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December 2015

Compliance Follow-up Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts

AUDIT COMPLIANCE AND FOLLOWUP DIVISION

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What Kearney Audited

In March 2014, Kearney and Company, P.C. (Kearney), reported^a that the Department of State's (Department) process to request funds for physical security needs could be improved and that the Department did not have information to ensure that the highest priority physical security needs were funded.

The objective of this compliance follow-up audit was to determine the extent to which the Department had implemented the 10 Office of Inspector General (OIG) recommendations from the March 2014 report and whether the deficiencies identified in that report were fully addressed.

What OIG Recommends

OIG is reissuing three recommendations and making six new recommendations to address actions still to be taken, including implementing a monitoring plan for completing physical security surveys, populating the Deficiencies Database with currently available information, and developing and issuing a Long-Range Physical Security Plan. Based on DS's response to a draft of this report, OIG considers the five recommendations addressed to DS resolved, pending further action. OIG requested, but did not receive, a response from OBO. OIG therefore considers the four recommendations to OBO unresolved and will monitor implementation through the audit compliance process.

What Kearney Found

Kearney found that the Department had not taken action to fully address seven recommendations in the March 2014 report but had taken action to address the other three recommendations. Specifically, the Department developed new tools to identify and track physical security deficiencies to include a Physical Security Survey SharePoint Site and a Deficiencies Database. However, the Department had not fully implemented the tools. For example, the Department had completed only 10 percent of the required physical security surveys despite being 62 percent into its 3-year reporting cycle, and it had not populated the Deficiencies Database that was established in April 2015 with any data.

The recommendations made by OIG to improve the process to request funds for physical security needs have not been fully implemented for several reasons. For example, being behind schedule in completing physical security surveys affected the Department's ability to complete the Deficiencies Database. Additionally, the Department had not started populating the Deficiencies Database because sufficient resources were not allocated to this task. Without a populated database, action on two other recommendations related to prioritizing all deficiencies and developing and issuing a Long-Range Physical Security Plan could not proceed. Further, Kearney found that while a component of the Deficiencies Database was designed to provide information for vetting physical security needs, the information could not be sorted in a useful manner. Finally, for two recommendations related to tracking official funding requests, the Department did not provide support for the limited actions taken for one recommendation, and considered its existing process related to the second recommendation to be sufficient.

Until recommendations intended to improve the process to request and prioritize physical security needs are fully implemented, the Department will be unable to identify and address all physical security-related deficiencies and will be unable to make fully informed funding decisions based on a comprehensive list of physical security needs.

^a *Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts* (AUD-FM-14-17, March 2014).

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Compliance Follow-up Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts

Office of Inspector General
U.S. Department of State
Washington, D.C.

Kearney & Company, P.C. (Kearney), has performed a compliance follow-up audit of the process to request and prioritize physical security-related activities at overseas posts. This performance audit, performed under Contract No. SAQMMA14A0050, was designed to meet the objective identified in the report section titled "Objectives" and further defined in Appendix A, "Scope and Methodology," of the report.

Kearney conducted this performance audit from April through September 2015 in accordance with *Government Auditing Standards*, 2011 Revision, issued by the Comptroller General of the United States. The purpose of this report is to communicate the results of Kearney's performance audit and its related findings and recommendations.

Kearney appreciates the cooperation provided by personnel in Department of State offices during the audit.

A handwritten signature in blue ink that reads "Kearney & Company". The signature is written in a cursive, flowing style.

Kearney & Company, P.C.
Alexandria, Virginia
October 16, 2015

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OBJECTIVE

The overall objective of this audit was to determine whether the Department of State (Department) had taken appropriate action to implement the 10 recommendations from the March 2014 report *Audit of the Process to Request and Prioritize Physical Security-Related Activities at Overseas Posts* (AUD-FM-14-17) and whether the original deficiencies were fully addressed when final action had been taken. As part of this assessment, Kearney and Company, P.C. (referred to as "Kearney," "we," or "our" hereafter), advised the Office of Inspector General (OIG) as to whether the recommendations should be closed or reissued or whether new recommendations were needed.

BACKGROUND

Embassies have long been the target of terrorist attacks against the United States overseas. A fundamental component of protecting U.S. Government employees is maintaining sufficient physical security at overseas facilities. Physical security relates to physical measures—such as locked doors, perimeter fences, and other barriers—designed to protect facilities against access by unauthorized personnel (including attacks or intruders) and to safeguard personnel working in those facilities. The Department's Bureau of Diplomatic Security (DS) and the Bureau of Overseas Buildings Operations (OBO) share responsibility for ensuring that overseas facilities are safe and secure.

Responsibility

DS is responsible for providing a safe and secure environment for the conduct of U.S. foreign policy. Every diplomatic mission in the world operates under a security program designed and maintained by DS. DS is responsible for developing worldwide physical security standards, policies, procedures, and guidelines. It also provides support for new construction and major renovation projects abroad by ensuring conformance with physical security standards set by the Overseas Security Policy Board (OSPB). Chaired by the Assistant Secretary for DS, OSPB is responsible for implementing requirements from the Omnibus Diplomatic Security and Antiterrorism Act and Secure Embassy Construction and Counterterrorism Act (SECCA).¹

Regional Security Officers (RSO), who are employees of DS, serve as personal security advisors to the Chiefs of Mission on all security issues at overseas posts. RSOs are responsible for implementing and managing the Department's security and law enforcement programs abroad, and they identify security needs at posts and request funds for those needs.² DS Desk Officers

¹ The Omnibus Diplomatic Security and Antiterrorism Act of 1986 (Public Law 99-399; 22 U.S.C. 4802 et seq.) and the Secure Embassy Construction and Counterterrorism Act of 1999 (Public Law 106-113, div. B, sec. 1000(a)(7) [Appendix G – div. A, title VI]) are two of the major laws implemented to address physical security at U.S. diplomatic facilities.

² There are also Deputy RSOs, Assistant RSOs, and Post Security Officers, all of whom are assigned duties in ensuring the protection of a diplomatic mission in the absence of assignment of an RSO. For the purposes of this report,

provide post Management and RSOs with subject matter guidance and assistance. Desk Officers serve as the RSOs' points of contact for all physical security matters.

OBO is responsible for incorporating physical security standards, including SECCA and OSPB requirements, into building projects. OBO formulates and directs the implementation of building policies to provide safe, secure, and functional facilities overseas. OBO also determines priorities for the design, construction, acquisition, maintenance, utilization, and sale of real properties. In addition, OBO allocates the majority of the funding for physical security activities overseas, including physical security upgrades of existing facilities. Security upgrades consist of major upgrades, which are large-scale, multimillion-dollar projects, and minor upgrades, such as installing bollards and window grills, which are usually managed by posts.

Physical security deficiencies are identified in a number of ways. The Department's primary tool for identifying deficiencies is the physical security survey, which is completed by RSOs for each facility at overseas posts. The Department also identifies deficiencies during the process to grant waivers and exceptions to physical security standards, during OIG audits and inspections, during DS Post Security Program Reviews, and during the regular course of an RSO monitoring the post security environment.

