level, in contrast to the EP branch chief, who is an FS-03 officer. DS/IP/SPC management is aware of this discrepancy and would like to upgrade the position to an FS-02, which OIG supports.

Since the expansion of EP in 2003, branch personnel have transformed the EAP review and approval process from paper copy reviews and approvals to an electronic web-based system. This has reduced the time to approve an EAP from 18 months to about 30 days, with a savings over a five-year period of approximately \$700,000.00 in publishing costs.

In addition, during the past 18 months EP has completely rewritten the Department's Emergency Planning Handbook (12 FAH-1), enhancing its usability by post personnel by consolidating many of the handbook's sections. The handbook is currently with the Office of Legal Adviser for final approval of the document (10 out of 29 sections have been approved). All other agencies and bureaus have approved it.

The revised 12 FAH-1 provides a new format for EAPs. A new EAP template was created to assist posts in rewriting their EAPs. This template is the web-based CEPA. Its purpose is to provide posts with an electronic means to develop and maintain EAPs in the field. It is designed for ease of use and provides an ability to trace electronically the document's creation and approval process. Should an Accountability Review Board be required, this system will clarify accountability for the development of the document. Because of the significant changes to 12 FAH-1 and the institution of the web-based CEPA system, a pilot program will be used to assist selected posts in rewriting their EAP, before requiring all posts to comply.

Overall, EP has done an admirable job of coordinating and working with personnel at posts overseas in reviewing and approving their emergency action plans, and has established excellent working relationships within DS and with other supporting agencies and bureaus, creating a more efficient emergency preparedness posture for the Department.

Marine Security Guard Branch

The MSG branch of DS/SPC manages and coordinates the Department's Marine security guard program. Its specific duties are: 1) budget oversight; 2) liaison with RSOs on quality of life issues; 3) management of MSG weapons, ammunition, and armored vehicle programs; 4) oversight of detachment activation and logistics; 5) evaluation of overseas posts for detachments, and; 6) establishment and maintenance of a memorandum of agreement regarding the Badger program.

An FS-02 Foreign Service officer branch chief, two GS-11 Civil Service employees, and five contractors funded by DOD staff the branch. DS/IP/SPC has requested an additional Foreign Service (FS-03) security officer position as a deputy to the branch chief, which would permit the branch chief to participate in on-site inspections with MSG company commanders, which OIG supports.

Headquarter Marine Corps provides nearly \$43 million annually to support the MSG program, while the Department provides \$56,000. The MSG branch is responsible for monitoring the total program funding and represents the Department on all MSG budget matters. Headquarter Marine Corps has also provided \$5 million for the replacement of MSG armored vehicles. The MSG program has over 130 armored vehicles; the \$5 million will replace about 30 of those vehicles. The MSG branch is working with headquarters on the development of a priority list for replacement and represents the Department on the armored vehicle working group.

The branch works very closely with RSOs on all matters dealing with MSG quality of life issues and disciplinary problems that arise within the detachments. The branch is involved in firearm policies affecting the MSG detachments and represents the Department on the Fire Arms Policy Board. In addition, the branch provides input to the Ambassadorial seminars relating to the MSG program.

The MSG staff opined that they receive excellent support from DS senior management, the acting DS/IP director, and the DS/IP regional directors, and have good coordination and cooperation with DOD and other U.S. government agencies. However, they felt there was a need for more staff meetings and better downward flow of information. The staff would like more involvement by the new branch chief and better utilization of their talents. OIG conveyed these sentiments to the new branch chief who is taking steps to implement them. The SPC office director is aware of these concerns and is monitoring the situation.

Special Operations Branch

SO is the coordinator of and the advisor to the Director of DS/IP on DOD team deployments in support of the Department's overseas operations. The branch staff determines the feasibility of and develops the concepts for such deployments. They coordinate directly with senior DOD officers to develop deployment plans. Upon approval of a deployment plan, they maintain liaison with senior officers in DOD and the Department to ensure the plan's implementation. The branch staff performs their function in an excellent manner. They have established strong working relationships with key Department offices as well as the numerous DOD offices and major military commands. They are very proactive and are engaged.

A GS-14 branch chief, one Civil Service employee, and a contract employee funded by DOD staff the branch. The Civil Service position is currently vacant, but DS/IP/SPC advertised and selected an individual to fill the position.

SO manages over 20 specialized deployments each fiscal year and controls an annual budget of \$260,000. The branch is the focal point between DOD and the Department for operational and training issues. The branch conducts classroom training and briefings for deploying DOD units and DS agents assigned to high threat posts. In overseeing SO's programs, the branch chief has made numerous visits to high and critical threat posts to coordinate DOD operations in the field.

SO is also the focal point in monitoring the DOD regional survey team's schedules. These teams, from the major military commands, visit posts and conduct detailed reviews of the posts' emergency evacuation plans (Section 1500 of the post EAP) and capabilities. DOD uses the information gained from the survey in the event they have to deploy personnel to assist in the evacuation of a mission, and the post uses the survey for Section 1500 of the EAP.

