



UNITED STATES DEPARTMENT OF STATE  
AND THE BROADCASTING BOARD OF GOVERNORS  
*OFFICE OF INSPECTOR GENERAL*

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# **Audit of Contractor Compliance With and Department of State Oversight of the Process Required for Vetting Local Guards**

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United States Department of State  
and the Broadcasting Board of Governors

*Office of Inspector General*

(U) PREFACE

(U) 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.

(U) 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.

(U) The recommendations therein have been developed on the basis of the best knowledge available to 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.

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

A handwritten signature in blue ink, appearing to read "N. P. Brown".

(U) Norman P. Brown  
(U) Assistant Inspector General  
for Audits

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**(U) Acronyms**

(U) AQM	Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management
(U) ARSO	assistant regional security officer
(U) COR	contracting officer's representative
(U) DS	Bureau of Diplomatic Security
(U) FAH	<i>Foreign Affairs Handbook</i>
(U) FAM	<i>Foreign Affairs Manual</i>
(U) FSNI	Foreign Service National Investigator
(U) LGF	local guard force
(U) LGP	Local Guard Program
(U) OIG	Office of Inspector General
(U) RSO	regional security officer
(U) SBU	Sensitive But Unclassified
(U) U	Unclassified

**(U) Table of Contents**

<u>Section</u>	<u>Page</u>
(U) Executive Summary .....	1
(U) Background.....	3
(U) Objective.....	7
(U) Audit Results .....	7
(U) Finding A. Security Contractors Did Not Fully Comply With Contract Requirements for Vetting Local Guards at Overseas Posts .....	7
(U) Finding B. Regional Security Officers Did Not Always Document Oversight, and Vetting and Approval Processes Varied at Each Post Audited.....	17
(U) Other Matters.....	20
(U) List of Recommendations.....	24
(U) Appendices	
(U) A. Scope and Methodology .....	26
(U) B. Outline for Action .....	30
(U) C. Security Validation Form.....	36
(U) D. Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) .....	37
(U) E. Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) .....	39
(U) F. Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) .....	43
(U) G. Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) .....	44
(U) H. Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) .....	46
(U) I. Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) .....	48
(U) Major Contributors to This Report.....	49

## (U) Executive Summary

(U) Because of growing security threats at posts worldwide, the Department of State (Department), Bureau of Diplomatic Security (DS), has augmented security at overseas posts through the Local Guard Program (LGP), which engages security contractors to provide local guard force (LGF) personnel to secure access to posts and provide building and residential security. Before any local guards are cleared to begin work at an embassy, the LGP contract requires the security contractor to complete vetting requirements on every prospective guard and submit the results for review and approval by the regional security officer (RSO) or assistant regional security officer (ARSO), as the contracting officer's representative (COR) for the LGP contract. The vetting requirements generally include a "police check covering criminal and/or subversive activities, a credit check, proof of successful previous employment with supervisor recommendations, and a personal residence check."<sup>1</sup>

(U) In response to the increased role of the LGP, the Office of Inspector General (OIG) conducted this audit to determine whether security contractors had complied with LGP contract requirements for vetting the suitability of local guards at posts overseas<sup>2</sup> and whether RSOs had performed adequate oversight of the local guard vetting process.

~~(SBU)~~ OIG found that none of the six security contractors selected for review<sup>3</sup> fully performed all vetting requirements contained in the LGP contract. Inadequate oversight of the local guard vetting process places embassies and personnel at risk.

(U) For example, security contractors did not always comply with LGP contract terms requiring the full vetting of the local guards prior to employment. Nor did the security contractors maintain the personnel files for local guards in accordance with LGP contract requirements; therefore, OIG could not verify that all vetting requirements had been fulfilled.

~~(SBU)~~ The lack of security contractor compliance with the vetting requirements for local guards may have occurred for various reasons. For example, the security contractors and the Department executed contracts that contained terms and conditions that often could not be met; local privacy laws prevented security contractors ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~ from performing elements of the local guards' vetting that were requirements of the LGP contract; and other specific limitations, such as the lack of credit reporting services and the availability of official records, inherent to the posts audited in ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~ also prevented security contractors from performing elements of the vetting that were requirements of the LGP contract. However, the Department did not modify the LGP contracts to reflect the privacy law limitations or to compensate for specific limitations, such as the lack of credit reporting services and the availability of official records. Without security contractors completing all vetting

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<sup>1</sup> (U) Section "H" of local guard contracts.

<sup>2</sup> (U) The six embassies selected for this audit were ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~

~~[Redacted]~~ See Appendix A for the complete scope and methodology for this audit.

~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~

requirements in the LGP contracts or the Department modifying the LGP contracts and providing alternative controls when limitations exist, the local guard vetting process could fail, resulting in increased security risks to embassies and personnel.

~~(SBU)~~ In addition, three of the six security contractors—

[Redacted] (b) (5), [Redacted] (b) (7)(F)

—did not complete the vetting

process for local guards prior to placing them on duty at embassies. Specifically, at [Redacted] (b) (5), [Redacted] (b) (7)(F) and [Redacted] (b) (5), [Redacted] (b) (7)(F) vetting requirements were not completed for all local guards during contract transition periods<sup>5</sup> between contractors until, in some instances, more than 2 years after the guards had been placed on duty. This occurred because the RSO permitted the security contractors to allow guards to begin work without completing extra vetting requirements prescribed by the RSO (not required by the LGP contract)<sup>6</sup> or by extending the time frame for completing the background investigations. However, controls were not put in place to ensure that all vetting requirements would be completed once the guards were placed on duty. As a result, 173 local guards at [Redacted] (b) (5), [Redacted] (b) (7)(F) and about 100 local guards at [Redacted] (b) (5), [Redacted] (b) (7)(F) were placed on duty before they had met all the vetting requirements. In addition, OIG found that 18 local guards placed on duty at [Redacted] (b) (5), [Redacted] (b) (7)(F) between October 1, 2010, and April 26, 2013, had not been fully vetted through the post's security office. The practice of placing local guards on duty before fully completing background investigations can place post personnel and property at risk.

(U) Moreover, the RSOs at five of the six posts audited—

[Redacted] (b) (5), [Redacted] (b) (7)(F)

—did not adequately document

their oversight of the local guard vetting process. Specifically, the RSOs frequently could not demonstrate that they had reviewed and approved the local guards employed to protect their posts. For example, at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) the RSO could not produce an accurate listing of all the local guards who worked at the embassy, and the project manager for the security contractor received an embassy badge without undergoing a background investigation or RSO approval. Further, we found that no standard procedures were in place to guide the RSOs' oversight process for vetting and approving local guards for duty. As a result, the process used by the RSOs to carry out oversight of the vetting process varied among the posts audited. OIG also determined that the typical rotation cycle<sup>7</sup> of RSOs underscores the importance of standard oversight procedures not only to promote uniform oversight of the LGP contracts but also to facilitate the transfer of duties between RSOs during their rotation.

~~(SBU)~~ Inadequate oversight of the local guard vetting process places embassies and personnel at risk. For example, according to Department cables, an LGF member was assigned to Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) for months before his criminal history and use of multiple false

<sup>4</sup> ~~(SBU)~~ Terrorism threat levels were changed in October 2013; however, at the time of embassy selection and during the audit fieldwork, [Redacted] (b) (5), [Redacted] (b) (7)(F)

<sup>5</sup> (U) The transition period typically occurs every 5 years, whether the LGP contract is awarded to the incumbent security contractor or a new security contractor. The security contractor is required to vet all new employees on the LGP contract, as well as the incumbent employees.

<sup>6</sup> (U) At the time of the transition to the new security contractor, the RSO in [Redacted] (b) (5), [Redacted] (b) (7)(F) had prescribed 14 vetting requirements. The number of RSO-prescribed checks has increased to 21.

<sup>7</sup> (U) The tenure of an RSO at a particular post is generally 2–3 years. At the end of this period, the RSO is “rotated” or assigned to a new post.

identities was discovered. [Redacted] (b) (5), [Redacted] (b) (6)  
The RSO conducted an investigation [Redacted] (b) (5), [Redacted] (b) (6)  
[Redacted] however, he did admit to having a criminal history and  
using false identities. The results of the investigation exposed severe deficiencies in the security  
contractor's overall vetting process. Had adequate oversight of the security contractor's vetting  
process been performed prior to the allegation, the RSO would have identified the inaccuracies  
of the background investigation and denied the employment of an unsuitable guard, preventing  
his access to the embassy and its personnel.

(SBU) The audit team also determined that the security contractor [Redacted] (b) (5), [Redacted] (b) (7)(F)  
[Redacted] (b) (5), [Redacted] (b) (7)(F) at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F)  
[Redacted] had not been paying the local guards in accordance with the  
LGP contract terms. Specifically, the security contractor had not paid the monthly \$100  
supplemental wages to the guards as required and for which the contractor billed the U.S.  
Government. We estimated that the amount invoiced by the security contractor and unpaid to the  
local guards from September 2010 through June 2013 could amount to as much as \$1.48 million.

[Redacted] (b) (5), [Redacted] (b) (7)(F)  
[Redacted]

As a result of the Outline for Action, AQM modified the LGP contract to  
clarify how the supplemental wages should be implemented. In addition, according post, audits  
conducted by both the contractor and AQM identified, on average, that the security contractor  
failed to pay 15–25 percent of the full supplemental wage for a total of \$298,000 since 2010.

(U) OIG made 15 recommendations intended to ensure compliance with the LGP contract  
requirements and to rectify specific deficiencies found at the six posts audited. In addition, we  
recommended that DS develop and issue guidance to promote uniform oversight of the LGP  
contracts.

(U) All six embassies selected for review provided comments to the draft report. Based  
on the embassies' responses (see Appendices D through I) to the draft report, of the six  
recommendations directly addressed to the embassies, OIG considers 3 recommendations closed  
and 3 recommendations resolved, pending further action.

(U) OIG did not receive AQM's and DS's responses to the draft report within the allotted  
timeframe;<sup>8</sup> therefore, the responses have not been included this report.

(U) The posts' responses and OIG's replies to those responses are included after each  
recommendation.

## (U) Background

(U) Increased security threats at posts worldwide underscore the importance of the LGP  
and the proper vetting of LGF personnel hired to augment post security. There were at least 272

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<sup>8</sup> (U) OIG received AQM's and DS's comments to the draft report while OIG was finalizing the report. AQM and  
DS concurred with all recommendations, and OIG will follow up with AQM and DS during the compliance process  
to ensure implementation of the recommendations.

significant attacks against U.S. diplomatic facilities and personnel between 1998 and 2012, including the fatal attacks on U.S. personnel in Benghazi, Libya, in September 2012.<sup>9</sup> In the case of the Benghazi attacks, the Department had contracted a British security company to provide LGF protection. According to an October 2012 media report<sup>10</sup> on the Benghazi attacks, the security contractor hired Libyan men, including some who later stated in interviews that they had been hired after a casual recruiting and screening process and had received minimal training to screen visitors and help patrol the U.S. mission in Benghazi. One guard who had been recently fired and another guard on the company's payroll were suspected of throwing a homemade bomb into the U.S. compound 6 months before the attacks. In addition, according to the United States Senate Select Committee on Intelligence, the Temporary Mission Facility in Benghazi had been vandalized and attacked in the months prior to the September 2012 attacks by some of the same guards who were there to protect it.<sup>11</sup>

(U) DS is responsible for providing security at overseas posts for all agencies under the purview of the Chief of Mission. The LGP engages established security firms to contract LGF personnel on behalf of the Department. Through this program, foreign nationals are employed to guard access to the post and to provide building and residential security. In 2012, the total cost for the LGP was approximately \$556 million. As of March 18, 2013, there were 100 active LGP contracts awarded either at post or by AQM, in Washington, DC.

#### **(U) Award and Administration of Local Guard Program Contracts**

(U) Although LGP contracts were historically negotiated and awarded at each post using a standardized format established by the Bureau of Administration, Office of the Procurement Executive, in 2008, the Under Secretary for Management endorsed a change in the LGP contracting process to centralize the award and administration of the contracts in Washington, DC, under AQM. As part of these efforts, AQM established the Local Guard Branch dedicated to awarding and administering LGP contracts.

(U) AQM is the lead acquisition agent from pre-award to award of LGP contracts, with individual contract specialists administering eight to 10 LGP contracts. The RSO is responsible for implementing and managing the LGP at a particular post. The responsibilities of the RSO or the ARSO include serving as the COR for the LGP contract, providing input to AQM regarding post requirements, initiating purchase requests for contract modifications, monitoring performance, and reviewing monthly invoices.

(U) LGP contracts are awarded for a 1-year period plus 4 option years. Once an LGP contract is awarded, the security contractor is given a transition period not to exceed 90 days.

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<sup>9</sup> (U) Department of State, Bureau of Diplomatic Security, "Significant Attacks Against U.S. Diplomatic Facilities and Personnel 1998-2012," Revised July 2013.

<sup>10</sup> (U) Tabassum Zakaria, Susan Cornwell, and Hadeel al-Shalchi, "For Benghazi diplomatic security, U.S. relied on small British firm," *Reuters*, October 17, 2012, [www.reuters.com/assets/print?aid=USBRE89G1TI20121018](http://www.reuters.com/assets/print?aid=USBRE89G1TI20121018), accessed March 20, 2013.

<sup>11</sup> (U) Senate Select Committee on Intelligence, United States Senate, "Review of the Terrorist Attacks on U.S. Facilities in Benghazi, Libya, September 11-12, 2012," January 15, 2014, p. 39 (citing "Classified Report of the ARB," December 18, 2012, Appendix 26).

During the transition period, the security contractor must complete the steps necessary to obtain all required personnel; conduct training; and acquire all necessary equipment, licenses, permits, and insurance. This transition period occurs with every LGP contract award (at least every 5 years). Regardless of whether the contract is awarded to the incumbent security contractor or a new security contractor, the contractor is required to vet all new and incumbent employees.