Prior OIG Reports

The attacks on the Department's facilities in Benghazi, Libya, and other Department facilities in Egypt, Sudan, Tunisia, and Yemen in September 2012 brought renewed attention on the need to balance the safety and security of the Department's employees with the outreach efforts required to accomplish the Department's mission. As a result of this renewed attention, OIG initiated a series of security-related audits in 2013. Kearney, acting on behalf of OIG, performed an audit of the process for requesting and prioritizing funds for physical security-related activities at overseas posts. The objectives of this audit were (1) to identify the FY 2012 funding mechanisms and amounts expended for physical security-related activities at Department-owned or Department-operated buildings overseas, (2) to determine whether the process for posts to request funds for physical security needs was easy to use and was understood by post security officials, and (3) to determine the extent to which the Department used physical security funds for high-priority physical security needs at overseas posts during FY 2012.

In the subsequent audit report,³ OIG made 10 recommendations to the Department related to developing and implementing standard policies and procedures for requesting funds and responding to posts' requests; collecting and maintaining a comprehensive list of all posts' physical security deficiencies; developing and implementing formal, standardized processes to

Kearney will use the phrase "post security officer" to refer to any of the aforementioned officials with responsibility for protecting a U.S. diplomatic mission.

³ *Audit of the Process to Request and Prioritize Physical Security-Related Activities at Overseas Posts* (AUD-FM-14-17, March 2014).

prioritize physical security deficiencies; and better defining the roles and responsibilities of DS and OBO in these processes.

At the time of report issuance in March 2014, six of the recommendations (Nos. 1, 2, 3, 6, 8, and 9) were considered open but resolved, while four recommendations (Nos. 4, 5, 7, and 10) were considered unresolved. Prior to the beginning of this audit, based on compliance follow-up work conducted by OIG, three of the recommendations (Nos. 1, 3, and 5) were declared closed, while seven recommendations (Nos. 2, 4, 6, 7, 8, 9, and 10) were considered open and resolved, pending further action.

OIG considers a recommendation "unresolved," "resolved," or "closed" based on the actions that the Department has taken or plans to take with respect to the recommendation. An unresolved recommendation is one for which the Department has neither taken action nor stated how it plans to implement the recommendation. A resolved recommendation is one for which the Department has agreed to implement the recommendation or one in which the Department has begun, but not yet completed, actions to fully implement the recommendation. Open recommendations include both unresolved and resolved recommendations. A closed recommendation is one for which the Department has completed actions necessary to implement the recommendation and OIG has determined that no additional action is required.

As noted previously, in 2013, OIG issued a number of audit and inspection reports related to security at overseas posts. In some cases, the Department's actions in addressing recommendations in report AUD-FM-14-17 also impact the status of recommendations in other OIG reports. For example, in its reports *Audit of Department of State Compliance With Physical and Procedural Security Standards at Selected High Threat Level Posts*⁴ and *Audit of Department of State Compliance With Physical Security Standards at Selected Posts Within the Bureau of African Affairs*,⁵ OIG made recommendations that the Department should have certain prioritized lists of physical security deficiencies and that the Department should address those deficiencies. In addition, in the report *Review of Overseas Security Policy Board Exceptions and Security Embassy Construction and Counterterrorism Act of 1999 Waivers*,⁶ OIG reported that DS had not adequately tracked exceptions granted to the OSPB physical security standards or SECCA waivers of collocation and setback. The impact on the status of other recommendations was considered during the planning and performance of this compliance follow-up audit.

AUDIT RESULTS

Kearney found that the Department had not taken action to fully address seven recommendations made in the March 2014 report. Although DS developed new tools to identify and track physical security deficiencies to include a Physical Security Survey SharePoint Site and a Deficiencies Database, the Department had not fully implemented the tools. In addition, the

⁴ AUD-SI-13-32, Jun. 2013.

⁵ AUD-HCI-13-40, Sept. 2013.

⁶ ISP-I-13-06, Jan. 2013.

Department had completed only 10 percent of the required physical security surveys despite being 62 percent into its 3-year reporting cycle,⁷ and it had not populated the Deficiencies Database that was established in April 2015 with any data. Kearney also found that OBO made minimal progress in addressing four of the seven recommendations addressed to it in part because it was awaiting the full implementation of DS's Deficiencies Database before taking corrective actions. Finally, Kearney determined that the Department completed sufficient corrective actions to close one recommendation issued to DS and two recommendations issued to both DS and OBO.

For one recommendation, which was related to the development of an implementation plan for the Physical Security Survey Site, DS had completed corrective actions to implement the recommendation. However, the original deficiency was not fully corrected by that action because DS was behind schedule in completing physical security surveys for the Department's approximately 1,400 overseas facilities. Additionally, a recommendation to DS regarding the development and implementation of a process to collect and maintain a comprehensive list of all physical security-related deficiencies was not completed because DS did not allocate sufficient resources to help implement and manually populate the new Deficiencies Database. Without a populated database, action on two OBO recommendations related to prioritizing all deficiencies and developing and issuing a Long-Range Physical Security Plan could not proceed. Further, while a component of the Deficiencies Database was designed to provide information for vetting physical security needs, the information could not be sorted in a useful manner. Further, a recommendation to OBO that related to documenting all formal requests made for physical security funding had not been implemented because OBO considered its existing process to be sufficient. Finally, according to OBO officials, actions to address a recommendation regarding the development and implementation of a process to respond to all formal requests for physical security-related funding had been implemented, but OBO did not provide documentation to verify implementation. Therefore, this recommendation remains open until OBO provides evidence that demonstrates the recommendation has been fully implemented.

Kearney concluded that until recommendations intended to improve the process to request and prioritize physical security needs are fully implemented, the Department will be unable to identify and address all physical security-related deficiencies. Further, the Department will be unable to make informed funding decisions based on a comprehensive list of physical security needs.

Based on the results of this compliance follow-up audit, OIG is closing all 10 of the recommendations from report AUD-FM-14-17 with the issuance of this report. However, OIG is reissuing three recommendations as originally written (Nos. 7–9 in this report) and making six new recommendations (Nos. 1–6 in this report) to address actions still to be taken. The actions

⁷ The Foreign Affairs Manual, 12 FAM 425a, "Regional Security Officer (RSO) Reporting Requirements," requires surveys to be completed for each facility on post once every 3 years.

include implementing a monitoring plan to help the Department meet its original deadline for completing physical security surveys, populating the Deficiencies Database with currently available information, refining the process to vet deficiencies in the Deficiencies Database, and developing and issuing a Long-Range Physical Security Plan.

In addition to responding to the recommendations addressed to it, DS provided technical comments to a draft of this report (see Appendix C). These comments were considered and modifications were made to this report as appropriate. DS responses and OIG replies concerning the recommendations addressed to DS follow each recommendation in the body of this report. OIG requested, but did not receive, comments from OBO. As such, the implementation of the four recommendations addressed to OBO will be monitored during the audit compliance process and reported to Congress in OIG's upcoming Semiannual report.

Finding A: DS and OBO Need To Take Further Corrective Action To Address Seven Open Recommendations

AUD-FM-14-17 Recommendation 5

OIG recommended that the Bureau of Diplomatic Security develop an implementation plan for the new SharePoint physical security survey tool. This implementation plan should establish a reasonable deadline for all posts to populate the tool with information on physical security deficiencies and should ensure that the tool has the functionality needed to generate sufficient reports in order to more easily determine posts' physical security needs.

Background

In the March 2014 report, a primary cause for not having a comprehensive list of physical security needs was that physical security deficiencies identified in the physical security surveys were not compiled and tracked by DS. The physical security survey is an important tool for the Department to determine facilities' compliance with physical security standards. The survey requires that a post official evaluate various aspects of a facility's physical security environment, ultimately determining whether the facility meets OSPB physical security standards for each category⁸ or whether there is a deficiency. Per the Department's Foreign Affairs Manual (FAM),⁹ surveys are required to be completed for each facility on post once every 3 years.