Force Protection Detachment Program

In the wake of the October 12, 2000, attack on the USS Cole in Aden, Yemen, and in support of the global war on terror, DOD initiated the FPD program. The program is a direct response to the Cole Commission's recommendation to "re-source Department of Defense counterintelligence agents to conduct counterintelligence collections/services to detect and defeat terrorist planning against DOD and place agents at key transit points where DOD personnel and resources are at risk." DOD's Counterintelligence Field Activity describes the composition of a FPD as: "...a multi-service CI office staffed by Special Agents from the Air Force Office of Special Investigations (AFOSI), Army Military Intelligence (MI), and the

Naval Criminal Investigative Service (NCIS). A senior special agent from one of the three services, which has executive agency status, acts as the FPD Special Agent-in-Charge (FPD-SAC)."

Two interagency agreements form the foundation of the FPD program. The 1997 Department/DOD Memorandum of Understanding (MOU) on Security of DOD Elements and Personnel in Foreign Areas and the 2003 State/DOD MOU Concerning Force Protection Detachments. The 1997 MOU establishes a framework for assigning responsibility for the security of DOD personnel in foreign areas not under the DOD area combatant commander (COCOM). The MOU establishes guidelines for COMs and COCOMs to enter into local implementing agreements, or MOUs, for the security of all DOD personnel in country. Under these guidelines, all DOD personnel under the security responsibility of the COM are listed under Annex A of the local implementing agreement, and those DOD personnel under the security responsibility of the COCOM are listed under Annex B.

There are currently 19 active FPDs, with proposals for two more in various stages of the NSDD-38³ process. Discussions between DS/IP/SPC and DOD's Counterintelligence Field Activity are expected to begin in the near future regarding the potential for expansion of the program to additional posts.

The 2003 Department/DOD MOU Concerning Force Protection Detachments sets forth the purpose and principles of operation of FPDs and their relationship to the COM and RSO. As the MOU states, "FPD is the program title for an initiative to permanently place DOD special agents at overseas locations with a history of significant 'in transit' DOD ships, personnel and aircraft. The DOD Counterintelligence Services (Naval Criminal Investigative Service, the Air Force Office of Special Investigations, and Army Military Intelligence) have responsibility to prepare detailed threat assessments for all DOD forces and resources 'in transit' in overseas locations to ensure adequate Force Protection is provided." The primary mission of FPD is contributing to the protection of those DOD personnel under the security responsibility of the COCOM; i.e., those personnel listed under Annex B of the local implementing agreement of the 1997 MOU. According to the 2003 MOU, FPDs will be placed within U.S. missions within the auspices of the RSO who will oversee their operations and have tasking authority over them.

³National Security Decision Directive 38, Staffing at Diplomatic Missions and Their Constituent Posts, issued on June 2, 1982, assigns ambassadors the authority and responsibility to determine the appropriate size, composition, and mandate of all staff operating under their authority.

Although DOD program managers praised DS/IP/SPC's support of the FPD program, DS management has expressed concerns about the lack of clarity concerning the relationship between FPD personnel assigned to a mission and the mission's RSO as it relates to the separation of force protection responsibilities between the COM and the COCOM. DS has not provided implementing guidelines of the 2003 MOU for use by RSOs. The wording of the 2003 MOU can be variously interpreted with regard to the relationship between the FPD and the mission's RSO. The concern of DS managers, which is shared by OIG, is that lacking sufficient clarity in the MOU, and absent implementing guidelines, an RSO, or COM, might inadvertently influence or attempt to control the work of an FPD and thereby be held responsible for the security of DOD personnel who are the security responsibility of the COCOM. The MOU should be reviewed and either amended or implementing guidelines provided to ensure adequate COM and RSO oversight over FPDs without involvement with or interference in the performance of their primary mission.

Recommendation 1: The Bureau of Diplomatic Security should review the 2003 Memorandum of Understanding between the Department of State, Bureau of Diplomatic Security and Department of Defense, Counterintelligence Field Activity concerning Force Protection Detachments and either amend the memorandum or establish implementing guidelines to ensure adequate Chief of Mission oversight while maintaining the required separation of security responsibilities between the Chief of Mission and the Area Theater Combatant Commander. (Action: DS)

Liaison Officers

Three DS liaison officers assigned to DOD's Central Command, European Command, and Pacific Command report to the director of SPC and his deputy. The Department has attempted to establish a liaison representative at Southern Command in Tampa, Florida but has not been successful in doing so. Northern Command, responsible for North America, does not require the presence of a liaison representative. These liaison officers have greatly enhanced the coordination and cooperation between the Department and DOD commands. In many instances, the liaison officers act as members of the joint staff and are part of the team.

In telephone interviews with these officers, they stated they receive strong support from SPC. They described their primary function as keeping the Department informed of DOD's interests and actions as they apply to the Department. Their biggest concern is their lack of connectivity with the Department's communication systems. They do not have access to either the Department's OpenNet or classified local area network systems. This makes it difficult to keep the command and the Department informed on a real time basis. In addition, it limits their ability to access Department information required in the performance of their responsibilities. SPC senior management is aware of this problem and is attempting to provide them access to the Department's Classified and Sensitive But Unclassified systems.

OFFICE OF INTELLIGENCE AND THREAT ANALYSIS

The Office of Intelligence and Threat Analysis (ITA) is ably accomplishing its mission of evaluating threats against U.S. interests abroad and providing information including threat assessments to the Department and other U.S. government policy makers and action offices in support of U.S. diplomatic efforts. ITA functions as DS's primary interface with the U.S. intelligence community for intelligence on terrorism and security related matters.