### **(U) The Vetting of Local Guard Force Personnel**

(U) LGP contracts provide the terms and conditions security contractors and RSOs or ARSOs, as CORs, must follow when determining whether a person is suitable before offering employment.<sup>12</sup> LGP contracts require the security contractor to conduct background investigations on prospective LGF personnel. The LGP contract solicitation template lists the terms and conditions for the approval and acceptance of security contractor employees. Specifically, the contracts state:

The background investigation must include a police check covering criminal and/or subversive activities, a credit check, proof of successful previous employment with supervisor recommendations, and a personal residence check. The records of all investigations must be submitted to the RSO or ARSO, who serve as the COR for the LGP contract, for approval before the guards are allowed to begin work.

(U) Although stated as “requirements,” these terms and conditions can be modified by AQM, anytime during the contract period, to take into account country-specific requirements or limitations.

(U) The *Foreign Affairs Manual* (FAM) assigns responsibility to the RSOs for “conducting background checks of prospective guard personnel.”<sup>13</sup> In addition, the *Foreign Affairs Handbook* (FAH) assigns LGP managerial responsibilities to the RSO, which include establishing and maintaining LGP files.<sup>14</sup> These files should include the initial application, background information, training records, examination test scores, and, when required, firearms qualification scores for all security contractor guard personnel. In addition, the security contractor is required to maintain local guard personnel files for each employee and must provide the RSO with any updates or changes to the information contained in the nomination package. The RSO must also maintain copies of the contract guard nomination packages throughout the contract’s period of service.<sup>15</sup>

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<sup>12</sup> (U) Section “H” of local guard contracts.

<sup>13</sup> (U) 12 FAM 227.3-2, “Investigations for Local Guard Programs.” Specifically, the FAM states: “As a matter of policy, RSOs are responsible for conducting background checks of prospective guard personnel. In some cases, the RSO has tasked commercial contractors to conduct portions of the investigation. The RSO must in all cases be satisfied with the effectiveness of the contractor investigation. RSOs themselves must complete local police checks and must review files of appropriate agencies at post. The RSO must keep the results of these investigations for subsequent inspection by DS supervisory personnel.”

<sup>14</sup> (U) 12-FAH-7 H-430, “Local Guard Program Managerial Responsibilities.”

<sup>15</sup> (U) “Local Guard Program Guidance,” Department Cable, 11 State 122839, December 12, 2011, Section 5.

(U) Although contractors perform the vetting and background checks for local guards, as contracted, the RSO maintains responsibility to ensure that the guards are suitable before giving final approval. As part of this oversight, the RSO's office completes limited reviews and background checks. These checks are performed, as discussed below, by either Foreign Service National Investigators (FSNIs) who work in the post security office or by the LGF coordinator at post. Department guidance specifically directs, however, that even though RSOs may task commercial contractors to conduct portions of the investigation, the RSO "must in all cases be satisfied with the effectiveness of the contractor investigation," and "RSOs themselves must complete local police checks."<sup>16</sup>

(U) The lack of readily available services and documents common in developed countries can inhibit the ability of those performing background investigations in developing countries. For example, [Redacted] (b) (5), [Redacted] (b) (7)(F) and [Redacted] (b) (5), [Redacted] (b) (7)(F) generally lack centralized digital police databases, school records, and credit reporting services. Furthermore, persons in these countries often do not have formal identification cards or birth certificates. Security contractors and post background investigators must make adjustments to compensate for these limitations, such as asking banks for letters of credit and visiting and interviewing local village leaders.

(U) For LGP contracts awarded after 2010, security contractors must develop a nomination package for submission to the COR for final approval (or rejection).<sup>17</sup> The nomination package includes a nomination letter, an individual qualification checklist, and a summary of all suitability investigative records. For LGP contracts awarded before 2010 that do not require the more expansive nomination packages, the COR reviews the summary of background investigations conducted by the security contractor and accepts or rejects the applicant. All LGP contracts specify that the security contractor will not use any employee under the contract without prior COR approval.

#### **(U) Local Guard Force Coordinator**

(U) The LGF coordinator is a member of the locally employed staff who works directly for the RSO and provides daily oversight of the LGP. LGF coordinators are vetted by the RSO. LGF coordinators may or may not be utilized at post. In those instances where posts utilize LGF coordinators, they are involved in the initial hiring process and work with the security contractor to ensure that prospective guards meet and maintain all requirements. At some posts that utilize LGF coordinators, once the security contractor has submitted a prospective guard for work at the embassy, the LGF coordinator oversees the embassy background investigations and submits the final nomination package to the RSO.

#### **(U) Foreign Service National Investigator**

(U) The FSNI works in the security office and performs tasks to support the entire security program abroad; this includes conducting background investigations assigned by the RSO

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<sup>16</sup> (U) 12 FAM 227.3-2, "Investigations for Local Guard Programs."

<sup>17</sup> (U) Three of the six LGP contracts reviewed for the audit required nomination packages [Redacted] (b) (5), [Redacted] (b) (7)(F)

## (U) Objective

(U) The objective of the audit was to determine whether security contractors had complied with LGP contract requirements for vetting the suitability of local guards at posts overseas and whether RSOs performed adequate oversight of the local guard vetting process.

## (U) Audit Results

### (U) Finding A. Security Contractors Did Not Fully Comply With Contract Requirements for Vetting Local Guards at Overseas Posts

(SBU) ~~(SBU)~~ OIG found that none of the six security contractors audited<sup>18</sup> fully performed all vetting requirements contained in the LGP contract. For example, security contractors did not always comply with LGP contract terms requiring the full vetting of the local guards prior to employment. Nor did the security contractors maintain the personnel files for local guards in accordance with LGP contract requirements; therefore, OIG could not verify that all vetting requirements had been fulfilled. The lack of security contractor compliance with the vetting requirements for local guards may have occurred for various reasons. For example, the security contractors and the Department executed contracts that contained terms and conditions that often could not be met; local privacy laws prevented security contractors [Redacted] (b) (5), [Redacted] (b) (7)(F) [Redacted] from performing elements of the local guards' vetting that were requirements of the LGP contract; and other specific limitations, such as the lack of credit reporting services and the availability of official records, inherent to the posts audited in [Redacted] (b) (5), [Redacted] (b) (7)(F) [Redacted] also prevented security contractors from performing elements of vetting that were requirements of the LGP contract. However, the Department did not modify the LGP contracts to reflect the privacy law limitations or to compensate for other limitations, such as the lack of credit reporting services and the availability of official records. Without the security contractor completing all vetting requirements in the LGP contract or the Department modifying the LGP contract and providing alternative controls when limitations exist, the local guard vetting process could fail, resulting in increased security risks to embassies and personnel.

(U) The following 10 items were required by LGP contracts to fulfill the vetting process and were used to measure compliance with the contract terms: nomination letter,<sup>19</sup> individual qualification checklist,<sup>20</sup> police check, credit check, proof of employment, supervisor recommendations, educational requirements, personal residence check, physical health examination, and 80 hours of initial basic training.

[Redacted] (b) (5), [Redacted] (b) (7)(F)

<sup>19</sup> (U) The nomination letter is submitted by the security contractor to formally nominate an applicant for the position of local guard. The letter contains the applicant's name and the date the nomination was submitted.

<sup>20</sup> (U) The individual qualification checklist is a document required for LGP contracts signed after 2010 and is to be completed by the security contractor. It is intended to provide an overview of the guard's personnel file, containing all of the LGP contract requirements for local guard personnel, along with the date it was completed and signature of the official who approved it.

(U) As shown in Table 1, the security contractors’ local guard personnel files selected for testing did not always contain documentation that the 10 vetting requirements were fulfilled, such as police or credit checks. In addition, local guard personnel files were often missing nomination letters, individual qualification checklists, personal residence checks, and training documentation, among other required documents. (See Table 3 in Appendix A, Scope and Methodology, for detailed information about the posts audited, including the universe and number of local guard personnel files sampled and tested at each post.)

~~(SBU)~~ **Table 1. Percentage of Noncompliance With Local Guard Program Contract Vetting**

[Redacted] (b) (5), [Redacted] (b) (7)(F)

Requirements						
Nomination Letter	N/A <sup>a</sup>	28%	N/A <sup>a</sup>	N/A <sup>a</sup>	17%	0%
Individual Qualification Checklist	N/A <sup>a</sup>	53%	N/A <sup>a</sup>	N/A <sup>a</sup>	25%	0%
Police Check	40%	14%	100% <sup>b</sup>	100% <sup>b</sup>	6%	0%
Credit Check	67%	44%	N/A <sup>d</sup>	100% <sup>c</sup>	28%	8%
Proof of Employment	48%	54%	100% <sup>c</sup>	100% <sup>c</sup>	36%	93%
Supervisor Recommendations	58%	87%	100% <sup>c</sup>	100% <sup>c</sup>	23%	99%
Educational Requirements	N/A <sup>d</sup>	39%	0	0	9%	48%
Residence Check	58%	39%	N/A <sup>d</sup>	100% <sup>c</sup>	22%	7%
Physical Health Examination	67%	13%	100% <sup>c</sup>	100% <sup>c</sup>	13%	1%
80 Hrs. Initial Basic Training	42%	99%	0%	0%	54%	9%

<sup>a</sup> (U) This LGP contract was awarded before 2010 and did not contain this provision.

<sup>b</sup> (U) Confidential check conducted by local police because of local privacy laws; however, this resulted in 100 percent noncompliance with LGP contract terms.

<sup>c</sup> (U) Security contractors were prohibited from investigating these vetting elements because of country privacy laws; this resulted in 100 percent noncompliance with LGP contract terms.

<sup>d</sup> (U) Not a term or condition of this LGP contract.

~~(SBU)~~ Source: OIG analysis of data collected during audit fieldwork.

~~(SBU)~~ In addition, three of the six security contractors audited [Redacted] (b) (5), [Redacted] (b) (7)(F) —did not complete the vetting process for local guards prior to placing them on duty at the embassy. Specifically, at [Redacted] (b) (5), [Redacted] (b) (7)(F) vetting requirements were not completed for all local guards during contract transition periods<sup>22</sup> between contractors until, in some instances, more than 2 years after the guards had been placed on duty.

<sup>21</sup> ~~(SBU)~~ Terrorism threat level derived from the Department’s Security Environment Threat List (SETL), as of October 2013. Terrorism threat levels were changed in October 2013; however, at the time of embassy selection and during the audit fieldwork, [Redacted] (b) (5), [Redacted] (b) (7)(F)

<sup>22</sup> (U) The transition period typically occurs every 5 years, whether the LGP contract is awarded to the incumbent security contractor or a new security contractor. The security contractor is required to vet all new employees on the LPG contract, as well as the incumbent employees.

This occurred because the RSO permitted the security contractors to allow guards to begin work without completing extra vetting requirements prescribed by the RSO (not required by the LGP contract)<sup>23</sup> or by extending the time frame for completing the background investigations. However, controls were not put in place to ensure that all vetting requirements were completed once the guards were placed on duty. As a result, 173 local guards at [Redacted] (b) (7)(F) and about 100 local guards at [Redacted] (b) (7)(F) were placed on duty before they had met all the vetting requirements. The practice of placing local guards on duty before fully completing background investigations can place post personnel and property at risk. (Additional information regarding incomplete vetting by [Redacted] (b) (5), [Redacted] (b) (7)(F) unrelated to a transition period is included in the Other Matters section of this report.)

[Redacted] (b) (5), [Redacted] (b) (7)(F)

(U) OIG found that many of the local guard personnel files were missing required information, such as police and credit checks, and many of the police and credit checks that had been completed were dated April and May 2013, less than 1 month prior to the audit team's arrival at post. The LGP contract required these checks to be completed prior to the offer of employment and placing the guards on duty. Specifically, out of a sample of 48 files examined, we found that 19 (40 percent) did not have police checks. For the 29 files that did have police checks, 15 (52 percent) were completed in April 2013. In addition, credit checks were missing from 32 (67 percent) of the 48 files examined. For the 16 files that did have credit checks, 6 (38 percent) of these credit checks were completed in May 2013, rather than prior to hiring. Proof of employment was also missing from 23 (48 percent) of the files and supervisor recommendations were missing from 28 (58 percent) of the 48 files examined. Personal residence checks were also missing from 28 (58 percent) of the files examined. Additionally, [Redacted] (b) (5), [Redacted] (b) (7)(F) did not retain the local guard personnel files for 11 guards selected for review who were no longer employed at the embassy—a requirement of the LGP contract. Finally, at the time of our fieldwork in May 2013, [Redacted] (b) (5), [Redacted] (b) (7)(F) had not submitted invoices to the embassy for the previous 5 months, even though the LGP contract stipulates the submission of monthly invoices, including supporting documentation such as timesheets.

(U) According to the ARSO at post, he arrived to Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) just 3 weeks prior to audit fieldwork. Upon his arrival, the ARSO reviewed 30 percent of [Redacted] (b) (5), [Redacted] (b) (7)(F) local guard personnel files and discovered that only one file contained all the required information. The ARSO also discovered that items such as addresses and employment verification were missing from the local guard personnel files. The ARSO stated that [Redacted] (b) (5), [Redacted] (b) (7)(F) appeared to be unaware of some of the requirements for maintaining the local guard personnel files. The ARSO therefore instructed [Redacted] (b) (5), [Redacted] (b) (7)(F) project manager to update and complete the local guard personnel files, as required by the LGP contract.

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<sup>23</sup> (U) At the time of the transition to the new security contractor, there were 14 vetting requirements prescribed by the RSO in [Redacted] (b) (5), [Redacted] (b) (7)(F). The number of RSO prescribed checks has increased to 21.

(U) **Recommendation 1.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) ensure that [Redacted] (b) (5), [Redacted] (b) (7)(F) fulfills all contract requirements pertaining to background investigations and maintains the local guard personnel files in accordance with contract requirements.

(U) **Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response:** Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) agreed with the recommendation, stating that the “RSO encouraged [Redacted] (b) (5), [Redacted] (b) (7)(F) to create a checklist which fulfills all contract requirements pertaining to BIs [background investigations]” and that the “ARSO has verified the existence of this check list and has ensured that this checklist is included in each employee nomination package.” Further, Embassy officials stated that FSNIs have created a check list and spreadsheet to meet documentation requirements.