Kearney found that the survey used before September 2013 was not designed in a manner that enabled the RSOs to complete it efficiently or for the DS Desk Officer to interpret the results easily because the survey did not always clearly illustrate what aspects of physical security were

⁸ Categories of physical security standards include perimeter walls and fences, building setback, building exterior, and compound access controls. Every facility should meet standards set for each category as defined by OSPB.

⁹ 12 FAM 425a.

deficient. The ineffectively designed physical security survey prevented the Department from using the information to compile a comprehensive list of physical security deficiencies.

OIG closed Recommendation 5 in January 2015 in response to a DS memorandum to OIG in December 2014 detailing the actions DS had taken to address the recommendation. Specifically, DS officials stated that the Physical Security Survey Site had been implemented, and they provided OIG with evidence of the site's design and functionality. In its conclusion, OIG stated that the implementation of the site eliminated the need for an implementation plan and closed the recommendation.

Compliance Follow-up Audit Results

In September 2013, DS launched the SharePoint-based Physical Security Survey Site, which modified the process and forms for post security officers to complete the mandatory facility surveys. The Physical Security Survey Site contains new survey templates for use on different types of facilities, for example, the chancery or warehouse. Survey questions address physical security standards for each facility type and require respondents to explicitly answer whether the standard has been met. Each survey must go through an electronic review and approval process prior to being published. The published surveys serve as the final approved source for posts' compliance with physical security standards.

At the time of this audit, the new physical security survey had not been completed for all overseas facilities. DS officials stated that there are approximately 1,400 facilities worldwide that require a survey. Because the 3-year survey reporting cycle began in September 2013 with the launch of the new Physical Security Survey Site, DS expected surveys for every facility worldwide to be completed by September 2016. As of July 15, 2015, DS was approximately 62 percent through its first reporting cycle in terms of elapsed time. However, as of July 15, 2015, only 477 surveys (34 percent of the Department's facilities) had been started in the Physical Security Survey Site. Of those surveys that had been started, only 143 (about 10 percent of the Department's facilities) had been completed.

DS officials stated that of the surveys that had been started but not completed (334 of the 477), most were awaiting action by post to complete and submit the survey. DS officials also stated that officials in two different DS offices had been contacting posts to remind them to complete their surveys.

DS officials stated that DS will rely on the completed physical security surveys to assess compliance with security standards and develop a comprehensive list of physical security deficiencies. Without a comprehensive list of physical security deficiencies, the Department will continue to make prioritization and funding decisions based on incomplete information.

Status

With this report, OIG is issuing Recommendations 1 and 2 to address the Department's delays in populating the Physical Security Survey Site.

Recommendation 1: OIG recommends that the Bureau of Diplomatic Security establish a monitoring plan to assist it in achieving its stated goal to complete the physical security surveys by September 2016. The monitoring plan should consist of critical tracking metrics such as key interim milestones, percentage of completion, and other status or performance indicators to assess progress against stated goals.

Management Response: DS concurred with the recommendation (see Appendix C).

OIG Reply: Based on DS's concurrence, OIG considers this recommendation resolved. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has established a monitoring plan that tracks progress in achieving its stated goal of completing the physical security surveys by September 2016.

Recommendation 2: OIG recommends that the Assistant Secretary for the Bureau of Diplomatic Security send a cable to all post security officers and applicable post management emphasizing the importance of completing physical security surveys on time. The cable should instruct posts to dedicate sufficient resources to post security officers to meet their deadlines.

Management Response: DS concurred with the recommendation.

OIG Reply: Based on DS's concurrence, OIG considers this recommendation resolved. This recommendation will be closed when OIG receives and accepts documentation demonstrating that the Assistant Secretary for DS has sent a cable to post security officers and post management emphasizing the importance of completing physical security surveys on time and instructing them to dedicate sufficient resources to meet their deadlines.

AUD-FM-14-17 Recommendation 4

OIG recommended that the Bureau of Diplomatic Security (DS), in coordination with the Bureau of Overseas Buildings Operations (OBO), develop and implement a process to collect and maintain a comprehensive list of all posts' physical security-related deficiencies. The list of physical security deficiencies should include all needs, not just those that have been approved or instances of noncompliance with standards. The process should also require that the list be updated when new physical security deficiencies are identified. If DS and OBO elect to use the DS SharePoint Tool as the basis for maintaining a list of physical security needs, DS should ensure that OBO's requirements are integrated into the development of the tool and that OBO has sufficient access to the information.

Background

In the March 2014 report, Kearney found that the Department did not have information to ensure that the highest priority security needs were funded. Specifically, DS did not have a comprehensive list of all physical security deficiencies. Without a comprehensive list of physical security needs, the Department could not ensure that it funded the highest priority needs, nor could it make an objective determination regarding which projects were high priority. Significant physical security deficiencies may not be funded and corrected, which leaves some posts more vulnerable to threats.

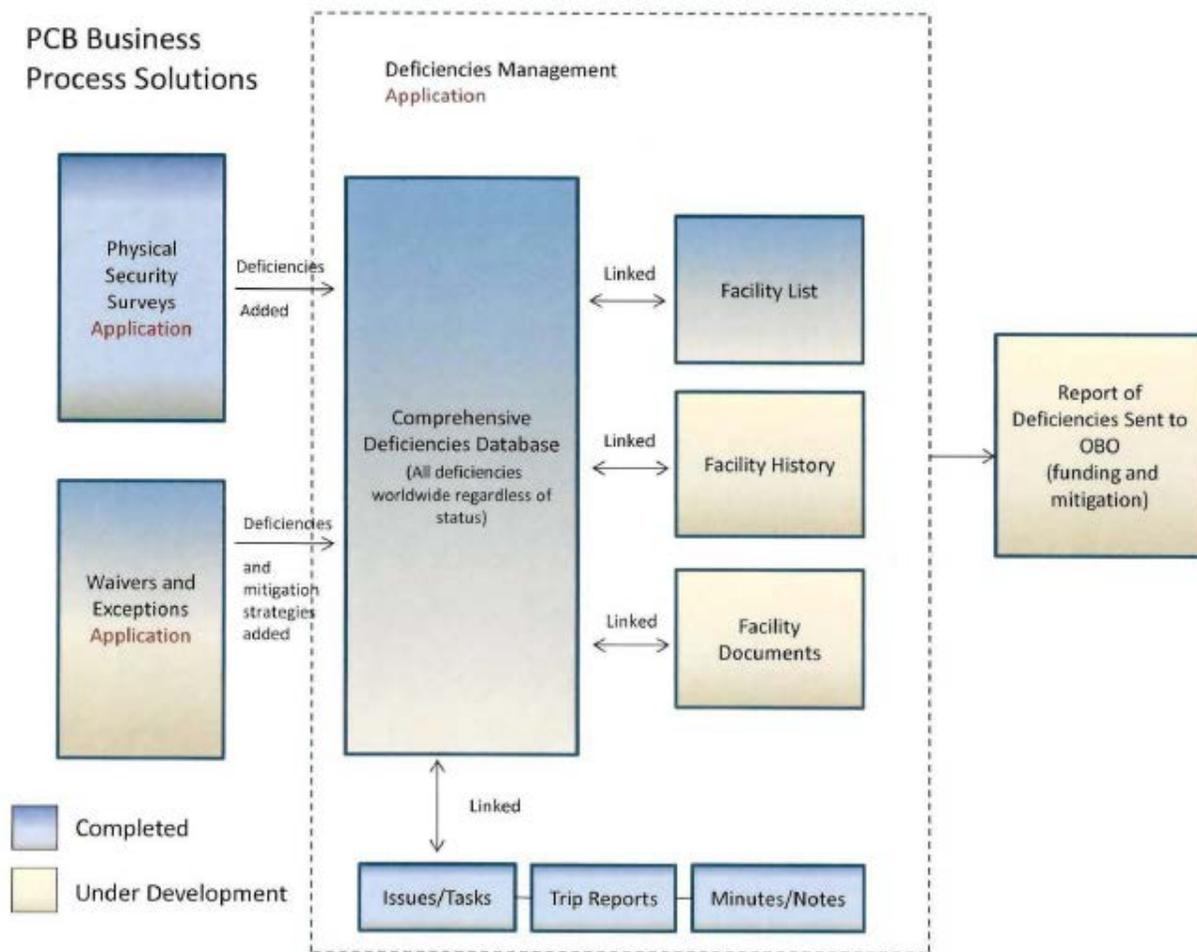
In addition to the physical security deficiencies identified via physical security surveys, two other major sources of physical security deficiencies are waivers and exceptions. Waivers and exceptions are granted by DS when a post cannot meet SECCA or OSPB requirements—for example, because of physical limitations of the property that do not allow for an adequate setback. Post security officials are responsible for identifying mitigation strategies when submitting requests for waivers and exceptions. Mitigation strategies are additional security measures that post can implement to bring the facility as close as possible to meeting physical security standards. If mitigation strategies have yet to be implemented, DS considers them physical security deficiencies.