Twenty-six direct-hire Civil Service and Foreign Service employees staff ITA. The office has three divisions delineated along geographic lines. The office's analysts monitor, assess, and disseminate threat intelligence information. Division chiefs make assignments, maintain standards of analytical work, promote training, and foster interbureau and interagency coordination, with the goal of producing accurate assessments of threats to U.S. interests overseas for use by the DS Assistant Secretary, other Department bureaus, and other U.S. government agencies.

A key strength of ITA is its highly educated and motivated staff, who value their work and take seriously their work's objective: to protect the lives of U.S. citizens overseas. Each geographic officer in ITA is a regional expert capable of considering economic, historic, and ideological issues and transnational capabilities of groups threatening U.S. interests. This all-encompassing approach attempts to produce the most accurate assessment of intelligence information. Also, officers are willing to provide threat management assistance across all regions in surging workload situations.

In addition to its office and divisional staffing, ITA has a direct-hire position detailed to the NCTC, on a nonreimbursable basis. The NCTC, still in its infancy, resulted from intelligence restructuring following the terrorist attacks of September 11, 2001. This detail, which has just entered its second year, lacks an interagency MOU or similar agreement. An MOU or similar document, conforming to the requirements of 3 FAM 2413, is essential to the interests of NCTC, the Department, and the detailed employee. Duty requirements, supervisory chain, and tour length are among the administrative issues the MOU should address. The process of negotiating an MOU will ensure bureau-wide and Department participation.

Recommendation 2: The Bureau of Diplomatic Security should complete a Memorandum of Understanding for the Office of Intelligence and Threat Analysis employee detailed to the National Counterterrorism Center. (Action: DS)

In a similar arrangement, a U.S. Capitol Police employee serves at ITA. This employee performs liaison duties and reports directly to ITA supervisors. A liaison with ITA staff, the employee is assigned ITA office space and has access to other ITA office resources. The operative agreement, U.S. Capitol Police/Department of State Interagency Acquisition Agreement, is dated November 23, 1998. In view of the significant changes in the U.S. government's intelligence program since the September 11, 2001, terrorist attack, OIG recommended informally that DS/IP negotiate a new memorandum of understanding for this liaison position.

ITA lacks current written policies and procedures for critical management and operational issues. The existing informal, decentralized system of communicating ITA policies and procedures does not address adequately topics such as: in and out-processing procedures, office orientation, analyst training, premium pay including overtime policy, and presentation of after action/lessons learned reports. Written, current, and permanently on file policies and procedures are required by 2 FAM 021.3 (q) as an integral part of management control system documentation. The varying standards and differing interpretations of policies and procedures in ITA reduces efficiency and creates perceptions of inequality in the office and causes contention in ITA's divisions.

Recommendation 3: The Bureau of Diplomatic Security should ensure that the Office of Intelligence and Threat Analysis issues written standard operating procedures to ensure that office activities are managed effectively, efficiently, economically, and with integrity. (Action: DS)

Coordination of activities occurs throughout ITA and on many levels. The office maintains a robust exchange of information with offices in the bureau and Department. Each geographic officer coordinates with other DS offices, Department bureaus, and other agencies on a daily basis to assess threat information. The ITA front office is advised of threat information by way of formal written assessments, e-mails, and oral briefings. In addition, the ITA office director briefs the Assistant Secretary and senior DS management daily on all vital threat intelligence monitored by ITA.

ITA conducts two important secure video teleconferencing meetings daily. One is within the Department engaging the Office of the Secretary of State and the Bureaus of Consular Affairs and Intelligence and Research. The second meeting is for the benefit of the intelligence community at large involving the White House/National Security Council, Central Intelligence Agency, National Counterterrorism Center, DOD, National Security Agency, Federal Bureau of Investigation, Department of Homeland Security, Department of Justice, Department of Transportation, Department of Energy, U.S. Coast Guard, and U.S. Secret Service. These meetings occur more frequently during emergencies, such as immediately after the July 7, 2005, terrorist attacks in London, when all offices and agencies met four times a day.

OFFICE OF OVERSEAS PROTECTIVE OPERATIONS

The Office of Overseas Protective Operations (DS/IP/OPO) provides management oversight, operational guidance, and funding necessary to ensure the security of U.S. overseas personnel and facilities. The office consists of three divisions: FPD, the Operational Support Division (OSD), and the High Threat Protection Division (HTP). OPO's programs, in particular the local guard program (LGP) and WPPS programs, account for the majority of DS/IP's budget. Because of the high-dollar value and complexity of these programs and the fact that they are funded through DS/EX, a review of the financial management of these programs will be conducted in conjunction with the inspection of DS/EX.

After the 1998 bombings of the U.S. embassies in Nairobi and Dar es Salaam and the resulting infusion of supplemental funding, the office experienced rapid growth in personnel and programs. OPO now provides operational support, program analysis, contract management, and financial planning and budgeting

services for the local guard, residential security, and surveillance detection programs at missions around the world, as well as special protection programs for facilities and personnel at high threat posts. OPO's FY 2005 program budget is approximately \$900 million, approximately two-thirds of the total DS budget.