(U) **OIG Reply:** OIG considers the recommendation closed. OIG reviewed and accepted documentation used [Redacted] (b) (5), [Redacted] (b) (7)(F) and the Embassy to track and monitor contract requirements.

[Redacted] (b) (5), [Redacted] (b) (7)(F)

(U) Of the 87 local guard personnel files selected for review, OIG found that 46 (53 percent) were missing individual qualification checklists, 38 (44 percent) were missing credit checks, 47 (54 percent) were missing proof of employment, 76 (87 percent) did not contain supervisor recommendations, and personal residence checks were missing from 34 (39 percent) of the 87 files examined. [Redacted] (b) (5), [Redacted] (b) (7)(F) did not adhere to all of the LGP contract requirements because of limitations<sup>24</sup> specific to [Redacted] (b) (5), [Redacted] (b) (7)(F) that inhibited complete compliance with the contract terms. For example, credit checks are not available in [Redacted] (b) (5), [Redacted] (b) (7)(F) so [Redacted] (b) (5), [Redacted] (b) (7)(F) obtained letters from local banks to endorse the local guards’ credit standings. However, the Department did not modify the LGP contract with [Redacted] (b) (5), [Redacted] (b) (7)(F) to reflect the compensating control implemented by [Redacted] (b) (5), [Redacted] (b) (7)(F) and endorsed by the RSO. In addition, 86 of 87 of the files examined were missing evidence of the required 80 hours of initial basic training. The RSO explained that training records were kept in separate files and that they were in the process of merging all of the training files into each local guard personnel file, as recommended in a recent DS program management review.

### (U) Challenges Associated With Security Contract Transition

(U) [Redacted] (b) (5), [Redacted] (b) (7)(F) became the security contractor at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F). According to the LGF coordinator, the RSO agreed to accept nomination packages from [Redacted] (b) (5), [Redacted] (b) (7)(F) without the required police checks for about 100 local guards who had worked for [Redacted] (b) (5), [Redacted] (b) (7)(F) with the stipulation that the police checks would be completed within a year. However, the required police checks were not completed until more than 2 years later. According to the LGF coordinator, there were no procedures set in place to remind the RSO to follow up and ensure that [Redacted] (b) (5), [Redacted] (b) (7)(F) completed the police checks. As a result, about 100

<sup>24</sup> (U) The limitations specific to [Redacted] (b) (5), [Redacted] (b) (7)(F) regarding the vetting of local guards include the lack of credit reporting services, electronic police records, and the availability of school records, birth certificates, and government-issued identification cards.

incumbent guards were placed on duty at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) without having the police checks completed for the incumbent guards, as required by the LGP contract terms.

**(U) Recommendation 2.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) ensure that [Redacted] (b) (5), [Redacted] (b) (7)(F) fulfills all contract requirements pertaining to background investigations and maintains the local guard personnel files in accordance with contract requirements.

**(U) Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response:** Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) agreed with the recommendation, stating that “post has incorporated strict controls to account for contractual requirements pertaining to investigations and guard files” and that “files are reviewed regularly.”

**(U) OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation showing Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) incorporated controls to account for contractual requirements pertaining to investigations and guard files, such as checklists or standard operating procedures.

**(U) Recommendation 3.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) modify the Local Guard Program contract to compensate for the limitation inherent to [Redacted] (b) (5), [Redacted] (b) (7)(F) and implement an acceptable alternative to ensure background investigations are completed in accordance with contract requirements.

**(U) AQM Response:** AQM did not provide a response to the draft report within the allotted timeframe.

**(U) Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response:** Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) agreed with the recommendation, stating that “post will work with AQM to modify the contract to compensate for inherent local limitations.”

**(U) OIG Reply:** OIG considers this recommendation unresolved and will follow up with AQM during the compliance process to ensure implementation of the recommendation.

**(U) Supplemental Wages Were Not Paid by [Redacted] (b) (5), [Redacted] (b) (7)(F)**

~~(SBU)~~ Prompted by a request from the RSO at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) during fieldwork, OIG reviewed the LGP contract terms concerning a supplemental wage provision and discovered [Redacted] (b) (5), [Redacted] (b) (7)(F) was not paying the monthly \$100 supplemental wages as required. This occurred because the mechanism for implementing the supplemental wage allowance was not fully comprehended or agreed upon by the then AQM contracting officer, security contractor, and RSO posted at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) during the contract’s 2010 implementation. Upon entering into the contract’s first option year in 2011, the new RSO brought this matter to the attention of AQM and submitted a request for assistance in investigating the discrepancy and developing a remedy to the AQM contracting officer and others in AQM. Although the RSO brought this matter to the attention of AQM, no action was taken to address the issue, and the contracting officer did

not adequately inform the RSO about validation procedures designed to help ensure compliance with the supplemental wage allowance provision. As a result, the Department paid for direct costs invoiced by the contractor that were not provided to the local guards. We estimated that the amount invoiced and not paid to the local guards from September 2010 through June 2013 could amount to \$1.48 million. [Redacted] (b) (5), [Redacted] (b) (7)(F) [Redacted] (b) (7)(F) to AQM that addressed this issue (See Appendix B). As a result of the Outline for Action, AQM modified the LGP contract to clarify how the supplemental wages should be implemented. In addition, according to post, audits by both the contractor and AQM identified that, on average, the security contractor failed to pay 15–25 percent of the full supplemental wage for a total of \$298,000 since 2010. AQM has not finished its analysis of actual monies owed.

[Redacted] (b) (5), [Redacted] (b) (7)(F)

(U) OIG found the vetting requirements outlined in the LGP contract were not fully completed in accordance with the contract terms because of privacy laws in [Redacted] (b) (5), [Redacted] (b) (7)(F). The LGP contract executed between the Department and [Redacted] (b) (5), [Redacted] (b) (7)(F) contained vetting requirements to be performed by the [Redacted] (b) (5), [Redacted] (b) (7)(F) such as police checks, proof of employment, supervisor recommendations, and physical health examinations. However, according to the security contractor and RSO, local privacy laws prevented [Redacted] (b) (5), [Redacted] (b) (7)(F) from performing these vetting requirements. Instead, [Redacted] (b) (5), [Redacted] (b) (7)(F) relied upon the Administrative Department of the [Redacted] (b) (5), [Redacted] (b) (7)(F) Police to complete confidential background investigations on the local guard candidates. If the background investigation was deemed successful, the Police issued the local guard candidate a guard license and a weapon license. [Redacted] (b) (5), [Redacted] (b) (7)(F) then filed this information in the local guard personnel files as proof of the background investigation. However, the Department did not modify the LGP contract to approve the implementation of this compensating control. Without modifying the LGP contract to reflect local conditions and limitations, the Department cannot hold the security contractor accountable for adhering to all the vetting requirements contained in the contract.

**(U) Recommendation 4.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F), modify the Local Guard Program contract to compensate for the privacy law limitations inherent to [Redacted] (b) (5), [Redacted] (b) (7)(F) and implement an acceptable alternative to ensure background investigations are completed in accordance with contract requirements.

**(U) AQM Response:** AQM did not provide a response to the draft report within the allotted timeframe.

**(U) Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response:** Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) responded to the recommendation, stating that “the Office of Overseas Protective Operations (OPO) in conjunction with the Regional Security Office agrees to modify the contract accordingly” and that “OPO assembled a working group to put forth recommendations to rectify vetting process shortfalls.”

[Redacted] (b) (5), [Redacted] (b) (7)(F)

**(U) OIG Reply:** OIG considers the recommendation unresolved and will follow up with AQM during the compliance process to ensure implementation of the recommendation.

[Redacted] (b) (5), [Redacted] (b) (7)(F)

(U) Similar to the limitations found at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) privacy laws in [Redacted] (b) (5), [Redacted] (b) (7)(F) according to the security contractor and RSO, prevented [Redacted] (b) (5), [Redacted] (b) (7)(F) from performing police and credit checks; proof of employment, supervisor recommendation, and personal residence checks; and physical health examinations, which were vetting requirements outlined in the LGP contract executed between the Department and [Redacted] (b) (5), [Redacted] (b) (7)(F). Instead, [Redacted] (b) (5), [Redacted] (b) (7)(F) relied on the National Police to conduct confidential background investigations on local guard candidates. If the background investigation was deemed successful, the Police issued the local guard candidate a guard license and a weapon license. [Redacted] (b) (5), [Redacted] (b) (7)(F) then filed this information in the local guard personnel files as proof of the background investigation. However, the Department did not modify the LGP contract to approve the implementation of this compensating control. Without modifying the LGP contract to reflect local conditions and limitations, the Department cannot hold the security contractor accountable for adhering to all the vetting requirements contained in the contract.

**(U) Recommendation 5.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) modify the Local Guard Program contract to compensate for the privacy law limitations inherent to [Redacted] (b) (5), [Redacted] (b) (7)(F) and implement an acceptable alternative to ensure background investigations are completed in accordance with contract requirements.

**(U) AQM Response:** AQM did not provide a response to the draft report within the allotted timeframe.

**(U) Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response:** Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) responded to the recommendation, stating that “post is currently in the process of soliciting a new guard contract” and that “companies must submit their bids by April 16, 2014.” Embassy officials further stated that a contract modification would be issued after the contract award in order to avoid delays in the contract process.

**(U) OIG Reply:** OIG considers the recommendation unresolved and will follow up with AQM during the compliance process to ensure implementation of the recommendation.

[Redacted] (b) (5), [Redacted] (b) (7)(F)

(U) OIG found that required documentation was missing from the 69 local guard personnel files sampled. The most notable example is that 37 (54 percent) local guard personnel files were missing proof of the required hours of initial basic training.

**(U) Challenges Associated With Security Contract Transition**

(U) Additionally, OIG found that, during the security contractor transition from [Redacted] (b) (5), [Redacted] (b) (7)(F) not all of the vetting requirements were completed before local guards were placed on duty. According to AQM officials, this was largely due to challenges encountered during the transition of the LGP contract. Specifically, to expedite the transition and avoid a bridge contract with the incumbent security contractor [Redacted] (b) (5), [Redacted] (b) (7)(F) AQM and [Redacted] (b) (5), [Redacted] (b) (7)(F) agreed to complete the transition in 56 days rather than 90 days. The new LGP contract also contained additional requirements for vetting the local guards that were not required in the previous LGP contract. The additional requirements included specialized work experience, English language requirements, and a high school diploma. However, because of the reduced transition time period, the RSO allowed [Redacted] (b) (5), [Redacted] (b) (7)(F) to reduce the number of vetting elements prescribed by the RSO that were separate from the LGP contract requirements with the stipulation that [Redacted] (b) (5), [Redacted] (b) (7)(F) would complete the other vetting requirements within 1 year. As a result of the informal agreement between the RSO and [Redacted] (b) (5), [Redacted] (b) (7)(F) 173 local guards were placed on duty before all vetting requirements were completed.

**(U) Recommendation 6.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) ensure that [Redacted] (b) (5), [Redacted] (b) (7)(F) fulfills all contract requirements pertaining to background investigations and maintains the local guard personnel files in accordance with contract requirements.

**(U) Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response:** Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) responded to the recommendation, stating that “the RSO [Redacted] (b) (5), [Redacted] (b) (7)(F) created a comprehensive file management review system to ensure 100 [percent] compliance” with contract requirements.

**(U) OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation showing that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) created a comprehensive file management review system to ensure 100% compliance with contract requirements.

[Redacted] (b) (5), [Redacted] (b) (7)(F)

(U) Although all the sampled local guard personnel files at [Redacted] (b) (5), [Redacted] (b) (7)(F) contained nomination letters, individual qualification checklists, and police checks, [Redacted] (b) (5), [Redacted] (b) (7)(F) did not adhere to some of the LGP contract vetting requirements because of limitations<sup>26</sup> specific to [Redacted] (b) (5), [Redacted] (b) (7)(F). For example, credit checks<sup>27</sup> are not available in [Redacted] (b) (5), [Redacted] (b) (7)(F). Instead, [Redacted] (b) (5), [Redacted] (b) (7)(F) placed a notation on the individual qualification checklist in lieu of a credit check to indicate the guard’s credit was in good standing. According to the LGF coordinator, before financial institutions provide credit to an individual, they require a warranty statement from the employer. All complaints for failure of reimbursement are addressed to the employer. Therefore, [Redacted] (b) (5), [Redacted] (b) (7)(F) would be aware if the

<sup>26</sup> (U) The limitations specific to [Redacted] (b) (5), [Redacted] (b) (7)(F) regarding the vetting of local guards include the lack of credit reporting services and lack of availability of school records, birth certificates, and government-issued identification cards.

<sup>27</sup> (U) OIG accepted the security contractor’s dated notation on the individual qualification checklist as evidence that a credit check had been conducted.

local guard applicants had any financial issues.<sup>28</sup> However, 6 (8 percent) of the 75 files examined did not contain a notation on the individual qualification checklists for credit checks.

(U) In addition, the records indicating compliance with the education requirements were missing in 36 (48 percent) of the files examined. The security contractor substituted a French language test as proof of education because school records were not always available. According to the LGF coordinator, people in [REDACTED] generally cannot converse in French unless they have completed primary school; therefore, the contractor considers the education requirement for local guards to be fulfilled when local guard candidates pass a proficiency exam for French. However, we found no documentation in the files that demonstrated an exam was conducted. Proof of previous employment was missing in 70 files (93 percent), and 74 files (99 percent) were missing the supervisor recommendations. The [REDACTED] project manager explained that before being nominated as a local guard for Embassy [REDACTED], the guard must first work for [REDACTED] as a security guard at local businesses for at least 1 year. Therefore, the 3-year prior employment requirement was fulfilled through [REDACTED] but was not documented in the nomination package. However, the Department did not modify the LGP contract to approve the implementation of these compensating controls. Without modifying the LGP contract to reflect local conditions and limitations, the Department cannot hold the security contractor accountable for adhering to all the vetting requirements contained in the contract.