Compliance Follow-up Audit Results

In April 2015, DS launched a SharePoint application called the “Deficiencies Database,” which will serve as the Department’s comprehensive list of physical security needs. DS will populate the database manually with deficiencies identified via physical security surveys, waivers, exceptions, and other less-formal sources.¹⁰ OBO officials confirmed that their requirements were included in the design of the tool—specifically, an automated scoring and prioritization system for each deficiency. Exhibit 1 displays the business process to manage identified deficiencies, including key sources, database management, links to facilities management files, and system outputs.

¹⁰ DS had initially intended deficiencies to be automatically populated into the Deficiencies Database from the physical security surveys; however, formatting issues in how deficiencies were presented in the survey, as well as inherent limitations in SharePoint’s capabilities, made it necessary for the process to be done manually.

Figure 1: DS Deficiencies Database Process Chart



Source: Bureau of Diplomatic Security, Countermeasures Directorate, Office of Physical Security Programs

However, as of August 2015, DS had not populated the Deficiencies Database with available information, including the results of published physical security surveys. DS officials responsible for the design, implementation, and oversight of the Deficiencies Database stated that they did not have sufficient resources to begin the manual data entry of available information. DS officials further stated that DS was waiting for the Department to hire a new employee to join the team and has plans for this new employee to be the primary point of contact for and administrator of the database.

In addition, DS did not have documented policies and procedures on how to take deficiencies identified in physical security surveys, waivers, exceptions, and other sources and manually populate them into the Deficiencies Database. Further, although DS officials stated that they planned to include all deficiencies identified by post security officials in the database, they had not yet fully developed a process on how to handle deficiencies communicated to DS and OBO through more informal channels, such as via emails, rather than through surveys, waivers, and exceptions.

DS addressed elements of the original recommendation by developing the necessary tools to collect and maintain a comprehensive list of security needs. However, the tool had not been implemented, as DS did not populate the database with currently available information. DS also did not have documented policies and procedures on how deficiencies would be populated in the database from its sources,¹¹ including an acceptable timeframe to log deficiencies once they had been identified.

Status

With this report, OIG is closing Recommendation 4 from the March 2014 report and issuing Recommendations 3 and 4 to address delays in populating the Deficiencies Database as well as the lack of documented policies and procedures detailing how to populate the Deficiencies Database.

Recommendation 3: OIG recommends that the Bureau of Diplomatic Security (DS) populate the Deficiencies Database no later than December 31, 2015, with deficiencies identified as of September 1, 2015. If DS cannot populate the Deficiencies Database with available information by December 31, 2015, DS must provide a justification for the delay and a revised schedule for accomplishing the task as soon as possible.

Management Response: DS concurred with the recommendation.

OIG Reply: Based on DS's concurrence, OIG considers this recommendation resolved. This recommendation will be closed when OIG receives and accepts documentation demonstrating that physical security deficiencies identified by DS as of September 1, 2015, had been populated into the Deficiencies Database by December 31, 2015.

Recommendation 4: OIG recommends that the Bureau of Diplomatic Security develop and implement standard policies and procedures for populating the Deficiencies Database with deficiencies from all potential sources. The policies and procedures should include specified timeframes for populating deficiencies into the database and approving them within reasonable timeframes once deficiencies have been identified.

Management Response: DS concurred with the recommendation.

OIG Reply: Based on DS's concurrence, OIG considers this recommendation resolved. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS developed and implemented policies and procedures for populating the Deficiencies Database and that the policies and procedures include timeframes for

¹¹ Sources of deficiencies that will populate the database include physical security surveys, waivers, and exceptions to physical security standards; OIG audits and inspections; DS Post Security Program Reviews; and informal RSO correspondence.

populating deficiencies into the database and approving them within reasonable timeframes.

AUD-FM-14-17 Recommendation 7

OIG recommended that the Bureau of Diplomatic Security develop and implement a formal standardized process to vet informal physical security-related funding requests made by posts, which would include documenting all informal requests made by posts for physical security funding, not just the requests that have been approved, and the disposition of those requests.

Background

In the March 2014 report, Kearney found that both DS and OBO did not have a formal process to prioritize physical security needs. Specifically, the process used by DS to review posts' initial informal requests was often performed by one individual without documented standards and guidance. There was no standard template for posts to make requests or formal standards or guidance for the Desk Officers to use to make their determinations. Instead, each Desk Officer used his or her own experience and knowledge about the funding process to determine whether to encourage posts to submit a formal request to OBO for funding. As a result, accountability could not be established without documentation supporting all post requests, both informal and formal, and the disposition, including the denial, of those requests.

Compliance Follow-up Audit Results

DS officials responsible for the design, implementation, and oversight of the Deficiencies Database stated that they envisioned that the database would include informal and formal requests and that the vetting of each request would be a standard part of the deficiencies management process (see Figure 1). DS developed a separate business process flowchart adequately summarizing the steps for vetting a deficiency, either formal or informal. The Deficiencies Database also includes a data field indicating whether a deficiency is vetted (Yes/No), as well as a vetting comments field for reviewers to provide additional information about the vetting decision.

Although DS has the described vetting fields in the Deficiencies Database for each deficiency, the fields do not clearly indicate the results of the vetting process. The "Yes/No" indicator for whether or not a deficiency has been vetted does not inform an end user if the vetting process found the deficiency to be valid. The intent of the original recommendation was to ensure that unapproved deficiencies or requests would be documented in the database, along with a justification as to why the deficiency was found to be invalid.