The office is directed by an experienced Senior Foreign Service officer and is staffed by eight DS agents, three Civil Service employees, nine PSCs, and 49 employees of a private contracting firm, Triumph, which comprises the bulk of the staff. All total, the office has 66 employees, with another 29 positions vacant, primarily due to funding shortfalls. These positions have not been filled to date, according to OPO management, because of DS's FY 2005 budget shortfall.

The office's personnel mix appears to be more the result of rapid growth than any conscious scheme. Given the lengthy process of establishing and filling Foreign Service and Civil Service positions, OPO management found that the quickest way to augment the handful of officers who staffed the office in the late 1990's was to contract out much of its work. The resulting staffing pattern, with almost two-thirds of OPO's current authorized positions filled by contractors, has both positive and negative aspects. Through the use of contractors the office has been able to acquire workers with specific, targeted skills and experience. Using contractors also provides flexibility in that human resources can be shifted relatively rapidly when programs change or when new ones are added. Many of the office's contract employees are highly qualified and have proven to be almost uniquely suited for their positions and are valuable assets to the office. However, the contract work force is also highly mobile: many view contract employment as a way station or credential-producing experience on the way to permanent employment, and turnover is naturally high. Rapid turnover in the contract force means constantly shifting portfolios and, even when vacancies can be filled, periods when productivity is reduced as new employees learn their responsibilities.

Between the bands of upper-management Foreign Service officers who typically have only two-year assignments and the fluctuating corps of contract workers lay a small number of Civil Service and PSC employees. OPO is in the process of expanding this relatively narrow band of middle-management personnel to provide better continuity and institutional memory for the office.

OPO's responsibilities for overseeing programs and contracts, costing in some cases hundreds of millions of dollars, have grown while the resources to monitor and manage those programs, from providing specialized training to surveillance detection teams at post to reviewing contract invoices, are shrinking. The office's large number of vacancies causes the growing workload to be borne by fewer and

Local guard forces (LGFs) are either contracted or under personal services agreements. The worldwide mix is approximately half and half. Whether the LGF is contracted or hired through a personal services agreement, the OPO desk officers form the front line for questions about the LGF as well as for the program of guards, barriers, and protective devices used to help protect the residences of Department employees posted to missions where local crime and/or other security concerns prompt special security measures. The desk officers, in consultation with their colleagues in the contract and financial sections of OPO, are also the primary information points when missions inquire about amending current LGF contracts or changing the terms or composition of the personal services agreement guard staff.

In past years, desk officers spent approximately 25 percent of their time performing program management reviews (PMR) to examine the adequacy and training of the LGF and suggest ways to make the program more efficient and cost effective. Some PMRs have resulted in considerable cost savings: one trip that cost \$30,000 led to an eventual \$2 million cut in the LGP. The PMRs help familiarize the desk officer with the post, thus providing a stronger information base from which to judge proposed changes to the LGF contract and program. Depending on the locations, missions have a new RSO every two or three years, and in some cases even yearly. Particularly in cases of rapid RSO turnover, the knowledge gained in these trips and outlined in the PMR reports provides a helpful information baseline for the post and OPO alike.

In early 2005, OPO was told by DS senior management there would be no money available for "regular" PMRs through the end of the fiscal year, and travel would be limited to extraordinary needs. No explanation was given for the restriction, and it is unclear whether the decision was made because of more pressing needs or because on some level this travel was viewed as optional rather than a necessary and prudent method of oversight and cost control.

Contracting Issues

In response to the 2001 President's Management Agenda requiring that functions that can be performed in the United States or at overseas regional offices not be performed at post, the Bureau of Administration's Office of the Procurement Executive (A/OPE) initiated a pilot program to have the bureau's Office of Acquisitions Management (AQM) award local guard contracts. Seven posts were identified - Baghdad, Kabul, San Jose, Kingston, Bangui, Belize, and Tunis; to date AQM has awarded local guard contracts at three - Baghdad, Kabul, and San Jose.

At present, LGP contracts are awarded by the post with the assistance of A/OPE. A/OPE assists the post in writing statements of work, preparing solicitations, evaluating the responses, and awarding the contract. These contracts generally exceed a general services officer's \$250,000 authorization to commit the U.S. government to financial obligations. As a result, A/OPE grants a one-time authorization to allow the general services officer to sign a contract over the \$250,000 limit. After the local guard contract is awarded, the general services officer provides contract administration and some oversight. The post's RSO serves as the contracting officer's representative (COR) and is tasked to ensure contract requirements, including number of guards, training, and hours are met. RSOs also review the contractors' vouchers before financial management officers pay the contractors. As a COR, the RSO cannot change contract terms and conditions. In theory, no matter where the contract is awarded, COR responsibilities should not increase. DS believes otherwise and asserts that over-burdened RSOs will have even greater responsibility if the GSO does not award the contract locally and opposes the shift in awarding LGP contracts. During this inspection, one of the posts in the pilot program to have AQM award the local guard contract, Embassy San Jose, voiced its belief in a telegram to the Department that Washington-based management of the Department's LGP contract is not in the post's or the Department's best interest.