**(U) Recommendation 7.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with Embassy [REDACTED] modify the Local Guard Program contract to compensate for the limitations inherent to [REDACTED] and implement an acceptable alternative to ensure background investigations are completed in accordance with contract requirements.

**(U) AQM Response:** AQM did not provide a response to the draft report within the allotted timeframe.

**(U) Embassy [REDACTED] Response:** Embassy [REDACTED] responded to the recommendation, stating that post is working with AQM to “modify the current contract and/or to create standards for alternative documentation that will be outlined in the solicitation for the 2015 contract.”

**(U) OIG Reply:** OIG considers the recommendation unresolved and will follow up with AQM during the compliance process to ensure implementation of the recommendation.

### **(U) Addressing Challenges Associated With Security Contract Transition**

(U) The LGP contract transition period typically occurs every 5 years, at which point the security contractor is required to vet all new and incumbent employees on the contract regardless of whether the contract is awarded to the incumbent security contractor or a new security contractor. According to the LGP contracts sampled for this audit, the transition period shall not

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<sup>28</sup> (U) 100 percent of the local guard applicants are previously employed by [REDACTED] and utilized at commercial contract locations for at least 1 year prior to employment at the embassy.

exceed 90 calendar days, and the security contractor shall complete the steps necessary to obtain all required personnel, conduct training, and acquire all necessary equipment, licenses, permits, and insurance. At or before the end of the 90-day transition period, the security contractor shall provide the contracting officer acceptable evidence that all required actions have been successfully completed.

(U) Three of the six posts audited [Redacted] (b) (5), [Redacted] (b) (7)(F) recently transitioned to a new security contractor. As previously indicated, the security contractors for two of the three posts [Redacted] (b) (5), [Redacted] (b) (7)(F) did not complete the full vetting of the local guards before placing guards on duty. This occurred because the RSOs made informal agreements with the security contractors allowing guards to begin work without completing extra vetting requirements prescribed by the RSO (not required by the LGP contract) or by extending the time frame for completing the vetting requirements. However, the LGP contracts were not modified to reflect these changes, and there is no evidence that controls were put in place to ensure all vetting requirements were completed within the agreed-upon time frames. This transition period between LGP contracts is a critical point in the vetting process during which steps in the local guard vetting process must be performed in a timely manner. The transition period typically occurs every 5 years, and uniform guidance to instruct the RSO would be beneficial in ensuring that no steps are missed.

(U) To prevent security contractor noncompliance with contract terms for local guard vetting because of local laws and conditions at posts and to mitigate the vulnerabilities associated with local guard contract transition periods, we make the following recommendations:

**(U) Recommendation 8.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of Diplomatic Security, ensure that local privacy laws and practical limitations on vetting are considered in Local Guard Program contracts and alternative guard vetting procedures are adopted and incorporated into contracts when necessary.

**(U) AQM Response:** AQM did not provide a response to the draft report within the allotted timeframe.

**(U) OIG Reply:** OIG considers the recommendation unresolved and will follow up with AQM during the compliance process to ensure implementation of the recommendation.

**(U) Recommendation 9.** OIG recommends that the Bureau of Diplomatic Security develop and issue guidance and training that prepares regional security officers for the periodic transition of Local Guard Program contracts, with a focus on planning for the transition and ensuring that local guards are vetted prior to placing them on duty.

**(U) DS Response:** DS did not provide a response to the draft report within the allotted timeframe.

**(U) OIG Reply:** OIG considers the recommendation unresolved and will follow up with DS during the compliance process to ensure implementation of the recommendation.

## (U) Finding B. Regional Security Officers Did Not Always Document Oversight, and Vetting and Approval Processes Varied at Each Post Audited

(U) The RSOs at five of six of the posts audited—~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~—did not adequately document oversight of the local guard vetting process. Specifically, only the RSO at ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~ had documented oversight of the local guard vetting process in accordance with Department requirements. The other five RSOs could not demonstrate that they had reviewed and approved the local guards employed to protect their posts. For example, at ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~ the RSO could not produce an accurate listing of all the local guards who worked at the embassy, and a local guard project manager received an embassy badge without undergoing a background investigation or RSO approval. Further, we found that there were no standard procedures in place to guide the RSOs' oversight process for vetting and approving local guards for duty. As a result, the process used by the RSOs to carry out oversight of the vetting process varied among the posts audited. OIG also determined that the typical rotation cycle of RSOs<sup>29</sup> underscores the importance of standard oversight procedures not only to promote uniform oversight of the LGP contracts but also to facilitate the transfer of duties between RSOs during their rotation.

~~(SBU)~~ Although Embassy ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~ was not reviewed during this audit, a November 2011 incident cited in Department cables demonstrates how inadequate oversight of the local guard vetting process may allow individuals with questionable backgrounds and motives to obtain access to the embassy and its personnel. A local guard hired by ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~ worked at the Embassy for multiple months before his criminal history and past use of multiple false identities was discovered. The RSO conducted an investigation ~~[Redacted] (b) (5), [Redacted] (b) (6)~~. During the investigation, the guard denied ~~[Redacted] (b) (5), [Redacted] (b) (6)~~ however, he admitted to having a criminal history, which included two arrests and three cases of employing false identities to gain employment with local security contractors. Post also reviewed the local guard's ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~ personnel file, which revealed “an invalid current address, no explanation for travel outside of ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~ incomplete details on previous work experience, false statements on having used other names, and criminal history.” Furthermore, the personnel file contained no local police background check. As a result of this investigation, the RSO evaluated at least 595 employee nomination packages and training records and found that not a single ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~ Criminal Investigation Check was initiated by ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~, which was responsible for the administration, recruitment, vetting, and training of ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~ LGF. Moreover, investigations uncovered additional cases of guards using false documentation to obtain employment. This investigation and review exposed severe deficiencies in the security contractor's vetting process. Had adequate oversight been performed prior to the allegation, the RSO would have identified that the security contractor did not honor its contractual agreement to complete employee background investigations and would have denied the guard applications preventing access to the embassy by unsuitable persons.

<sup>29</sup> (U) The tenure of an RSO at a particular post is generally 2–3 years. At the end of this period, the RSO is “rotated” or assigned to a new post.

(U) The FAM requires the RSO to conduct a “full-field background investigation” of local guards or to review investigations conducted by contractors on their employees, and to evaluate all information developed as a basis for the issuance for denial of security certification for employment.<sup>30</sup> The FAH states that the “RSO will maintain various files to support his or her responsibilities,” including background information on contract personnel.<sup>31</sup>

### **(U) Inadequate Documentation for the Oversight of the Local Guard Vetting Process**

(U) We found that documentation of local guard approval was inconsistent among the posts audited. For example, Embassy [REDACTED] was the only post to have a signed and dated security validation form indicating that the RSO had approved the guard for duty in all 75 of the local guard personnel files examined. The local guard personnel files maintained by the RSO at Embassy [REDACTED] also clearly indicated when the nomination packages were received and approved or disapproved. The form used to indicate approval could be utilized by other posts as part of a standardization process to ensure that all posts have consistent approval documentation (See Appendix C for the security validation form used by Embassy [REDACTED]).

(U) At Embassy [REDACTED] the RSO signed an action memorandum approving the guards; however, 3 of the 48 local guard personnel files reviewed did not contain this signed memorandum. In [REDACTED] while the local guard personnel files did not contain a formal approval letter, the embassy badge approval form signed by the RSO served as evidence that the local guard had been approved for duty. However, more than half of the local guard personnel files examined did not have a badge approval form.

~~(SBU)~~ In [REDACTED] because local guards were not issued embassy badges, and the local guard personnel files did not contain a formal approval document signed by the RSO that indicated when a guard was approved for duty, we could not verify the date of approval for 85 (98 percent) of 87 files sampled. Without evidence of approval documentation from the RSO office, either the RSO’s approval of the nomination packages or approval for the issuance of an embassy badge, it was not possible to determine when the local guards were placed on duty at the embassy. During fieldwork at Embassy [REDACTED] we discussed the lack of guard vetting documentation with the RSO, and he recognized that guidance to document oversight of the LGP contract would be helpful.

(U) At Embassy [REDACTED] the RSO’s oversight of the vetting process and approval could not be verified for 22 (34 percent) of the 65 local guard personnel files examined. This occurred because the guards were no longer employed, and the LGF coordinator did not maintain former local guard personnel files. The remaining local guard personnel files contained signed security certifications indicating when the ARSO approved the guard. At Embassy [REDACTED] the RSO’s oversight of the vetting process and approval could not be verified for 3 (11 percent) of the 28 local guard personnel files examined because these files, which were for guards no longer employed at the embassy, did not contain a document with the RSO’s signature as proof of approval.

<sup>30</sup> (U) 12 FAM 422.4 (d)(17,18), “Post Security Management.” See also 12 FAM 227.3-2, “Investigations for Local Guard Programs.”

<sup>31</sup> (U) 12 FAH-7 H-438, “LGP Records and Files.”

**(U) No Standard Procedures To Guide Oversight of the Local Guard Vetting Process**

(U) We found that background investigations varied greatly among the six posts audited. For example, at Embassies [Redacted] (b) (5), [Redacted] (b) (7)(F) and [Redacted] (b) (5), [Redacted] (b) (7)(F) the LGF coordinator conducted background investigations. At Embassies [Redacted] (b) (5), [Redacted] (b) (7)(F) and [Redacted] (b) (5), [Redacted] (b) (7)(F) the FSNI conducted the background investigations. In addition, the extent to which the FSNI and LGF coordinators checked the security contractors' submitted information varied from post to post. The FSNI in [Redacted] (b) (5), [Redacted] (b) (7)(F) randomly checked approximately 60 percent of the information submitted by security contractors and subsequently presented a report of investigation and recommendation for approval. In contrast, at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) the FSNI relied entirely on the background investigations performed by the security contractor [Redacted] (b) (5), [Redacted] (b) (7)(F) without verifying any of the information received. As noted in Finding A, we found the local guard personnel files maintained by [Redacted] (b) (5), [Redacted] (b) (7)(F) were incomplete. Further, at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) the LGF coordinator recorded the results of his background investigation in each local guard's personnel file. However, at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) the LGF coordinator had not recorded any of the background investigative work in the local guard personnel files, although he did explain the process used to conduct the background investigations.

(U) Because RSOs regularly rotate every 2–3 years, the standardization of oversight procedures at every post is vital to promoting uniform oversight of the LGP contracts across the Department. OIG found the extent to which RSOs maintained local guard personnel files differed not only from embassy to embassy but also from RSO to RSO. When RSOs were assigned to a new post, they had to learn how the previous RSO oversaw the LGP. At times, the incoming RSO conducted vetting checks that the former RSO had not required. For example, according to the current RSO at [Redacted] (b) (5), [Redacted] (b) (7)(F) a review of the Department's information maintained by the Bureau of Consular Affairs for each local guard had not been performed by the previous RSO. The current RSO believed it was a critical check that he had routinely performed at his last post. Therefore, the RSO implemented the checks as part of his oversight, and the ARSO had to conduct more than 400 consular affairs checks for all current local guards. At the time of our fieldwork, all consular affairs checks had been completed for the current local guards employed. In addition, at [Redacted] (b) (5), [Redacted] (b) (7)(F), the ARSO stated that no set process was in place for local guard vetting oversight at the time of his arrival at post.

(U) Because oversight of the local guard vetting varied by post and RSO at the six posts we audited, it became apparent that standardized Department-wide oversight guidance is needed to ensure consistent documentation and oversight of the vetting and approval process, and to address the challenges associated with the RSO rotation cycle.

**(U) Recommendation 10.** OIG recommends that the Bureau of Diplomatic Security develop and issue guidance to ensure regional security officers implement uniform oversight of the Local Guard Program contracts as the contracting officer's representative.

**(U) DS Response:** DS did not provide a response to the draft report within the allotted timeframe.

(U) **OIG Reply:** OIG considers the recommendation unresolved and will follow up with DS during the compliance process to ensure implementation of the recommendation.

(U) **Recommendation 11.** OIG recommends that the Bureau of Diplomatic Security develop and adopt a standardized security validation form to facilitate regional security officers' oversight of the local guard vetting and approval process.

(U) **DS Response:** DS did not provide a response to the draft report within the allotted timeframe.

(U) **OIG Reply:** OIG considers the recommendation unresolved and will follow up with DS during the compliance process to ensure implementation of the recommendation.

## (U) Other Matters

### (U) Additional Issues Specific to Embassy [REDACTED] Regarding the Local Guard Program

(U) Embassy [REDACTED] did not have a complete, comprehensive roster of the local guards who had worked at the post between October 1, 2010, and April 26, 2013. We were provided four different local guard lists containing an aggregate of 122 names, but our analysis revealed that only 26 of the names appeared on all the lists. Specifically, prior to our fieldwork at [REDACTED] the RSO<sup>32</sup> provided us with a spreadsheet that contained the names of 70 guards. However, when we arrived in country to start our fieldwork, the FSNI provided a list of 46 guard names, 19 of which were not on the original RSO list of 70. The security contractor [REDACTED] provided another list that contained 110 guards who worked at the embassy. However, we found 12 guards on the original RSO list that were not on the security contractor's list and 33 names contained on the security contractor's list that were not on the RSO's original list or the FSNI's list. To address our concern regarding the 33 names found on the security contractor's list but not on any of the post's lists, the ARSO<sup>33</sup> presented a fourth list containing 63 guards for the same October 2010–April 2013 time period. The ARSO indicated 16 names on the security contractor's list had not been vetted through the security office, nor had the post received any information about the guards from the security contractor [REDACTED]. Two additional names of the 33 found solely on the security contractor's list had not been addressed by the ARSO. Upon further inquiry, of these two, the ARSO could only provide a recertification for one of the guards. The recertification, however, was dated in 1992. According to the FAM, all contract employees must go through a background investigation on a 5-year cycle for the purpose of issuing or denying recertification for employment.<sup>34</sup> The ARSO had no information about the second guard. Therefore, we concluded that 18 local guards contained on the security contractor's list had not been properly vetted.