DS should establish a separate indicator to adequately capture the results of the vetting process, whether valid or invalid, to improve transparency and accountability of the vetting decision-making process. The separate indicator will also provide enhanced functionality that will allow

end users, such as OBO, to sort or filter the data to take only valid deficiencies into consideration for funding and remediation decisions.

Status

With this report, OIG is closing Recommendation 7 from the March 2014 report and issuing Recommendation 5 in this report to factor in the planned functionality of the DS Deficiencies Database.

Recommendation 5: OIG recommends that the Bureau of Diplomatic Security (DS) update the Deficiencies Database to include a data field to track the results of the vetting process as either valid or invalid. If DS concludes that a deficiency is not valid, a justification for this conclusion should be required within the vetting comments field.

Management Response: DS concurred with the recommendation.

OIG Reply: Based on DS's concurrence, OIG considers this recommendation resolved. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS updated the Deficiencies Database to include a data field to track the results of the vetting process as either valid or invalid, as well as evidence that DS requires documented justifications for deficiencies determined to be invalid.

AUD-FM-14-17 Recommendation 6

OIG recommended that the Bureau of Overseas Buildings Operations develop and implement a formal process to document all formal requests made by posts for physical security funding, not just the requests that have been funded or approved, and the disposition of those requests.

Background

In the March 2014 report, Kearney found that OBO did not maintain a list of posts' FY 2012 requests for physical security funding and the disposition of those requests. OBO officials stated that OBO's policy is to fund all requests for projects that are needed to bring the posts into compliance with OSPB standards and that they did not believe it was necessary to track post requests that were not funded because denials were issued infrequently. However, without a complete list of the formal requests, Kearney could not determine whether or how many formal requests were made and how many of those requests were denied. Accountability cannot be established without documentation supporting all post requests, both informal and formal, and the disposition, including the denial, of those requests.

Compliance Follow-up Audit Results

Kearney found that OBO, as of July 2015, still had not documented all formal requests made by posts for physical security funding, including the disposition of those requests. As Kearney

reported in the original March 2014 report, OBO considers only requests sent via cable to be formal requests for funding. OBO's rationale for not documenting all formal requests is the same now as it was during the original audit: OBO generally funds all valid requests for physical security upgrades and therefore would rarely have any rejections to track.

The DS Deficiencies Database will require that all formal and informal physical security requests be tracked, consistent with the process to identify and log all physical security deficiencies. This will eliminate the need for OBO to maintain a separate tracking system. However, OBO maintains responsibility for reviewing valid deficiencies and requests and for making funding decisions. To address the intent of the original recommendation, OBO should leverage the information from the Deficiencies Database to track the funding status of all requests, including approvals and denials.

Status

With this report, OIG is closing Recommendation 6 from the March 2014 report and issuing Recommendation 6 in this report to factor in the planned functionality of the DS Deficiencies Database.

Recommendation 6: OIG recommends that the Bureau of Overseas Buildings Operations develop and implement a method to track the funding status of every physical security deficiency identified by the Bureau of Diplomatic Security in the Deficiencies Database.

Management Response: OIG requested, but did not receive, a response from OBO regarding this recommendation.

OIG Reply: OIG considers this recommendation unresolved and will follow up on OBO's planned and implemented corrective actions during the audit compliance process. This recommendation can be resolved when OIG receives and accepts OBO's concurrence and a corrective action plan, including milestones for implementation. This recommendation can then be closed when OIG receives and accepts documentation demonstrating that OBO has developed and implemented a method to track the funding status of every physical security deficiency identified in the Deficiencies Database.

AUD-FM-14-17 Recommendation 8

OIG recommended that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and implement formal standardized processes to prioritize physical security-related deficiencies at posts by category, such as major physical security upgrades, forced-entry/ballistic-resistant projects, and minor physical security upgrades. The prioritizations should be performed based on a comprehensive list of all physical security needs and should be periodically updated based on changes in risk factors or posts' needs. The processes used to perform the prioritizations should be documented and repeatable. In addition, in developing the processes, consideration should be given to how the Overseas

Security Policy Board standards will be utilized, what risk factors will be considered, and what impact upcoming major rehabilitation projects or new construction would have on the prioritized rankings.

Background

In the March 2014 report, Kearney found that the processes used by OBO to determine which formal requests for major and minor physical security upgrades should be funded were often performed by one individual without documented standards and guidance. There were no documented standards or guidance for prioritizing major or minor physical security upgrade projects. One individual, an OBO program manager, received all formal requests for funding and determined the priority of the projects. The lack of formal prioritization processes and standards may result in inconsistent funding decisions on similar physical security deficiencies at posts. In addition, the lack of documentation of decisions made during the request and prioritization processes will also make it difficult to identify breakdowns in the process and correct them before incidents, such as an attack, occur.

Compliance Follow-up Audit Results

Kearney found that OBO was awaiting DS's comprehensive list of physical security needs from the Deficiencies Database before OBO is able to fully implement this recommendation. OBO officials stated that they plan to rely on the scoring methodology featured in the Deficiencies Database for prioritizing deficiencies and making funding decisions. DS officials stated that DS plans to implement an automated scoring methodology into the Deficiencies Database, which will assign a prioritization score to every deficiency based on factors such as facility occupancy and deficiency category (for example, perimeter wall, setback, or illumination). However, until OBO receives the information from the fully implemented Deficiencies Database, it will not be able to perform a complete prioritization for funding purposes based on a comprehensive list of physical security needs.

Status

OIG is closing Recommendation 8 from the March 2014 report and reissuing it as it was originally written in the March 2014 report as Recommendation 7 in this report.

Recommendation 7: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and implement formal standardized processes to prioritize physical security-related deficiencies at posts by category, such as major physical security upgrades, forced-entry/ballistic-resistant projects, and minor physical security upgrades. The prioritizations should be performed based on a comprehensive list of all physical security needs and should be periodically updated based on changes in risk factors or posts' needs. The processes used to perform the prioritizations should be documented and repeatable. In addition, in developing the processes, consideration should be given to how the Overseas Security Policy Board standards will be

utilized, what risk factors will be considered, and what impact upcoming major rehabilitation projects or new construction would have on the prioritized rankings.

Management Response: OIG requested, but did not receive, a response from OBO regarding this recommendation.

OIG Reply: OIG considers this recommendation unresolved and will follow up on OBO's planned and implemented corrective actions during the audit compliance process. This recommendation can be resolved when OIG receives and accepts OBO's concurrence and a corrective action plan, including milestones, for implementation. This recommendation will be closed when OIG receives and accepts documentation demonstrating that OBO has developed and implemented formal standardized processes to prioritize physical security-related deficiencies at posts by category. The prioritizations should be performed based on a comprehensive list of all valid physical security needs and should be updated based on changes in risk factors or posts' needs. The processes used to perform the prioritizations should be documented and repeatable. In addition, in developing the processes, consideration should be given to how the Overseas Security Policy Board standards will be utilized, what risk factors will be considered, and what impact upcoming major rehabilitation projects or new construction would have on the prioritized rankings.

AUD-FM-14-17 Recommendation 10

OIG recommended that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and issue a Long-Range Physical Security Plan.

Background

In the March 2014 report, Kearney found that the Department did not have a comprehensive long-range physical security plan. A long-range plan helps an organization focus on critical needs and provides a sense of direction and purpose. Long-range plans also make day-to-day operations more effective and can be used as the vehicle to guide decision-making for spending. Having a Long-Range Physical Security Plan would be beneficial to OBO, DS, and all other stakeholders interested in the Department's physical security needs, and it would increase the transparency of the funding process.