Recently, to comply with the 2001 agenda, the Bureau of Administration's Office of Global Support Services Innovation's strategic plan identified the potential savings and expertise the Department would gain from having AQM or regional procurement centers award local guard contracts either in Washington or at regional centers. The office and the Under Secretary for Management wish to meet the President's goals no later than 2008. If such a decision to shift contract award and administration is made, however, it is important that the new system incorporate twenty-four hour, seven day a week support for RSOs, who are responsible for COR duties.

Operational Support Division

OSD comprises two complementary and one separate elements: the contracts and finance teams, and the surveillance detection (SD) team. A Civil Service employee who has been with the office for more than six years leads the division.

Contracts and Finance

As the volume and cost of OPO contracts has grown, the office has developed a significant in-house capacity to review them and to detect elements of potential waste, whether from inattention to detail or deliberate attempts to secure reimbursement for services or equipment outside the terms of the contract. Most of the office's contract review officers have Certified Program Contracts Manager accreditation, and many have years of experience working for the Department and other government agencies. The office also provides assistance to RSOs on contracting issues. Although the basic and in-service RSO courses now include segments on contracts, RSO's often require assistance on administrative issues including contract modifications and drafting contract solicitations.

A small finance section, staffed with former finance officers with overseas experience, is equipped with the expertise to address the full array of complex funding and budgeting processes involved in the Department's global LGP. Historically, this unit has fulfilled the role of interfacing directly with posts overseas, the Bureau of Resource Management, the International Cooperative Administrative Support Services (ICASS) Service Center, and the regional bureaus on budget projections involving both ICASS and non-ICASS cost reimbursements, wage/benefit increases for missions with personal services agreement programs as well as any other finance issue related to LGP.

Surveillance Detection

Unlike the LGP, which has been in existence for many years, the SD program dates from the 1998 embassy bombings in Nairobi and Dar es Salaam. The mission of the program is to detect preoperational surveillance that often precedes a terrorist attack. The size and sophistication of the program effort varies from post to post, but basically it consists of plain-clothes units dispersed around a post to identify persons who may be surveilling the post. In the early years of the program, the office contracted with two firms that hired experienced trainers to travel to posts and provide a weeklong program in surveillance detection techniques to the post's SD team. That effort proved costly and had a relatively limited impact because it was found that SD teams required on-going guidance and assistance, and most RSOs had limited, if any, experience in this kind of specialized program.

The office then decided to establish in-house expertise, and in 2003 directed Triumph, the firm providing contract personnel throughout the office, to hire personnel with previous experience in surveillance detection programs. The result

was a group of some dozen individuals whose contract indicated that they would travel approximately 50 percent of the time to provide hands-on training at missions and spend the remainder of their time serving essentially as SD desk officers for a given number of posts. All were well qualified and experienced in surveillance detection. Some, attracted by the prospect of passing on their experience in high-threat situations, gave up higher-paying positions to join the team. For more than a year they formed a traveling corps that in over 70 visits worked closely with SD teams overseas and made over 500 recommendations for improving SD efforts as well as continuing the long-distance dialogue with SD coordinators and RSOs.

The travel restriction imposed by DS management in early 2005 has essentially grounded the unit. Lack of information on what caused the travel restriction, and whether it would be extended beyond the end of the fiscal year, has sharply lowered morale in what had been a close-working team. Three of the original nine SD program officers have left OPO, and most of the rest are contemplating alternate employment opportunities. Several indicated that although their first choice would be a return to the 2004 travel and training program and continue employment in OPO, uncertainty about the unit's future might lead to further resignations.

Even if funding returns, it will be hard to replace the experience lost with the departure of members of this specialized team. Many of the SD officers emphasized to OIG that designing an effective SD effort is place-specific and that there is no one-size program that can be taught and automatically applied in all circumstances. Additionally, training for this function must be hands-on and cannot be done at a distance. Absent a continuous monitoring and systematic training effort, the team's trainers opined that the SD teams at overseas missions are likely to be less and less effective over time.

High Threat Protection Division

HTP oversees the contracts for the Department's high-threat protection details. The high-threat protective program began in 1995 with a protective detail in Bosnia. Subsequently similar programs were established in Tel Aviv, Jerusalem, Kabul, Iraq, and Haiti. Prior to December 2003, the WPPS-1 contract, a sole source time and materials turned hybrid contract, i.e. cost reimbursement/indefinite delivery, that covered these programs was dispersed among several DS offices. The HTP division was established to consolidate responsibility for all operational, administrative, contractual, training, logistical, invoice review, and payment activities for these high-profile, high-cost task orders issued under the WPPS-1 contract. In May 2005, a multi-year indefinite delivery/indefinite quantity (WPPS-2) contract was awarded to provide protection services in Iraq, Afghanistan, Bosnia, Haiti, and

Israel. Mobile deployments have also been made to other areas on a short-term basis. The WPPS was awarded by AQM. Contract administration is provided by OPO's program administration office. The award selected three companies, DynCorp, Triple Canopy, and Blackwater. The work requirements are managed by task order with each company competing for each task order. The HTP division chief is the contract COR. The COR's challenge is managing posts such as Iraq where the RSO's tour is one year with multiple rest and relaxation breaks. About 90 percent of the WPPS' approximately \$400 million annual funding is for Iraq.