~~(SBU)~~ The fact that guards were on the RSO's list but not on the security contractor's list raises the possibility that former guards could have had access to the embassy if their embassy

<sup>32</sup> (U) The RSO rotated to another position with the Department on May 17, 2013. A replacement RSO was scheduled to arrive in June 2013.

<sup>33</sup> (U) The new ARSO rotated to Embassy [REDACTED] in late April 2013.

<sup>34</sup> (U) 12 FAM 463.2 (c) (d), "Regional Security Officers (RSO)."

badges had not been confiscated when they were no longer employed at the embassy. Guards found on the security contractor's list but not on the RSO list could also indicate that the security contractor used and invoiced for guards who were not in fact approved. This would violate the LGP contract terms. Thus, Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) may have had unvetted and unauthorized local guards on premises or may have been billed for guards who were not approved.

(U) In addition, while the audit team was at post, the ARSO told us that the new project manager for the security contractor [Redacted] (b) (5), [Redacted] (b) (7)(F) had been issued an embassy badge without a background check and approval. The ARSO retrieved the badge as soon as he identified the issue in April 2013. The project manager began work in early March 2013, indicating that he had access to the embassy for as many as 6 weeks without having a completed background check.

(U) The ARSO, who arrived in April 2013, identified several issues regarding the oversight of the LGP and took remedial action. The ARSO said that there was no set process in place for guard vetting oversight. As a practice, the RSO office was not made aware of any guard applicant issues because the FSNI would deal directly with the security contractor [Redacted] (b) (5), [Redacted] (b) (7)(F) and would not inform the RSO office. The ARSO now requires the FSNI to notify the RSO office whenever any vetting issues arise. The ARSO has also implemented several oversight initiatives, such as weekly meetings with [Redacted] (b) (5), [Redacted] (b) (7)(F) project manager. In addition, the ARSO is now involved with the FSNI interview of local guard applicants and requires the use of local guard log books to ensure proper accountability for time charged. According to the ARSO, it was apparent that in prior years the RSO office did not review the security contractor's local guard personnel files as part of its oversight. For example, the ARSO explained that he reviewed about 30 percent of the security contractor's local guard personnel files and found that only one file contained all required documentation.

**(U) Recommendation 12.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, review invoices submitted by [Redacted] (b) (5), [Redacted] (b) (7)(F) for the Local Guard Program contract at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) for the past 3 years to determine to what extent, if any, the security contractor has used and invoiced for unapproved guards.

**(U) AQM Response:** AQM did not provide a response to the draft report within the allotted timeframe.

**(U) OIG Reply:** OIG considers the recommendation unresolved and will follow up with AQM during the compliance process to ensure implementation of the recommendation.

**(U) Recommendation 13.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) review all current local guards employed at the embassy to ensure they have been properly vetted.

**(U) Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response:** Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) agreed with the recommendation, stating that the "RSO FSNI's have reviewed all current local guards employed at the embassy to ensure they have all been properly vetted. There is now an excel spreadsheet which tracks this for the FSNI's."

(U) **OIG Reply:** OIG considers the recommendation closed. OIG reviewed and accepted documentation showing that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) reviewed all current local guards employed to ensure they have been properly vetted.

(U) **Recommendation 14.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) assess the controls over the badge issuing process for the embassy and implement changes to ensure persons do not receive an embassy badge without proper review and approval.

(U) **Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response:** Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) agreed with the recommendation, stating that the RSO must now sign a form to validate that an appropriate review has taken place and that “no one may be issued a badge without RSO/ARSO approval.”

(U) **OIG Reply:** OIG considers the recommendation closed. OIG reviewed and accepted an approval form showing that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) implemented controls to ensure that no one receives an embassy badge without proper review and approval.

**(U) Additional Issues Specific to Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Regarding Local Guard Identification Badges**

~~(SBU)~~ Unlike the other posts we audited, local guard personnel at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) were not issued Embassy identification badges. Instead, they received a uniform and an identification badge from the security contractor [Redacted]

~~(SBU)~~ The size of the LGF at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) is approximately 400 persons providing 24-hour protection at both the embassy and personal residences. Because of the size of the guard force, it would be difficult for the embassy personnel to personally recognize all of the guards. As such, the manner in which the local guards at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) are identified and distinguished as an Embassy employee is a critical issue. In addition, the RSO office does not control [Redacted]

(U) **Recommendation 15.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) implement the use of embassy badges, such as facility access cards, for all local guards.

(U) Embassy <sup>Redacted (b) (5), [Redacted] (b) (7)(F)</sup> **Response:** Embassy <sup>Redacted (b) (5), [Redacted] (b) (7)(F)</sup> agreed with the recommendation, stating that it had “recently received adequate shipments of GLID [Global Identification] cards, laminate and associated supplies to issue badges for all local guards. To date approximately 200 out of 530 guards have been issued GLID badges.”

(U) **OIG Reply:** OIG considers the recommendation resolved. The recommendation can be closed when OIG reviews and accepts documentation showing that Embassy <sup>Redacted (b) (5), [Redacted] (b) (7)(F)</sup> implemented the use of GLID cards for all local guards.

**(U) List of Recommendations**

**(U) Recommendation 1.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) [Redacted] (b) (5), [Redacted] (b) (7)(F) fulfills all contract requirements pertaining to background investigations and maintains the local guard personnel files in accordance with contract requirements.

**(U) Recommendation 2.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) ensure that [Redacted] (b) (5), [Redacted] (b) (7)(F) [Redacted] (b) (5), [Redacted] (b) (7)(F) fulfills all contract requirements pertaining to background investigations and maintains the local guard personnel files in accordance with contract requirements.

**(U) Recommendation 3.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) modify the Local Guard Program contract to compensate for the limitation inherent to [Redacted] (b) (5), [Redacted] (b) (7)(F) and implement an acceptable alternative to ensure background investigations are completed in accordance with contract requirements.

**(U) Recommendation 4.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) modify the Local Guard Program contract to compensate for the privacy law limitations inherent to [Redacted] (b) (5), [Redacted] (b) (7)(F) and implement an acceptable alternative to ensure background investigations are completed in accordance with contract requirements.

**(U) Recommendation 5.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) modify the Local Guard Program contract to compensate for the privacy law limitations inherent to [Redacted] (b) (5), [Redacted] (b) (7)(F) and implement an acceptable alternative to ensure background investigations are completed in accordance with contract requirements.

**(U) Recommendation 6.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) ensure that [Redacted] (b) (5), [Redacted] (b) (7)(F) fulfills all contract requirements pertaining to background investigations and maintains the local guard personnel files in accordance with contract requirements.

**(U) Recommendation 7.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) modify the Local Guard Program contract to compensate for the limitations inherent to [Redacted] (b) (5), [Redacted] (b) (7)(F) and implement an acceptable alternative to ensure background investigations are completed in accordance with contract requirements.

**(U) Recommendation 8.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with the Bureau of Diplomatic Security, ensure that local privacy laws and practical limitations on vetting are considered in Local Guard Program contracts and alternative guard vetting procedures are adopted and incorporated into contracts when necessary.

**(U) Recommendation 9.** OIG recommends that the Bureau of Diplomatic Security develop and issue guidance and training that prepares regional security officers for the periodic transition of Local Guard Program contracts, with a focus on planning for the transition and ensuring that local guards are vetted prior to placing them on duty.

**(U) Recommendation 10.** OIG recommends that the Bureau of Diplomatic Security develop and issue guidance to ensure regional security officers implement uniform oversight of the Local Guard Program contracts as the contracting officer's representative.

**(U) Recommendation 11.** OIG recommends that the Bureau of Diplomatic Security develop and adopt a standardized security validation form to facilitate regional security officers' oversight of the local guard vetting and approval process.

**(U) Recommendation 12.** OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, review invoices submitted by [Redacted] (b) (5), [Redacted] (b) (7)(F) for the Local Guard Program contract at Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) for the past 3 years to determine to what extent, if any, the security contractor has used and invoiced for unapproved guards.

**(U) Recommendation 13.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) review all current local guards employed at the embassy to ensure they have been properly vetted.

**(U) Recommendation 14.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) assess the controls over the badge issuing process for the embassy and implement changes to ensure persons do not receive an embassy badge without proper review and approval.

**(U) Recommendation 15.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) implement the use of embassy badges, such as facility access cards, for all local guards.

## (U) Scope and Methodology

(U) The Department of State (Department), Office of Inspector General (OIG), Office of Audits, conducted this audit to determine whether security contractors had complied with Local Guard Program (LGP) contract requirements for vetting the suitability of local guards at posts overseas and whether regional security officers (RSOs) performed adequate oversight of the local guard vetting process.

(U) OIG conducted fieldwork for this audit from March 2013 to September 2013 in the Washington, DC, metropolitan area and at six overseas posts. Six LGP contracts were selected, representing the six posts: ~~Redacted~~ (b) (5), ~~Redacted~~ (b) (7)(F)

~~Redacted~~ The sampling methodology employed is described in the Detailed Sampling Methodology section of this appendix.

(U) OIG conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require the OIG plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objective. We believe that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

(U) To obtain background information and criteria on LGP contracts, we reviewed the *Foreign Affairs Manual* (FAM), *Foreign Affairs Handbook* (FAH), the six individual LGP contracts, and additional guidance from Department cables related to the local guard vetting process. In addition, we reviewed prior audit work conducted by OIG and the Government Accountability Office.

(U) In the Washington, DC, metropolitan area, we interviewed officials from the Bureau of Diplomatic Security (DS) and the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management (AQM). At the posts, we interviewed several officials, including the RSO and the assistant regional security officer (ARSO), who often serve as the contracting officer's representative (COR)<sup>1</sup> for the LGP contract at post, Foreign Service National Investigator, and local guard force coordinator. We also interviewed managers representing the security contractors.

(U) We reviewed LGP contract summaries, post estimated local guard counts, and security environment threat lists, program management reviews, cure notices, deficiency notices, and deduction letters. We also reviewed RSO satisfaction with LGP contracts obtained from a survey conducted during a previous OIG audit.

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<sup>1</sup> (U) The RSO or ARSO generally serves as the COR for local guard security contracts at post.

**(U) Use of Computer-Processed Data**

(U) OIG assessed the reliability of computer-processed data by comparing contract data obtained from querying the Federal Procurement Data System to the contract data provided by DS and AQM. From these comparisons, we determined that the data were sufficiently reliable to support the conclusions and recommendations in this report.

**(U) Work Related to Internal Controls**

(U) OIG performed steps to assess the adequacy of internal controls related to the areas audited. We gained an understanding of Department guidance and posts procedures for ensuring that local guards are properly vetted and discussed specific LGP contract requirements with bureau officials to better understand the reasons for varying vetting procedures and oversight. For example, we reviewed security contractors' local guard personnel files and RSOs' local guard personnel files to ensure the security contractors were following the terms and conditions of the LGP contract and the RSOs were providing oversight to ensure all the local guards had the required qualifications as stated in contract terms. Work performed on internal controls during this audit is detailed in the Audit Results section of this report.

**(U) Detailed Sampling Methodology**

(U) OIG's sampling objective was to determine to what extent security contractors had complied with requirements contained in LGP contracts for vetting local guards at overseas posts and whether RSOs had adequately performed oversight of the vetting process.

**(U) Identification of the Universe of Contracts**

~~(SBU)~~ OIG identified 100 LGP contracts. This initial universe (or population) was reduced to 91 contracts for possible site review because of scope and security considerations. More specifically, six LGP contracts were removed from the universe because they started after October 1, 2012, and were not in place during fiscal years 2011 and 2012. Another three LGP contracts were eliminated because they were for posts with a critical threat level for terrorism, so fieldwork at these locations was deemed unnecessary to fulfill the objectives of the audit. This revised universe of 91 LGP contracts was then sorted by regional bureaus, number of local guards, and terrorism threat levels.

**(U) Selection of Samples**

(U) OIG selected overseas posts in ~~[Redacted] (b) (5), [Redacted] (b) (7)(F)~~ OIG used a non-statistical sampling method known as judgment sampling to select the posts for site visits and testing. Because this method uses discretionary criteria to effect sample selection, OIG was able to use information garnered during its preliminary work to aid in making informed selections.

~~(SBU)~~ Within three regional bureaus AF, EUR, and WHA, OIG selected LGP contracts based on, among other factors, the estimated number of local guards employed and the terrorism

threat level as of March 20, 2013.<sup>2</sup> The geographical distribution of the selected LGP contracts was also a factor; two posts were selected in each of the three previously cited overseas bureaus. The criteria for the selection of posts also included logistical considerations and the recentness of site visits by OIG. For example, [Redacted] (b) (5), [Redacted] (b) (7)(F) and [Redacted] (b) (5), [Redacted] (b) (7)(F), which according to DS are the second- and third- highest in AF with respect to the total number of local guards, were not selected because OIG audit and inspection teams had recently visited these posts for security related reviews. Of the six LGP contracts selected, four were domestic contractors [Redacted] (b) (5), [Redacted] (b) (7)(F) and two were foreign contractors [Redacted] (b) (5), [Redacted] (b) (7)(F) A breakdown of the selection of posts is included in Table 3.

(U) To effect sample selection of local guards at the selected posts, OIG reviewed the LGP contracts for the six selected posts obtained from DS and then contacted the respective posts to obtain a list of local guards that had worked on the LGP contract from October 1, 2010, to April 26, 2013. Random sampling was used to select the local guard personnel files for review at each post. The total number of local guards, as well as the sample size selected at each post, is provided in Table 3.

~~(SBU)~~ Table 3. Audited Posts and Universe and Sample Size of Local Guard Force

Post	Bureau	Terrorism Threat Level	Security Contractor	Number of Guards	Sample Size
[Redacted]	AF	[Redacted]	[Redacted]	[Redacted]	75
	AF				87
	EUR				28
	EUR				65
	WHA				69
	WHA				48

~~(SBU)~~ Source: OIG generated this table from data obtained at DS, AQM, and at posts.