Compliance Follow-up Audit Results

Kearney found that OBO was awaiting DS's comprehensive list of physical security needs from the Deficiencies Database before it is able to fully implement this recommendation. OBO officials stated that they were deliberating the merit of a long-range plan and in what format it would be developed and published. OBO officials were also waiting to receive the comprehensive list of physical security deficiencies from DS before making a final decision on the form and content of a Long-Range Physical Security Plan and on whether it is worth the cost of development.

Having a long-range plan—whether a formal published document or an internal report—can provide the Department with an important tool to justify requests for funds specifically for physical security upgrades. Currently, OBO's annual budgeting process includes requesting enough money to cover planned major upgrade projects, as well as estimates for minor upgrade projects. However, a long-range plan with cost estimates would give OBO budgeting information for all deficiencies and needed upgrades, not just for near-term projects. Further, post security officials will be able to tell whether or not a specific deficiency has been approved for funding and, if so, an estimate of how long it will take until that project can be funded. This will create a more transparent process for physical security stakeholders and align OBO funding capabilities with posts' expectations. In addition, post security officials will know when to expect a physical security upgrade, thereby affording them the opportunity to create mitigation strategies if the upgrade will not be funded in the near future.

Status

OIG is closing Recommendation 10 from the March 2014 report and reissuing it as it was originally written in the March 2014 report as Recommendation 8 in this report.

Recommendation 8: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and issue a Long-Range Physical Security Plan.

Management Response: OIG requested, but did not receive, a response from OBO regarding this recommendation.

OIG Reply: OIG considers this recommendation unresolved and will follow up on OBO's planned and implemented corrective actions during the compliance process. This recommendation can be resolved when OIG receives and accepts OBO's concurrence and a corrective action plan, including milestones for implementation. This recommendation will be closed when OIG receives and accepts documentation demonstrating that OBO has developed and issued a Long-Range Physical Security Plan.

AUD-FM-14-17 Recommendation 2

OIG recommended that the Bureau of Overseas Buildings Operations develop and implement a process to respond to posts' formal requests for physical security related funding, which should include commitments to respond within certain timeframes.

Background

Based on the results of an OIG questionnaire to post security officials performed for the March 2014 report,¹² OIG found that OBO's responses to funding requests for physical security needs were often insufficient and untimely. Of the security officials who responded to the OIG questionnaire, 30 percent indicated that OBO's assistance throughout the process of requesting funds was either "untimely" or "very untimely." An increase in the number of requests because of increased requirements or risks may make the existing informal system less able to accommodate the requests in a manner that ensures that critical physical security needs are addressed effectively and in a timely manner.

Compliance Follow-up Audit Results

OBO officials stated that cables requesting funds for any purpose, including for physical security upgrades, are tracked by two different offices in OBO. Per OBO officials, these tracking mechanisms note the cable number, the date received, the responsible office (for action), and the response date. OBO officials stated that they receive weekly notifications from both offices, which remind them to respond to cables within 2 weeks of receipt.

Kearney requested copies of both cable tracking tools from audit liaisons in OBO; however, we did not receive any supporting documentation for these requests prior to the end of the audit fieldwork. Although OBO officials stated that these tools were provided to them on at least a weekly basis, they were unable to provide evidence of such to Kearney over a 6-week period to ensure the closing of this recommendation.

Status

OIG is closing Recommendation 2 from the March 2014 report and reissuing it as it was originally written in the March 2014 report as Recommendation 9 in this report.

Recommendation 9: OIG recommends that the Bureau of Overseas Buildings Operations develop and implement a process to respond to posts' formal requests for physical security-related funding, which should include commitments to respond within certain timeframes.

Management Response: OIG requested, but did not receive, a response from OBO regarding this recommendation.

OIG Reply: OIG considers this recommendation unresolved and will follow up on OBO's planned and implemented corrective actions during the audit compliance process. This recommendation can be resolved when OIG receives and accepts OBO's concurrence and a corrective action plan, including milestones, for implementation. The recommendation will

¹² Physical-Security Funding Questionnaire (July 2013).

be closed when OIG receives and accepts documentation demonstrating that OBO has developed and implemented a process to respond to posts' formal requests for physical security-related funding, including commitments to respond within certain timeframes.

Finding B: DS and OBO Actions Were Sufficient To Meet the Intent of Three Open Recommendations

AUD-FM-14-17 Recommendations 1 and 3

Recommendation 1: OIG recommended that the Bureau of Diplomatic Security, in coordination with the Bureau of Overseas Buildings Operations, develop and implement standard policies and procedures for requesting funds for physical security-related needs and document the policies and procedures in a manner that is easily accessible by post security officials (for example, in a "physical security funding handbook"). Consideration should be given to how the SharePoint tool currently in development can be used to simplify the request processes.

Recommendation 3: OIG recommended that the Bureau of Diplomatic Security develop and implement a methodology to periodically communicate the processes to request funds for physical security-related needs to all post security officials.

Background

Based on responses from post security officials to an OIG questionnaire, as well as discussions with officials from DS and OBO, Kearney determined that there was a lack of standard documented policies and procedures for requesting physical security funds. Some respondents to the questionnaire stated that the process was confusing or difficult and that training related to requesting funds for physical security needs was not sufficient.

As a result of the issues cited in the questionnaire, post security officials may be dissuaded from submitting requests for funding, potentially leaving posts more vulnerable to an attack that could result in the destruction of property, injury, or loss of life. Further, post security officials who do not understand the request process may submit inadequate requests (for example, insufficient supporting documentation), which would require further rework and resubmission and could delay the process for obtaining funds for physical security needs.

Compliance Follow-up Audit Results

Kearney found that DS developed guidance in December 2014 titled "How to Request Funds for Physical Security Projects," which adequately addresses Recommendation 1 from the original March 2014 report. The guidance lays out the process for what a post security official must do before sending out a formal cable request for funds for physical security needs. In addition, the guidance provides instructions for what information the cable must include and OBO's responsibility for the project after the formal request has been made. Kearney also found that DS permanently posted the new guidance on its Physical Security Survey Site to address

Recommendation 3. Users may identify the guidance via a hyperlink titled "How to Request Funding," which is accessible from the home page. The link is easily visible to visitors of the site, and it does not require the visitors to open other menus before they see the link.

In addition, DS and OBO developed other supplemental guidance to further clarify and communicate the process to request funds for physical security needs. For example, the RSO Basic Regional Security Officer Course details the process to request funds for physical security needs. In addition, both DS and OBO developed a variety of internal guidance (for example, flowcharts) that summarizes the process, including the responsibilities of each bureau involved.

Status

Recommendations 1 and 3 from the March 2014 report are closed.

AUD-FM-14-17 Recommendation 9

OIG recommended that the Bureau of Diplomatic Security (DS) and the Bureau of Overseas Buildings Operations (OBO) better define the roles and responsibilities of each bureau to ensure that both bureaus are fully involved in the process to prioritize and fund physical security needs at posts. As part of developing these roles and responsibilities, a process should be established to have a neutral party review and make decisions when disagreements arise about funding decisions between OBO and DS.

Background

Based on responses from post security officials to the OIG questionnaire described in the preceding section, some respondents expressed confusion about the roles and responsibilities of DS and OBO in the process to request funds for physical security needs. In addition, during discussions with officials from DS and OBO, Kearney found that coordination between DS and OBO in the prioritization and/or the decision-making process was not sufficient. Further, there was no formal process in place for DS to object to OBO's decisions.