A staff of ten, including one direct-hire and nine contractors, provides contract administration, although at the time of this inspection five of the contractor positions were not filled. They review invoices for errors in the scope of the contract and overcharging. The contractors told OIG they have questioned over a million dollars in charges, including such items as corrective dental work, charges for staff not on the payroll, goats for religious ceremonies, and 6,000 sticks of lip balm for 45 people. In addition they review inventories for uniforms, weapons, and armored vehicles because they are used in other WPPS programs in other countries. Though the WPPS contract has just been awarded, in view of its high cost and the many overcharges that have already been uncovered, OPO should assess whether the current contract staff and ratio of contract employees to direct-hire employees is adequate to oversee properly the contract.

Recommendation 4: The Bureau of Diplomatic Security should require the Directorate for International Programs to review the size and contract/direct-hire employee ratio of the staff who oversees the Worldwide Personal Protective Services contract to determine if additional direct-hire personnel are needed to adequately oversee the contract. (Action: DS)

Of particular concern are the outstanding invoices to be resolved from the prior protective service task orders, some of which were awarded by the Coalition Provisional Authority for Iraq and others awarded by DS, to provide protective details before the June 2005 award of the current WPPS contract. At the time of the inspection there were 14 task orders to be integrated into new task orders which will be competitively awarded within the scope of the WPPS contract. OIG recommends further review as to whether there is sufficient staff to integrate the requirements and review and close the prior task orders while initiating new task orders.

Recommendation 5: The Bureau of Diplomatic Security should review the workload generated by the need to integrate the protective service task orders, used by the Department but awarded by the Coalition Provisional Authority or Diplomatic Security, prior to the awarding of the Worldwide Personal Protective Services contract to determine if additional personnel are needed to resolve the outstanding invoices. (Action: DS)

Administrative Section

DS/IP's administrative section primarily performs analytical and administrative work in support of DS/IP's four offices and its Director. The section consists of two Civil Service employees, three WAEs, and two contract receptionists, who report to the Director of DS/IP. The section does not perform the work of an executive office; rather DS/EX provides executive office support for the directorate. Whether some of the office's functions could be performed more efficiently or effectively by DS/EX cannot be determined until DS/EX is inspected, which is planned for the near future.

For example, it appears that each of DS/IP's four offices employs one or more staff members to obtain visas for temporary duty assignments and other travel and to prepare travel authorizations. These functions could potentially be assigned to DS/EX or centralized within the administrative staff. OIG informally recommended that DS/IP determine what efficiencies could be gained by centralizing these functions.

Three WAEs, former RSOs, manage the WAE program to fill RSO staffing gaps, monitor quarterly status reports and responses to action cables, and maintain travel budgets for overseas travel and temporary duty support to RSOs. The senior Civil Service employee, employed as a program analyst, recommends policy directives, Foreign Affairs Manual and Handbook revisions, and provides management documents for RSOs, embassies, and other U.S. government agencies. She develops policy and technical guidance, strategic plans, and program needs prioritization. She has a liaison role with DS/EX and helps to create position descriptions for classification and establish resource management objectives.

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MANAGEMENT CONTROLS

Although the results of employee responses to OIG's management operations questionnaires were above average in all areas, the category that ranked lowest, "Overall Management of the Executive Office," reflects the frustration expressed by DS/IP and DS/EX personnel with the current budget and financial management process. An improved budgetary process is needed to include better exchange of information between DS/IP and DS/EX and more accurate representation of current funding needs and better projection of future needs.

DS/EX is the action office for the DS/IP risk assessment evaluation that showed a below acceptable level for one of DS/IP's offices. DS/EX is reviewing the evaluation to determine if corrective action is needed. DS's annual letter of assurance, dated July 22, 2005, noted no material weaknesses or areas requiring corrective action for the period ending June 30, 2005. Internal security within DS/IP's offices is good; however, improvements are needed in information resource management.

FINANCIAL CONTROLS

The costs of some DS/IP programs have exceeded the amounts budgeted for these programs in part because of the difficulty in projecting worldwide security needs, but also in part because of an inadequate budgetary process. Although DS has taken some steps to better manage its high-cost programs, such as the creation of the WPPS contract and COR training for RSOs, an improved budgetary process is needed that includes better exchange of information between DS/IP and DS/EX, a more accurate capture of current funding needs, and better projection of future needs. DS/IP's total program costs by office for FY 2005 are shown in figure 1 below.

The sharp increase in overseas security programs since the 1998 East African embassy bombings and the terrorist attacks of September 11, 2001, has made security budget projections extremely difficult. However, within DS such projections have been exacerbated by the lack of an adequate budgetary planning process. Concern and frustration were expressed in interviews and discussions at all levels

of DS/IP and with DS/EX staff. Staff in DS/IP who received budget information from DS/EX often stated that they did not understand the allocations to various programs and did not know who to ask for clarification. DS/EX staff said they were not always informed of changing requirements or costs so that they could request additional funding as part of the budgetary process. The result of this process has been unfunded requirements of over \$30 million in FY 2004 and as much as \$40 million in FY 2005. These shortfalls have been due in part to the inability of DS's budget process to respond to rapidly changing threat requirements and in part to an inadequate baseline budget figure.