(U) The audit team developed a data collection matrix for use during the review of each selected local guard personnel file. Because the LGP contract terms identify country specific requirements, we compared these terms to the baseline contract to determine the necessity and ramifications of these adjustments to the standard contract. Therefore, the data collection matrix was slightly modified to fit LGP contract specification at posts. The data collection matrix addressed each document the local guard security contractors and the RSOs were required to keep throughout the life of the contract. We analyzed the data gathered from each personnel file and annotated in the data collection matrix if the required documentation was maintained and the RSOs and the security contractors were following internal controls and/or contract terms.

<sup>2</sup> ~~(SBU)~~ Terrorism threat level derived from the Department's Security Environment Threat List (SETL). Terrorism threat levels were changed in October 2013; [Redacted] (b) (5), [Redacted] (b) (7)(F)

**(U) Information Validation**

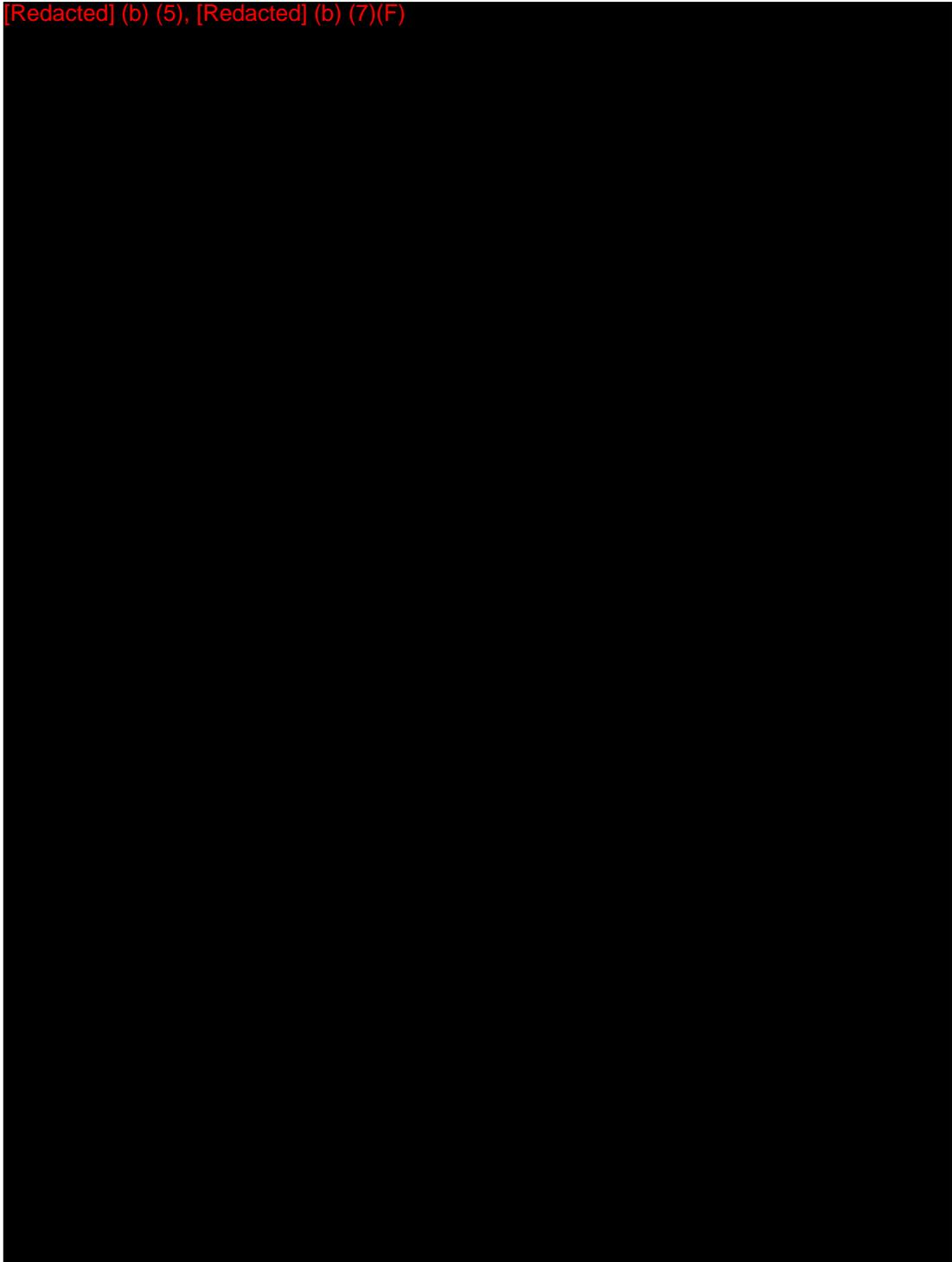
(U) To determine if the universe list received from post was accurate, the audit team took a sample of the guards working on the Embassy compound on the second day of field work at post. To maintain a consistent methodology at each post, and to preclude possible bias, each team walked the Embassy grounds at 9:00 a.m. on the second day of the post visit and collected the name, address, phone number, and date of birth from the guards on duty. We tested the information provided for 126 guards at the six audited posts. We verified and confirmed for 126 guards the information provided by post was accurate for audit purposes.

**(U) Approved Guard Verification**

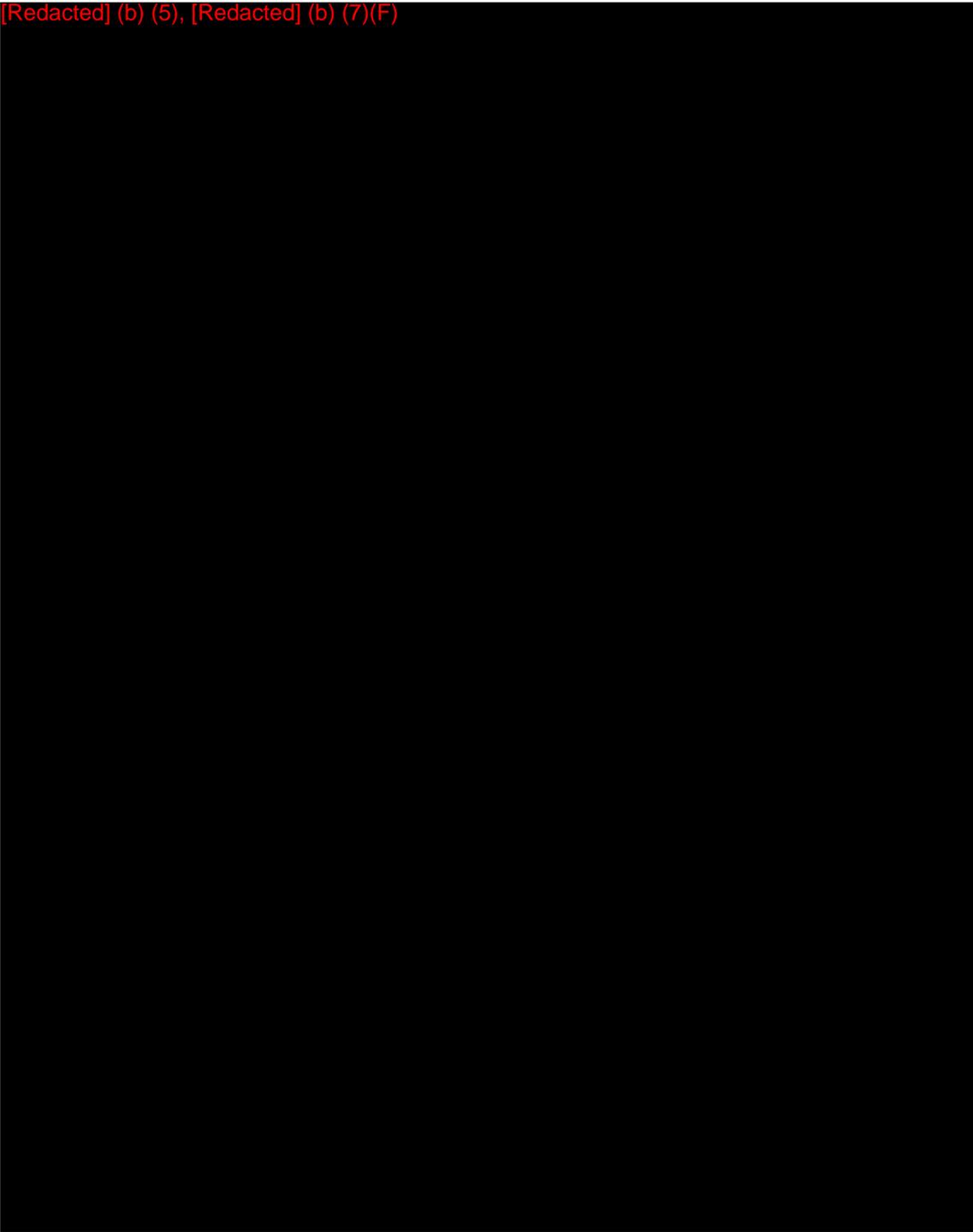
(U) In order to verify that the security contractor used only guards who were vetted and approved to work at the embassy, as stated in the LGP contract terms, we requested a copy of the security contractor's guard sign-in logs for the weeks of December 9–15, 2012, and March 3–9, 2013. We compared all of the names listed on the duty logs with the names listed on the universe of approved guards obtained from post. In addition, we requested a copy of the invoices for December 2012 and March 2013. We compared all the names listed on the invoices with the names listed on the universe list. Because we conducted the field work in May, and assuming April invoices were not ready for review, we selected March to capture information from recent invoices. In addition, we selected December to capture information from a different quarter.

(U) Outline for Action

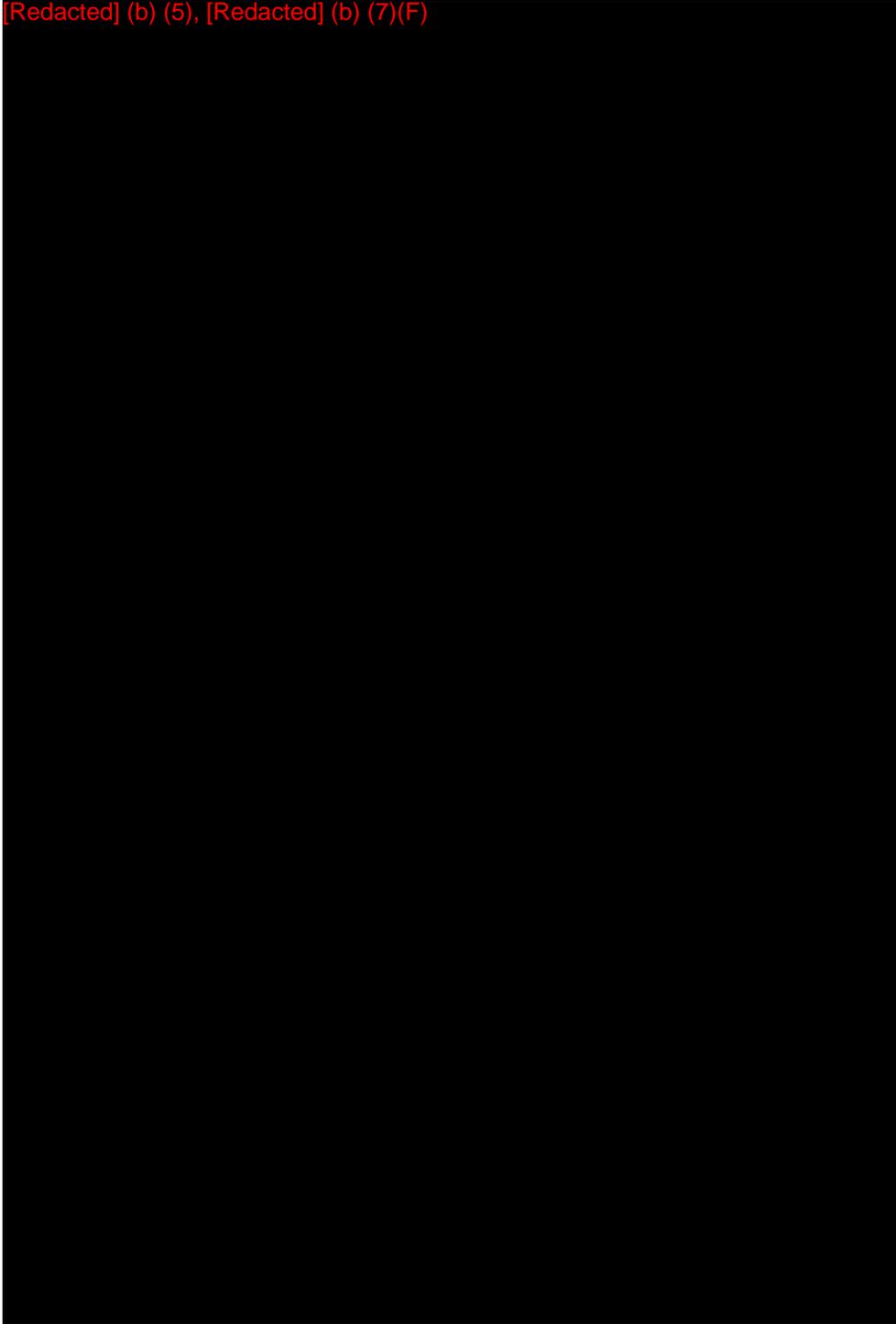
[Redacted] (b) (5), [Redacted] (b) (7)(F)