Compliance Follow-up Audit Results

Kearney found that the Department developed guidance that clearly defines the roles and responsibilities of DS and OBO in the process to request and prioritize funds for physical security-related activities. For example, in response to Recommendation 1 from report AUD-FM-14-17, as discussed previously, DS created the guidance titled "How to Request Funds for Physical Security Projects," which is available to all post security officials via the Physical Security Survey Site. This guidance details the role that each bureau has when a post requests funds for physical security needs. In addition, the Basic Regional Security Officer Course, which is the initial training given to all RSOs, helps define the role of each bureau and relevant offices in the overall process. DS and OBO also developed a number of internal documents that illustrated their respective roles and how they coordinate with other bureaus and offices.

DS and OBO agreed to a set of procedures for resolving disagreements regarding the funding or prioritization of projects. If the two bureaus initially disagree on an issue at the office level, then the issue will be deliberated at the weekly risk meeting between upper-level DS and OBO officials. If the two bureaus still cannot come to an agreement at these meetings, the issue will be raised to the Under Secretary for Management for a final decision. The Under Secretary for Management oversees both DS and OBO, which is why both bureaus agreed that this conflict resolution approach was sufficient. According to officials from both bureaus, an issue has not yet reached this level of escalation.

Through a combination of new guidance developed by both DS and OBO, the bureaus adequately addressed the intent of the recommendation by clearly defining the roles and responsibilities of both bureaus in each part of the process to request and prioritize funds for physical security needs. Furthermore, DS and OBO agreed to an escalation process to resolve disagreements about funding decisions.

Status

With this report, OIG is closing Recommendation 9 from the March 2014 report.

RECOMMENDATIONS IN THIS REPORT

Recommendation 1: OIG recommends that the Bureau of Diplomatic Security establish a monitoring plan to assist it in achieving its stated goal to complete the physical security surveys by September 2016. The monitoring plan should consist of critical tracking metrics such as key interim milestones, percentage of completion, and other status or performance indicators to assess progress against stated goals.

Recommendation 2: OIG recommends that the Assistant Secretary for the Bureau of Diplomatic Security send a cable to all post security officers and applicable post management emphasizing the importance of completing physical security surveys on time. The cable should instruct posts to dedicate sufficient resources to post security officers to meet their deadlines.

Recommendation 3: OIG recommends that the Bureau of Diplomatic Security (DS) populate the Deficiencies Database no later than December 31, 2015, with deficiencies identified as of September 1, 2015. If DS cannot populate the Deficiencies Database with available information by December 31, 2015, DS must provide a justification for the delay and a revised schedule for accomplishing the task as soon as possible.

Recommendation 4: OIG recommends that the Bureau of Diplomatic Security develop and implement standard policies and procedures for populating the Deficiencies Database with deficiencies from all potential sources. The policies and procedures should include specified timeframes for populating deficiencies into the database and approving them within reasonable timeframes once deficiencies have been identified.

Recommendation 5: OIG recommends that the Bureau of Diplomatic Security (DS) update the Deficiencies Database to include a data field to track the results of the vetting process as either valid or invalid. If DS concludes that a deficiency is not valid, a justification for this conclusion should be required within the vetting comments field.

Recommendation 6: OIG recommends that the Bureau of Overseas Buildings Operations develop and implement a method to track the funding status of every physical security deficiency identified by the Bureau of Diplomatic Security in the Deficiencies Database.

Recommendation 7: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and implement formal standardized processes to prioritize physical security-related deficiencies at posts by category, such as major physical security upgrades, forced-entry/ballistic-resistant projects, and minor physical security upgrades. The prioritizations should be performed based on a comprehensive list of all physical security needs and should be periodically updated based on changes in risk factors or posts' needs. The processes used to perform the prioritizations should be documented and repeatable. In addition, in developing the processes, consideration should be given to how the Overseas Security Policy Board standards will be utilized, what risk factors will

be considered, and what impact upcoming major rehabilitation projects or new construction would have on the prioritized rankings.

Recommendation 8: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and issue a Long-Range Physical Security Plan.

Recommendation 9: OIG recommends that the Bureau of Overseas Buildings Operations develop and implement a process to respond to posts' formal requests for physical security-related funding, which should include commitments to respond within certain timeframes.

APPENDIX A: SCOPE AND METHODOLOGY

The Office of Inspector General (OIG) contracted Kearney & Company, P.C. (Kearney), to conduct a compliance audit to determine to what extent the Bureau of Diplomatic Security (DS) and the Bureau of Overseas Buildings Operations (OBO) had implemented the 10 recommendations in the March 2014 report *Audit of the Process to Request and Prioritize Physical Security-Related Activities at Overseas Posts* (AUD-FM-14-17). As part of this assessment, Kearney determined whether the recommendations from that report should be closed, modified, or reissued.

Kearney performed fieldwork from June to August 2015 at OIG, DS, and OBO offices in Washington, D.C. To assess actions taken to implement the recommendations, Kearney interviewed officials from DS's Office of Physical Security Programs and OBO's Office of Security Management. Kearney obtained and reviewed new guidance detailing the process to request funds for physical security-related activities, numerous screenshots of both the Physical Security Survey Site and Deficiencies Database, flowcharts from DS illustrating the new processes resulting from the new SharePoint applications, flowcharts from OBO detailing its process for prioritizing requests for funds for physical security-related activities, flowcharts from DS detailing the deficiency vetting process, Regional Security Officer training presentations, *Foreign Affairs Manual* and *Foreign Affairs Handbook* policies and procedures, and a DS Risk Matrix presentation and related guidance.

This audit was conducted in accordance with generally accepted government auditing standards. Those standards require that Kearney plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the findings and conclusions based on the audit objectives. Kearney believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objectives.

Work Related to Internal Controls

Kearney performed steps to assess the adequacy of internal controls related to the areas audited. Kearney gained an understanding of the internal controls by meeting with DS and OBO officials and reviewing documents evidencing processes and control activities. Specifically, Kearney evaluated the adequacy of the design of processes and controls implemented in order to address the recommendations issued by OIG in report AUD-FM-14-17.¹ Work performed on internal controls during the audit is detailed in the Audit Results section of that report.

Use of Computer-Processed Data

Kearney did not rely on computer-processed data to conduct this audit.

¹ *Audit of the Process To Request and Prioritize Physical Security-Related Activities at Overseas Posts* (AUD-FM-14-17, March 2014).

APPENDIX B: ORIGINAL RECOMMENDATIONS FROM MARCH 2014 REPORT AUD-FM-14-17

Recommendation 1: OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Overseas Buildings Operations, develop and implement standard policies and procedures for requesting funds for physical security-related needs and document the policies and procedures in a manner that is easily accessible by post security officials (for example, in a "physical security funding handbook"). Consideration should be given to how the SharePoint tool currently in development can be used to simplify the request processes.

Recommendation 2: OIG recommends that the Bureau of Overseas Buildings Operations develop and implement a process to respond to posts' formal requests for physical security-related funding, which should include commitments to respond within certain timeframes.

Recommendation 3: OIG recommends that the Bureau of Diplomatic Security develop and implement a methodology to periodically communicate the processes to request funds for physical security-related needs to all post security officials.