DS/IP Directorate	FY 05 Program and Worldwide Security Upgrades⁴	FY 05 Iraq and Afghanistan Supplemental	Total Funding
Director for Regional Operations	7,695,600	1,400,000	9,095,600
Special Programs and Coordination	41,797,651	1,492,000	43,289,651
Intelligence and Threat Analysis	307,000	—————	307,000
Overseas Protection Operations ⁵	357,090,126	542,898,000 ⁶	899,988,126
Totals	406,890,377	545,790,000	952,680,377

Figure 1 - Bureau of Diplomatic Security, Directorate for International Programs FY 2005 Program Costs.

At present, the DS/EX office is responding to requests from RM, which is funding these deficits, to reduce these shortfalls that have primarily been in the LGP by reducing costs of the LGP and other programs such as WMD and SD. In FY 2005, DS imposed a 10 percent reduction on 119 LGPs in an effort to reduce costs. DS has also tried to reduce costs through the creation of the WPPS contract,

⁴Includes reimbursements by all government agencies.

⁵Overseas Protective Operations includes approximately \$450 million for the Local Guard Program and \$434 million for High Threat Protection, which includes contracts now under the Worldwide Personal Protective Services (WPPS) contract or contracts that are being converted to WPPS.

⁶Includes \$17.1 million for the protection of President Karzai and \$3.1 million for the protection of President Aristide from Foreign Operations funding.

which consolidates all protective security services into one contract. However, as protective detail needs increase, this program may grow in scope and cost.

As a step toward better management of the cost of the LGP, DS's highest cost program, the bureau has included a COR course in the RSO training program and RSO in-service program. The purpose of the course is to ensure that RSOs, who are the CORs for the local guard program at overseas missions, understand their role in managing LGP contracts. This requires an understanding of the rules of contract interpretation; contract clauses; how to administer vouchers, reports, and other deliverables; maintaining proper documentation; and managing post decisions relative to the LGP contract. The importance of the LGP and the escalating costs of these contracts underline the need to continue this training.

As security threats to U.S. personnel and property continue to increase, setting priorities and assessing security costs is difficult. Nevertheless, the extremely high cost of the WPPS and LGP programs - nearly \$900 million - require the best possible budget projections and financial management. OIG recommends that DS/EX review the budgetary process to develop avenues of communication and a system of financial management that is flexible enough to respond to changing security requirements. This may require improved software, more frequent monitoring of security requirements, and more frequent budgetary updates with all participants including DS, overseas missions, the ICASS working group, and RM.

Recommendation 6: The Bureau of Diplomatic Security should review its budgetary process and develop avenues of communication and a system of financial management that are flexible enough to respond to changing security requirements and that capture the total cost of worldwide security requirements. (Action: DS)

MANAGEMENT CONTROLS

A risk assessment questionnaire, completed by DS/IP prior to the inspection and evaluated by RM, showed one of the directorate's offices, OPO, to be below the generally acceptable 75 percent level in the category of general control environment. Responses on the questionnaire gave a low score concerning management's interest in controls and the presence of sufficient funds and personnel to perform the work of the office, many of the same concerns that were expressed to OIG during interviews with OPO staff. The action office for the DS/IP risk manage-

ment assessment and evaluation, DS/EX, is aware of the evaluation score and the less than generally acceptable rating for OPO and is reviewing it in detail to determine whether a formal corrective action plan is required.

SECURITY

In those areas of SA-20 occupied by DS/IP, the 21st and 22nd floors, classified material is being properly secured and safeguarded; classified processing equipment is appropriately marked; and access into classified storage, processing, and discussion areas is controlled adequately. The public access controls of SA-20 were reviewed during the 2004 inspection of DS/SI,⁷ which also occupies SA-20; consequently they were not reviewed during this inspection.

INFORMATION RESOURCE MANAGEMENT

DS/IP's information management systems are a segment of the DS information systems network supported by DS's chief technology officer. OIG identified two areas in DS/IP's segment of the DS network where management attention is needed. OIG found inappropriate material and unapproved software on employee workstations and servers and informally recommended that management take appropriate action in accordance with current procedures. OIG also found inefficient use of electronic storage space and made an informal recommendation.

OIG found sexually explicit material on the DS/IP information systems. 5 FAM 723 strictly prohibits sexually explicit material on government computer systems. OIG also found unauthorized software installed on DS/IP information systems in violation of 12 FAM 625.1. The installation of unapproved software could lead to the introduction of potential malicious code into the DS information systems.

⁷OIG inspection report ISP-I-04-45, dated December 2004

OIG identified many duplicate picture files in the OPO information systems. These files take up significant amounts of space on the servers and result in additional costs to the government because of increased backup times, increased retrieval times, and the increased cost of disk storage. In addition, OIG found large numbers of official pictures that had been placed in personal folders and not in shared folders, which also increases the number of files that must be maintained.