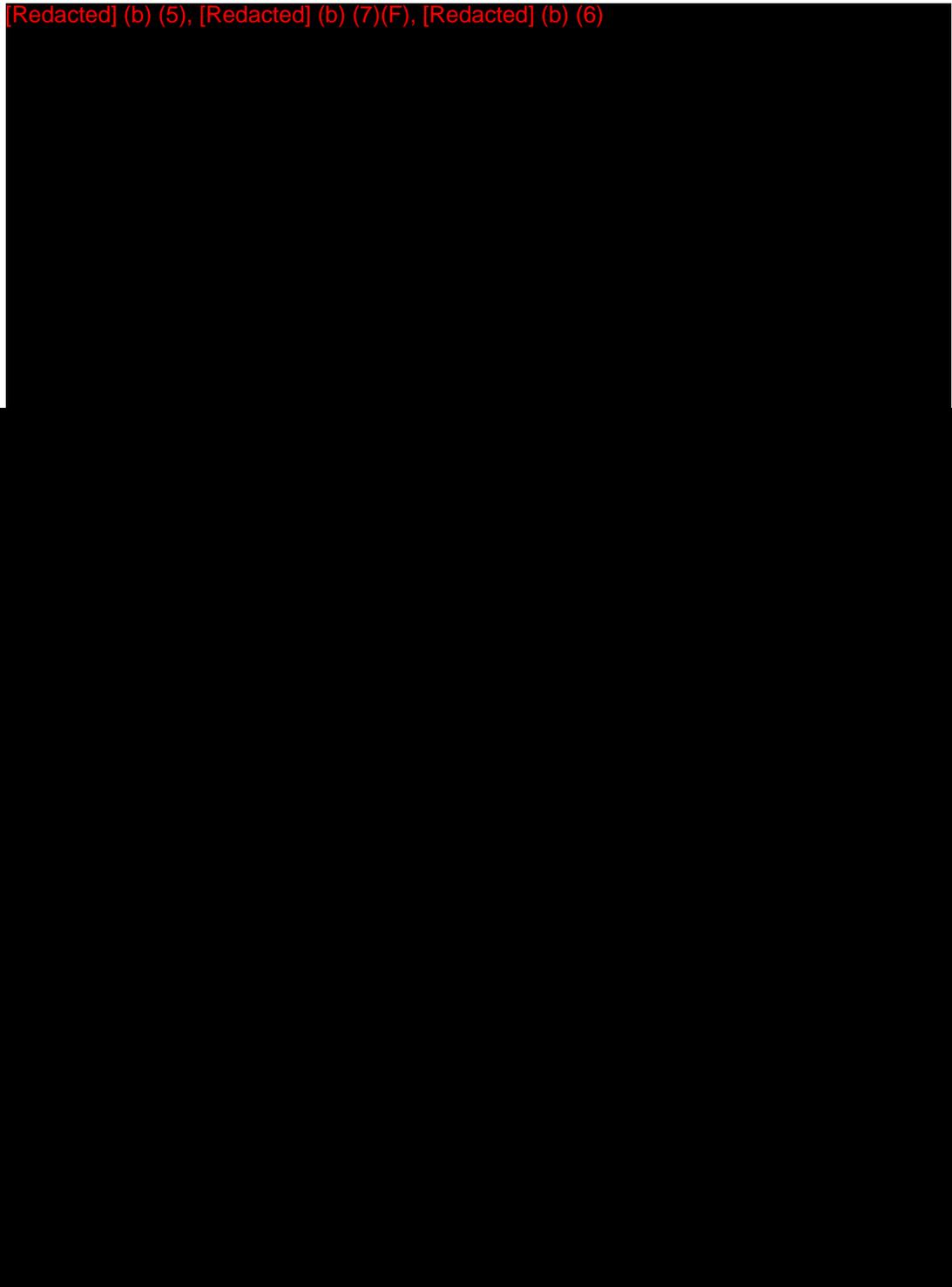
[Redacted] (b) (5), [Redacted] (b) (7)(F)



[Redacted] (b) (5), [Redacted] (b) (7)(F)



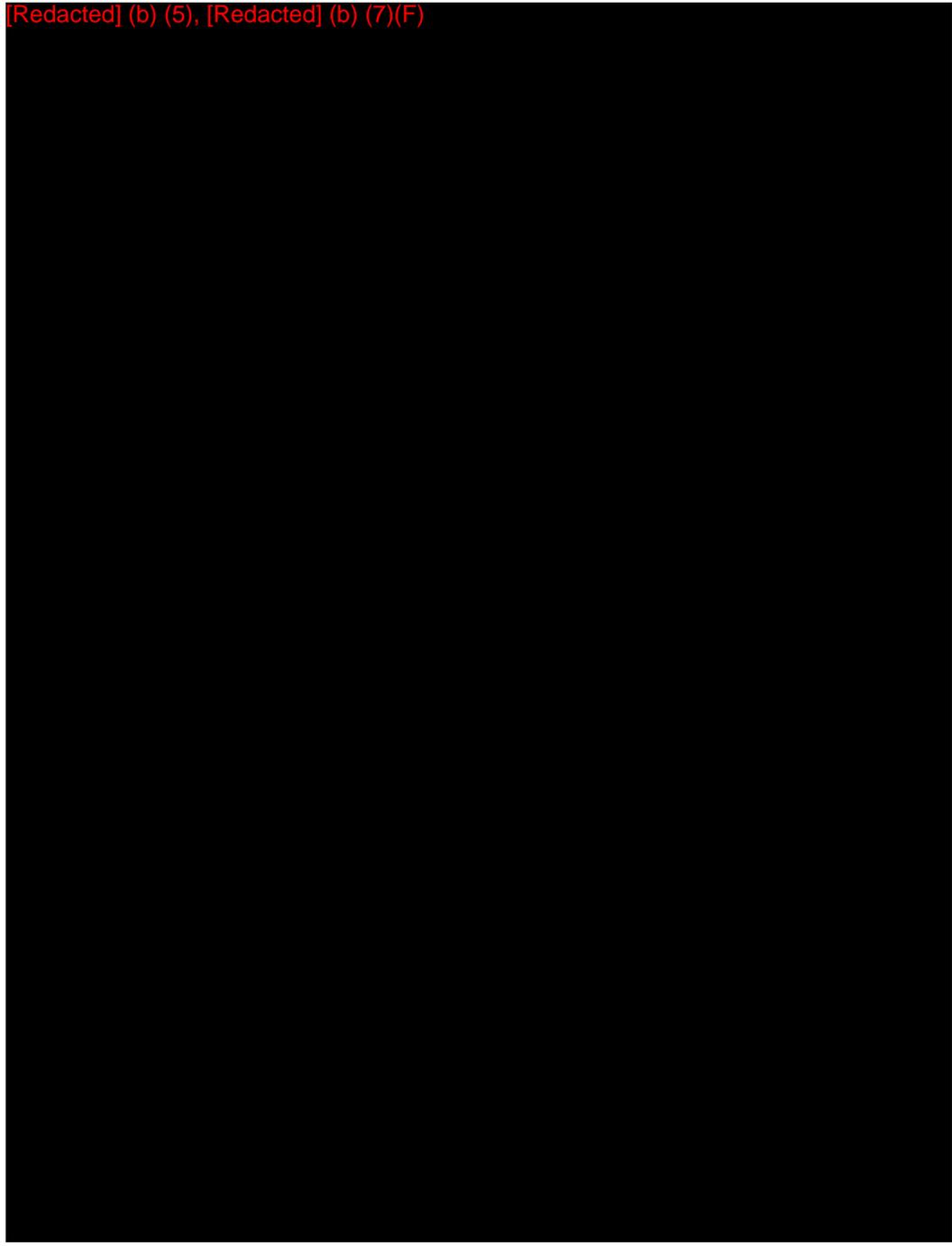
[Redacted] (b) (5), [Redacted] (b) (7)(F), [Redacted] (b) (6)



UNCLASSIFIED

Attachment 1

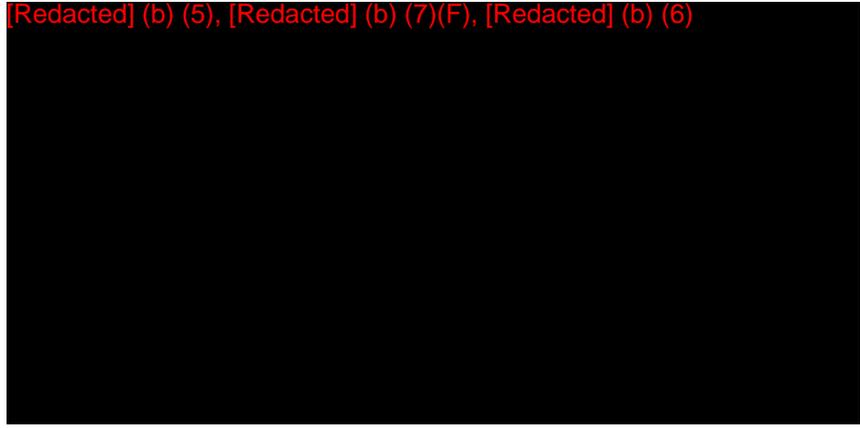
[Redacted] (b) (5), [Redacted] (b) (7)(F)



~~SENSITIVE BUT UNCLASSIFIED~~

UNCLASSIFIED

[Redacted] (b) (5), [Redacted] (b) (7)(F), [Redacted] (b) (6)



~~SENSITIVE BUT UNCLASSIFIED~~

6

UNCLASSIFIED

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~~SENSITIVE BUT UNCLASSIFIED~~

(U) Security Validation Form

[Redacted] (b) (5), [Redacted] (b) (7)(F)

SECURITY VALIDATION FORM

DATE:

FROM: REGIONAL SECURITY OFFICER

SUBJECT:

REFERENCE:

This office has reviewed the Subject's case with respect to the proposed action.

SECURITY DECISION:

- 1.  Certification for employment is granted. (3 FAM 922.2)
- 2.  Certification for employment is re-validated. (3 FAM 922.2)
- 3.  No objection is interposed to the employment of Subject for contractual hire by \_\_\_\_\_
- 4.  This office recommends against the proposed relationship; please advise the office of action taken.
- 5.  On the basis of information available to this office, certification for the proposed action cannot be granted. This action is based solely on security and suitability factors; please advise the office of action taken. (3 FAM 922.2)

REMARKS

This is not to be construed as certification for employment on the regular Foreign Service Payroll.

This does not constitute approval for access to administratively controlled or classified material

It is understood that Subject will be working off official Embassy premises and will not have access to any administratively controlled materials or areas in which such operations are undertaken.

Other:

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

Title: Regional Security Officer

(U) Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response

[Redacted] (b) (5), [Redacted] (b) (7)(F), [Redacted] (b) (6)

DATE: April 16, 2014  
TO: Norman P. Brown, Assistant Inspector General for Audits  
FROM: Regional Security Officer (RSO) [Redacted] (b) (5), [Redacted] (b) (7)(F)  
SUBJECT: [Redacted] (b) (5), [Redacted] (b) (7)(F) Response to the Draft Report - Audit of Contractor Compliance with and Department of State Oversight of the Process Required for Vetting Local Guards

**(U) Recommendation 1.** OIG recommends that Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F), [Redacted] (b) (5), [Redacted] (b) (7)(F) ensure that [Redacted] (b) (5), [Redacted] (b) (7)(F) fulfills all contract requirements pertaining to background investigations and maintains the local guard personnel files in accordance with contract requirements.

*RSO agrees with this recommendation.*

*RSO encouraged [Redacted] (b) (5), [Redacted] (b) (7)(F) to create a check list which fulfills all contract requirements pertaining to BIs, ARSO has verified the existence of this check list and has ensured that this checklist is included in each employee nomination package. Additionally, the RSO Foreign Service National Investigators have created their own check list and excel spreadsheet to ensure that each [Redacted] (b) (5), [Redacted] (b) (7)(F) nomination package includes all documentation required by the contract. If discrepancies are found the process is stopped until [Redacted] (b) (5), [Redacted] (b) (7)(F) provides the required documentation.*

*ARSO has on three separate occasions conducted reviews to ensure that [Redacted] (b) (5), [Redacted] (b) (7)(F) is maintaining the local guard personnel files in accordance with contract requirements. ARSO will continue to periodically check these documents.*

(U) **Recommendation 13.** OIG recommends that Embassy ~~(b) (5)~~ ~~(b) (7)(F)~~ review all current local guards employed at the embassy to ensure they have been properly vetted.

*RSO agrees with this recommendation.*

*RSO FSNIs have reviewed all current local guards employed at the embassy to ensure they have all been properly vetted. There is now an excel spreadsheet which tracks this for the FSNIs.*

(U) **Recommendation 14.** OIG recommends that Embassy ~~(b) (5)~~ ~~(b) (7)(F)~~ assess the controls over the badge issuing process for the embassy and implement changes to ensure persons do not receive an embassy badge without proper review and approval.