Recommendation 4: OIG recommends that the Bureau of Diplomatic Security (DS), in coordination with the Bureau of Overseas Buildings Operations (OBO), develop and implement a process to collect and maintain a comprehensive list of all posts' physical security-related deficiencies. The list of physical security deficiencies should include all needs, not just those that have been approved or instances of non-compliance with standards. The process should also require that the list be updated when new physical security deficiencies are identified. If DS and OBO elect to use the DS SharePoint Tool as the basis for maintaining a list of physical security needs, DS should ensure that OBO's requirements are integrated into the development of the tool and that OBO has sufficient access to the information.

Recommendation 5: OIG recommends that the Bureau of Diplomatic Security develop an implementation plan for the new SharePoint physical security survey tool. This implementation plan should establish a reasonable deadline for all posts to populate the tool with information on physical security deficiencies and should ensure that the tool has the functionality needed to generate sufficient reports in order to more easily determine posts' physical security needs.

Recommendation 6: OIG recommends that the Bureau of Overseas Buildings Operations develop and implement a formal process to document all formal requests made by posts for physical security funding, not just the requests that have been funded or approved, and the disposition of those requests.

Recommendation 7: OIG recommends that the Bureau of Diplomatic Security develop and implement a formal standardized process to vet informal physical security-related funding requests made by posts, which would include documenting all informal requests made by posts

for physical security funding, not just the requests that have been approved, and the disposition of those requests.

Recommendation 8: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and implement formal standardized processes to prioritize physical security-related deficiencies at posts by category, such as major physical security upgrades, forced-entry/ballistic-resistant projects, and minor physical security upgrades. The prioritizations should be performed based on a comprehensive list of all physical security needs and should be periodically updated based on changes in risk factors or posts' needs. The processes used to perform the prioritizations should be documented and repeatable. In addition, in developing the processes, consideration should be given to how the Overseas Security Policy Board standards will be utilized, what risk factors will be considered, and what impact upcoming major rehabilitation projects or new construction would have on the prioritized rankings.

Recommendation 9: OIG recommends that the Bureau of Diplomatic Security (DS) and the Bureau of Overseas Buildings Operations (OBO) better define the roles and responsibilities of each bureau to ensure that both bureaus are fully involved in the process to prioritize and fund physical security needs at posts. As part of developing these roles and responsibilities, a process should be established to have a neutral party review and make decisions when disagreements arise about funding decisions between OBO and DS.

Recommendation 10: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, develop and issue a Long-Range Physical Security Plan.

APPENDIX C: BUREAU OF DIPLOMATIC SECURITY RESPONSE



United States Department of State

*Assistant Secretary of State
for Diplomatic Security*

Washington, D.C. 20520

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November 17, 2015

INFORMATION MEMO TO INSPECTOR GENERAL LINICK – OIG

FROM: DS – Gregory B. Starr  NOV 17 2015

SUBJECT: Comments on Draft Report – Compliance Follow-up Audit of the Process to Request and Prioritize Physical Security-Related Activities at Overseas Posts – Report Number AUD-ACF-16-XX, dated November 2015

Attached are the Bureau of Diplomatic Security's comments on the subject draft report.

Attachment:

As stated.

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**DS Comments to OIG Draft Report
Compliance Follow-up Audit of the Process to Request and Prioritize Physical
Security-Related Activities at Overseas Posts
AUD-ACF-16-XX, November 2015**

N.B. The following was discussed in detail during an October 30, 2015 conference call between DS' Gary Saylor (DS/C/PSP) and the OIG audit team's Matthew Gorman.

1. *[A] comprehensive list of all physical security-related deficiencies was not completed because DS had not hired a database administrator to help implement and populate the new Deficiencies Database. (page 8)*

DS Comment (11/16/2015): This statement is not accurate and should be removed. DS promptly began implementing the recommendation in a process that is ongoing; the SharePoint team is entering the deficiencies into the Deficiencies Database (DDB), and PCB desk officers are being trained to enter deficiencies into the database, as well.

2. *In the March 2014 report, a primary cause for not having a comprehensive list of physical security needs was that physical security deficiencies identified in the physical security surveys were not compiled and tracked by DS. (page 9)*

DS Comment (11/16/2015): This statement is inaccurate because the previous physical security survey focused on the security of a facility holistically. The old survey did not address deficiencies with regard to specific Overseas Security Policy Board (OSPB) standards, and took mitigating factors into consideration. It would be accurate to state, *"In the March 2014 report, a primary cause for not having a comprehensive list of physical security needs was that **the previous physical security survey did not address deficiencies with regard to specific OSPB standards, and took mitigating factors into consideration. Therefore, deficiencies with respect to specific OSPB standards were not normally identified, compiled, and tracked by DS.**"* The current physical security survey process involves a much more comprehensive review of our overseas facilities, and does address deficiencies with regard to specific OSPB standards.

3. *Kearney found that the survey was not designed in a manner that enabled the RSOs to complete it efficiently or for the DS desk officer to interpret the results easily because the survey did not always clearly illustrate what aspects of physical security were deficient. The ineffectively designed physical security survey*

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prevented the Department from using the information to compile a comprehensive list of physical security deficiencies. (page 9)

DS Comment (11/16/2015): The paragraph should clarify that it refers to the old physical security survey, not the current, more specific survey. DS suggests inserting the word “old” before “survey” in the first sentence.

(U) **Recommendation 1:** OIG recommends that the Bureau of Diplomatic Security establish a monitoring plan to assist it in achieving its stated goal to complete the physical security surveys by September 2016. The monitoring plan should consist of critical tracking metrics such as key interim milestones, percentage of completion, and other status or performance indicators to assess progress against stated goals.

(U) **DS Response (11/16/2015):** DS concurs with this recommendation.

(U) **Recommendation 2:** OIG recommends that the Assistant Secretary for the Bureau of Diplomatic Security send a cable to all post security officers and applicable post management emphasizing the importance of completing physical security surveys on time. The cable should instruct posts to dedicate sufficient resources to post security officers to meet their deadlines.

(U) **DS Response (11/16/2015):** DS concurs with this recommendation.

(U) **Recommendation 3:** OIG recommends that the Bureau of Diplomatic Security (DS) populate the Deficiencies Database no later than December 31, 2015, with deficiencies identified as of September 1, 2015. If DS cannot populate the Deficiencies Database with available information by December 31, 2015, DS must provide a justification for the delay and a revised schedule for accomplishing the task as soon as possible.

(U) **DS Response (11/16/2015):** DS concurs with this recommendation.

(U) **Recommendation 4:** OIG recommends that the Bureau of Diplomatic Security develop and implement standard policies and procedures for populating the Deficiencies Database with deficiencies from all potential sources. The policies

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and procedures should include specified timeframes for populating deficiencies into the database and approving them within reasonable timeframes once deficiencies have been identified.

(U) **DS Response (11/16/2015): DS concurs with this recommendation.**

(U) **Recommendation 5:** OIG recommends that the Bureau of Diplomatic Security (DS) update the Deficiencies Database to include a data field to track the results of the vetting process as either valid or invalid. If DS concludes that a deficiency is not valid, a justification for this conclusion should be required within the vetting comments field.

(U) **DS Response (11/16/2015): DS concurs with this recommendation.**

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ABBREVIATIONS

DS	Bureau of Diplomatic Security
FAM	<i>Foreign Affairs Manual</i>
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
OSPB	Overseas Security Policy Board
RSO	Regional Security Officer
SECCA	Secure Embassy Construction and Counterterrorism Act of 1999

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