FORMAL RECOMMENDATIONS

Recommendation 1: The Bureau of Diplomatic Security should review the 2003 Memorandum of Understanding between the Department of State, Bureau of Diplomatic Security and Department of Defense, Counterintelligence Field Activity concerning Force Protection Detachments and either amend the memorandum or establish implementing guidelines to ensure adequate Chief of Mission oversight while maintaining the required separation of security responsibilities between the Chief of Mission and the Area Theater Combatant Commander. (Action: DS)

Recommendation 2: The Bureau of Diplomatic Security should complete a Memorandum of Understanding for the Office of Intelligence and Threat Analysis employee detailed to the National Counterterrorism Center. (Action: DS)

Recommendation 3: The Bureau of Diplomatic Security should ensure that the Office of Intelligence and Threat Analysis issues written standard operating procedures to ensure that office activities are managed effectively, efficiently, economically, and with integrity. (Action: DS)

Recommendation 4: The Bureau of Diplomatic Security should require the Directorate for International Programs to review the size and contract/direct-hire employee ratio of the staff who oversees the Worldwide Personal Protective Services contract to determine if additional direct-hire personnel are needed to adequately oversee the contract. (Action: DS)

Recommendation 5: The Bureau of Diplomatic Security should review the workload generated by the need to integrate the protective service task orders, used by the Department but awarded by the Coalition Provisional Authority or Diplomatic Security, prior to the awarding of the Worldwide Personal Protective Services contract to determine if additional personnel are needed to resolve the outstanding invoices. (Action: DS)

Recommendation 6: The Bureau of Diplomatic Security should review its budgetary process and develop avenues of communication and a system of financial management that are flexible enough to respond to changing security requirements and that capture the total cost of worldwide security requirements. (Action: DS)

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INFORMAL RECOMMENDATIONS

Informal recommendations cover operational matters not requiring action by organizations outside the inspected unit and/or the parent regional bureau. Informal recommendations will not be subject to the OIG compliance process. However, any subsequent OIG inspection or on-site compliance review will assess the mission's progress in implementing the informal recommendations.

Office of Intelligence and Threat Analysis

The MOU for the U.S. Capitol Police employee detailed to ITA is dated November 23, 1998 and may not capture the significant changes to the U.S. government's intelligence program since then.

Informal Recommendation 1: The Bureau of Diplomatic Security, Directorate of International Programs should negotiate a new memorandum of understanding for the U.S. Capitol Police employee detailed to the Office of Intelligence and Threat Analysis.

ADMINISTRATIVE SECTION

Each of the offices within DS/IP employs one or more staff members to obtain visas for temporary duty and other travelers, and to prepare travel authorizations.

Informal Recommendation 2: The Bureau of Diplomatic Security, Directorate of International Programs should determine what efficiencies could be gained by centralizing the functions of obtaining visas and preparing travel authorizations.

Information Resource Management

OIG found sexually explicit material and unapproved software on the DS/IP information systems.

Informal Recommendation 3: The Bureau of Diplomatic Security, Chief Technology Office should notify management of the Office of International Programs when inappropriate or unapproved material is found, and management should ensure that the material is removed.

OIG identified many duplicate official picture files in the Overseas Protective Operations' (OPO) branch, which were placed in personal folders, and not in shared drives.

Informal Recommendation 4: The Bureau of Diplomatic Security, Office of International Programs should require users to remove duplicate official pictures from personal files and to place all official documents in shared folders on the shared drives.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Director of the Directorate for International Programs	John Rendeiro	08/05
Assistant Director of the Directorate for International Programs	Gary Gibson	07/03
Director for African Regional Affairs	Robert Whigham	08/04
Director for East-Asian and Pacific Regional Affairs	T. J. Mallory	02/05
Director for Western Hemisphere Affairs	Todd Keil	08/04
Director for European and Eurasian Affairs	(Vacant)	
Director for Near-Eastern Affairs	(Vacant)	
Director for South-Asia Affairs	John Gaddis	08/04
Director of the Office of Special Programs	John Frese	07/05
Director of the Office of Intelligence and Threat Analysis	Larry Daniele, Acting	06/85
Director of the Office of Overseas Protective Operations	Kevin Barry	10/03

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ABBREVIATIONS

A/OPE	Bureau of Administration's Office of Procurement Executive
CEPA	Crisis Emergency Planning Application
COCOM	DOD area combatant commander
COM	Chief of mission
COR	Contracting officer's representative
DOD	Department of Defense
DS	Bureau of Diplomatic Security
DS/EX	Bureau of Diplomatic Security's Executive Office
DS/IP	Bureau of Diplomatic Security's Directorate for International Programs
DS/IP/ITA	Office of Intelligence and Threat Analysis
DS/IP/RD	Office of Regional Directors
DS/IP/SPC	Office of Special Programs
DS/IP/OPO	Office of Overseas Protective Operations
DS/SI	Bureau of Diplomatic Security's Directorate for Security Infrastructure
EAP	Emergency action plan
EP	Emergency Plans Branch
FPD	Facility Protection Division
HTP	High Threat Protection Division
ICASS	International Cooperative Administrative Support Services

LEGATT	Legal Attaché
LGP	Local guard program
MOU	Memorandum of understanding
MSG	Marine security guard
NEA	Bureau of Near Eastern Affairs
NCTC	National Counterterrorism Center
OIG	Office of Inspector General
OIO	The Federal Bureau of Investigation's Office of International Operations
OSD	Operational Support Division
PMR	Program management review
PSC	Personal services contractor
RD	Regional director
RM	Bureau of Resource Management
RSO	Regional security officer
SA	Bureau of South Asian Affairs
SD	Surveillance detection
SO	Special Operations Branch
WAE	When actually employed
WMD	Weapons of Mass Destruction Countermeasures Division
WPPS	Worldwide Personal Protective Service

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