*RSO agrees with this recommendation.*

*RSO has assessed the process of badge issuance and to address this issue there is a form which the RSO must sign which validates the appropriate review, no one may be issued a badge without RSO/ARSO approval.*

(U) Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response

[Redacted] (b) (5), [Redacted] (b) (7)(F)

April 15, 2014

Mr. Norman P. Brown  
Assistant Inspector General for Audits  
Office of the Inspector General  
U.S. Department of State

Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) thanks the OIG for the comprehensive review of local guard vetting procedures and related contract issues raised during the course of the inspector's review and validation process as detailed in Interim OIG Report - 14-AUD-HCI-XXX April 2014. Post has reviewed, in detail, the OIG findings and recommendations. While Post fundamentally agrees with the findings, we would first like to respond formally to a few specific topics which we believe are key to ensuring the validity and capture necessary nuance in your Final Report:

DRAFT TEXT

Page 2

*Original Text*

[Redacted] (b) (5), [Redacted] (b) (7)(F)

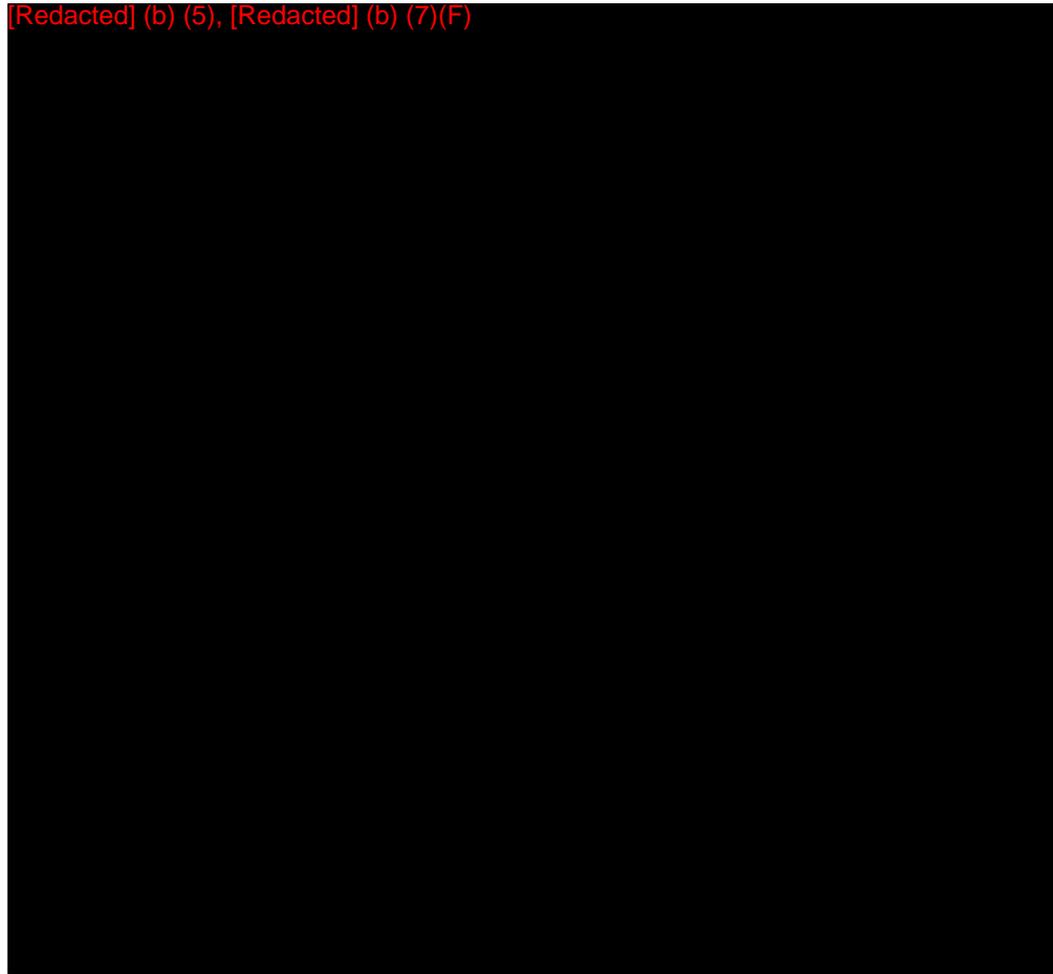
Post Comment

[Redacted] (b) (5), [Redacted] (b) (7)(F)

*Suggested Correction*

[Redacted] (b) (5), [Redacted] (b) (7)(F)

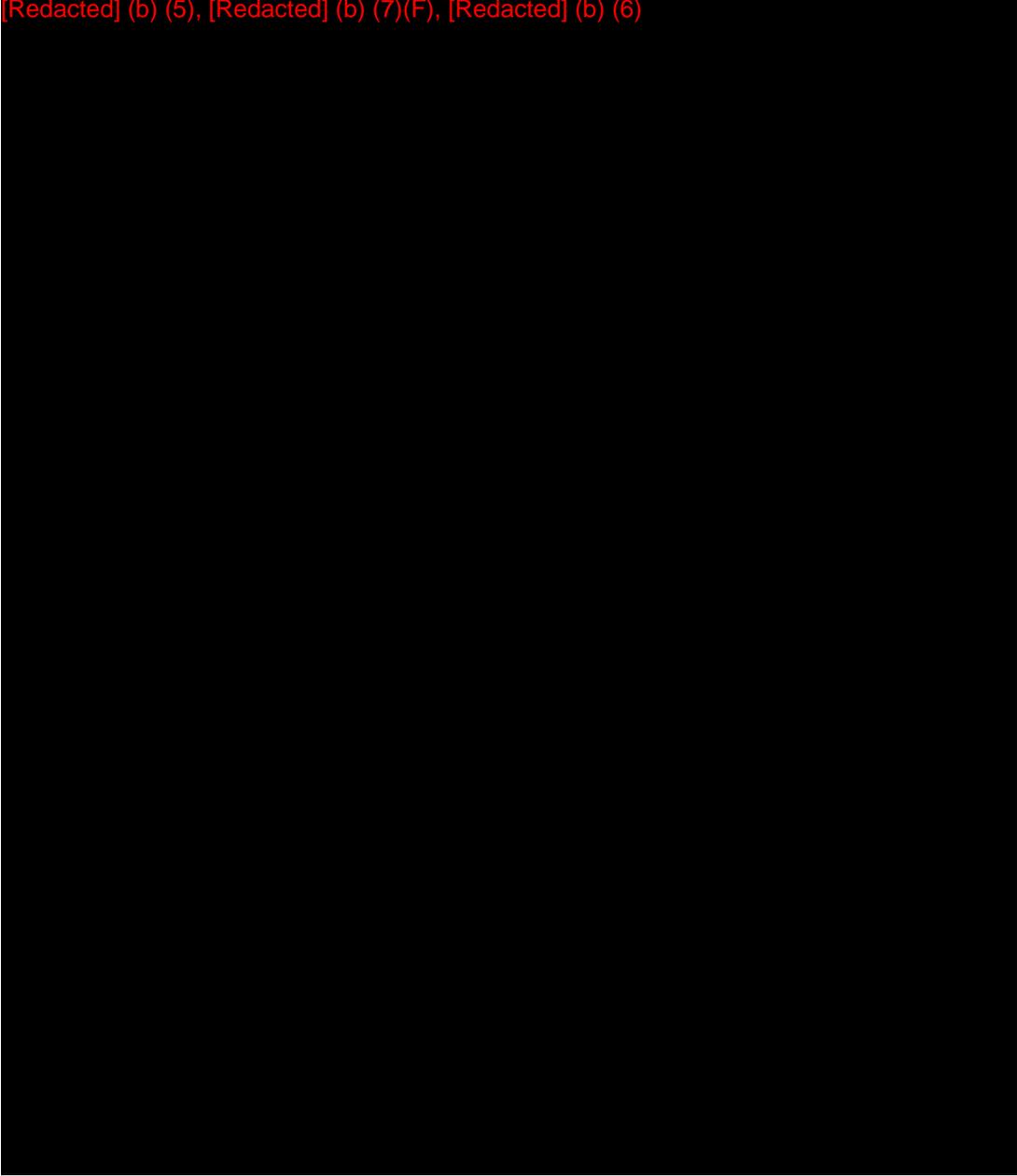
[Redacted] (b) (5), [Redacted] (b) (7)(F)



[Redacted] (b) (5), [Redacted] (b) (7)(F)



[Redacted] (b) (5), [Redacted] (b) (7)(F), [Redacted] (b) (6)



(U) Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response

[Redacted] (b) (5), [Redacted] (b) (7)(F)



April 9, 2014

Mr. Norman P. Brown  
Assistant Inspector General for Audits  
Office of Inspector General  
Office of Audits  
1700 N. Moore St., Suite [Redacted] (b) (6)  
Rosslyn, VA 22209

Dear Mr. Brown:

In response to the Office of Inspector General (OIG) findings regarding vetting requirements outlined in the Local Guard Program (LGP) contract not being in complete accordance with the contract terms due to the privacy laws in [Redacted] (b) (6), U.S. Embassy [Redacted] (b) (6) concurs with the OIG recommendation to modify the LGP contract.

The Office of Overseas Protective Operations (OPO) in conjunction with the Regional Security Office agrees to modify the contract accordingly. Upon notification from the OIG that there was a deficiency found in vetting personnel, the Regional Security Office was made aware that OPO assembled a working group to put forth recommendations to rectify vetting process shortfalls. Once the recommendations have been approved by the Diplomatic Security Service they will be distributed to the field for implementation.

[Redacted] (b) (6), [Redacted] (b) (5)

[Redacted] (b) (6), [Redacted] (b) (5), [Redacted] (b) (7)(F)

(U) Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response

[Redacted] (b) (5), [Redacted] (b) (7)(F)

~~SENSITIVE BUT UNCLASSIFIED~~  
MEMORANDUM

DATE: April 15, 2014  
TO: OIG – Norman P. Brown  
THRU: DCM – [Redacted] (b) (5), [Redacted] (b) (6)  
FROM: RSO – [Redacted]  
SUBJECT: OIG Audit of Contractor Compliance for Vetting Local Guards  
REFERENCE: OIG Letter to Ambassador [Redacted] (b) (6) dated April 2, 2014

Post thanks you for the opportunity to submit a compliance report reference the April 2014 OIG Audit of “Contractor Compliance with and Department of State Oversight of the Process Required for Vetting Local Guards.” RSO, in coordination with A/LM, is the action/coordinating entity for Recommendation Number 5. Post has reviewed the recommendation in the report and has the following update:

**Recommendation Number 5. OIG recommends that the Bureau of Administration, Office of Logistics Management, Office of Acquisitions Management, in coordination with Embassy [Redacted] (b) (5), [Redacted] (b) (6) modify the Local Guard Program contract to compensate for the privacy law limitations inherent to [Redacted] (b) (5) and implement an acceptable alternative to ensure background investigations are completed in accordance with contract requirements.**

Post Response: Post is currently in the process of soliciting a new guard contract. Companies must submit their bids by April 16, 2014. Post has conferred with A/LM and assesses that changing the solicitation to comply with Recommendation Number 5 at this time would delay the contract process. Instead, Post has coordinated with A/LM to issue a contract modification after the contract is awarded. The modification will make the following changes to the contract:

1. Remove all contractor requirements regarding police checks;
2. Remove all contractor requirements regarding credit checks;
3. Remove all contractor requirements regarding residence checks;

4. Remove all contractor requirements regarding checks of previous employment or previous supervisors.

As noted in the recommendation, these types of checks are illegal under [Redacted] privacy laws. As an alternative, Post currently treats prospective guards like any other Embassy employee with respect to receiving a Post badge. All guards undergo a background check conducted by Post Foreign Service National Investigators that includes:

1. Police criminal history check;
2. Residence check;
3. Previous Employment.

Financial Institutions in [Redacted] are zealous in protecting financial information, so Post has no alternate means to conduct a credit check.

Although [Redacted] privacy laws forbid entities from sharing medical information, prospective contractors can arrange their own medical exams and still certify to Post that prospective guards meet required medical standards.

(U) Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response

SENSITIVE BUT UNCLASSIFIED

[Redacted] (b) (5), [Redacted] (b) (7)(F)



April 24, 2014

MEMORANDUM  
~~SENSITIVE BUT UNCLASSIFIED~~

TO: Norman P. Brown, Assistant Inspector General for Audits  
THROUGH: [Redacted] (b) (5), [Redacted] (b) (7)(F), [Redacted] (b) (6)  
FROM: [Redacted]  
SUBJECT: Response to the Audit of Contractor Compliance with and Department of State Oversight of the Process Required for Vetting Local Guards in [Redacted] (b) (5), [Redacted] (b) (7)(F).

During its inspection, OIG found that required documentation was missing from the 69 local guard personnel files sampled. The most notable example was that 37 of 69 (54 percent) local guard personnel files were missing proof of the required hours of initial basic training. [Redacted] (b) (5), [Redacted] (b) (7)(F)

[Redacted] not all of the vetting requirements were completed before local guards were placed on duty.

OIG Recommendation: Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) ensure that [Redacted] (b) (5), [Redacted] (b) (7)(F) fulfills all contract requirements pertaining to background investigations and maintains the local guard personnel files in accordance with contract requirements.

RSO Response: In an effort to ensure [Redacted] (b) (5), [Redacted] (b) (7)(F) fulfills all contract requirements pertaining to background investigations and maintains the local guard personnel files in accordance with contract requirements, RSO [Redacted] (b) (5), [Redacted] (b) (7)(F) created a

~~SENSITIVE BUT UNCLASSIFIED~~

comprehensive file management review system to ensure 100% compliance. The implementation of the system included a historic review of all the local guard personnel files to ensure each file contained all vetting requirements and was in full compliance with all contractual obligations. Personnel files that were discovered to be non-compliant were directed to [REDACTED] (S), (Redacted) (b) (7)(F) for immediate action to ensure all missing documents required per the contract were fulfilled. On a continuous basis, the Local Guard Coordinator reviews 100% of the files in conjunction with the Contracting Officer Representative (COR). RSO [REDACTED] (Redacted) (b) (5), (Redacted) (b) (7)(F) considers all files 100% in compliance.

(U) Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Response

[Redacted] (b) (5), [Redacted] (b) (7)(F)

May 2, 2014

Norman P. Brown  
Assistant Inspector General for Audits  
Office of Inspector General (OIG)  
Office of Audits  
Washington, D.C.

Dear Mr. Brown:

In response to your request for Post's review and comment on the draft report *Audit of Contractor Compliance with and Department of State Oversight of the Process Required for Vetting Local Guards*, U.S. Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) agrees with the recommendation and offers the following comment:

The U.S. Embassy [Redacted] (b) (5), [Redacted] (b) (7)(F) Contracting Officer Representative (COR) Assistant Regional Security Office (ARSO) [Redacted] (b) (5), [Redacted] (b) (6) has spoken with [Redacted] (b) (5), [Redacted] (b) (6). They have discussed several possible courses of action that may be taken to ensure that guard force candidates are properly vetted within the terms of the contract. Because [Redacted] (b) (5), [Redacted] (b) (7)(F) lacks resources and is limited in record-keeping capabilities, the COR and OPO are working on a solution with AQM to modify the current contract and/or to create standards for alternative documentation that will be outlined in the solicitation for the 2015 contract.

Sincerely,

[Redacted] (b) (5), [Redacted] (b) (6)

## **(U) Major Contributors to This Report**

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TO REPORT ILLEGAL  
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