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Audit of Physical Security Standards for Department of State Temporary Structures at Selected Overseas Posts

SECURITY AND INTELLIGENCE DIVISION

UNCLASSIFIED



HIGHLIGHTS

Office of Inspector General
United States Department of State

AUD-SI-23-30

What OIG Audited

The Department of State (Department) uses temporary structures—such as containerized housing units, hardened alternative trailers, and shipping containers—to serve as residential or functional space when permanent structures for these purposes are unavailable. Prior Office of Inspector General (OIG) and Government Accountability Office reports identified issues related to the Department's use of temporary structures, including deficiencies in applicable security standards, lack of definitions and usage parameters, and unauthorized use of shipping containers for storage and functional purposes.

OIG conducted this audit to determine whether the Department managed the use of temporary structures at overseas posts in compliance with applicable physical security standards and procedures, including maintaining an accurate and complete inventory of temporary structures used for residential and office purposes. OIG conducted testing on six overseas posts.

What OIG Recommends

OIG made eight recommendations to address the internal control deficiencies identified in this report. On the basis of the Department's responses to a draft of this report, OIG considers two recommendations resolved, pending further action, and six recommendations unresolved. A synopsis of management's response to the recommendations offered and OIG's reply follow each recommendation in the Audit Results section of this report. Responses received from the Bureau of Overseas Buildings Operations (OBO) and Diplomatic Security are included in their entirety in Appendices C and D, respectively. OIG's reply to general comments provided by OBO is presented in Appendix E.

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Audit of Physical Security Standards for Department of State Temporary Structures at Selected Overseas Posts

What OIG Found

The Department was not adequately managing its use of temporary structures at overseas posts in accordance with applicable security standards and procedures. First, the Department could not provide an accurate or complete inventory of temporary structures at posts, and some structures were not consistently named and categorized in the Department's Real Property Application (RPA) database. In addition, OIG identified temporary structures that did not have required waivers or exceptions to physical security standards. OIG also determined that overseas posts were generally not complying with Department guidance regarding the unauthorized use of shipping containers.

The deficiencies identified occurred primarily because the Department did not establish adequate internal controls to oversee the use of temporary structures. Specifically, the Department did not formally and consistently define temporary structures or develop adequate policies and processes. Additionally, the Department did not have a mechanism to determine the inventory of temporary structures at overseas posts. For example, RPA identifies structures by their functional use and does not differentiate among temporary, non-permanent, and permanent structures at post. Furthermore, controls are needed to (a) guide the recording, categorization, and verification of temporary structure information in RPA; (b) reconcile data between databases; (c) address issues identified in physical security surveys; and (d) address issues related to unauthorized use of shipping containers at posts. Until these deficiencies are addressed, the Department will have inaccurate and incomplete information about the types of structures and related security deficiencies at posts and have limited assurance that physical security mitigation actions have been taken to address security and life safety concerns.

OIG also found a backlog of more than 800 incomplete physical security surveys as of May 2023, involving both permanent and temporary structures. Factors including a new physical security survey database, the COVID-19 pandemic, and ineffective internal coordination have contributed to the backlog. As a result, security deficiencies may not be appropriately prioritized or remediated in a timely manner.

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OBJECTIVE

The Office of Inspector General (OIG) conducted this audit to determine whether the Department of State (Department) managed the use of temporary structures¹ at overseas posts in compliance with applicable physical security standards and procedures, including maintaining an accurate and complete inventory of temporary structures used for residential and office purposes.

BACKGROUND

Physical Security Requirements for Overseas Posts

The Department has more than 270 embassies, consulates, and other posts located in more than 180 countries around the world. U.S. diplomatic facilities have long been the target of terrorist attacks, including deadly attacks in Beirut, Lebanon; Jeddah, Saudi Arabia; Dar es Salaam, Tanzania; and Nairobi, Kenya. In response to attacks on U.S. diplomatic facilities, the U.S. government put certain laws and regulations into place to strengthen the protection of personnel, property, and information around the world.

One such law, the Omnibus Diplomatic Security and Antiterrorism Act of 1986, requires that the Secretary of State (in consultation with the heads of other federal agencies) develop and implement policies and programs to provide for the security of U.S. government diplomatic operations abroad.² The Department's policies are detailed in its Foreign Affairs Manual (FAM)³ and corresponding Foreign Affairs Handbook (FAH). The policies include the Overseas Security Policy Board (OSPB) standards⁴ and the Physical Security Handbook,⁵ which include specifications designed to guide the implementation of the standards.

Another law, the Secure Embassy Construction and Counterterrorism Act of 1999 (SECCA), established statutory collocation and setback requirements for U.S. diplomatic facilities abroad.⁶ SECCA states that (a) in selecting a site for any new U.S. diplomatic facility abroad, the Department must collocate all U.S. government personnel at the post (except those under the command of an area military commander) on the site and (b) each newly acquired U.S. diplomatic facility must be sited not less than 100 feet from the perimeter of the property.^{7,8}

¹ For the purpose of this report, OIG uses the term "temporary structures" to refer to temporary and non-permanent structures.

² Public Law 99-399, § 103, as amended, codified in 22 United States Code § 4802.

³ 12 FAM 300, "Physical Security Programs."

⁴ 12 FAH-6, "OSPB Security Standards and Policy Handbook."

⁵ 12 FAH-5, "Physical Security Handbook."

⁶ Public Law 106-113, codified in 22 United States Code § 4865, and 12 FAM 313, "Secure Embassy Construction and Counterterrorism Act (SECCA)."

⁷ 12 FAM 313(a) and 22 United States Code § 4865(a)(2)(A) and (3)(A).

⁸ Exceptions to SECCA collocation and setback requirements are outlined in 12 FAM 313(c).

The Department defines and communicates the security responsibilities included in SECCA and the Omnibus Diplomatic Security and Antiterrorism Act in 12 FAM 300, which states that security standards and policies published in 12 FAM (“Diplomatic Security”), 12 FAH-5 (“Physical Security Handbook”), and 12 FAH-6 (“Overseas Security Policy Board [OSPB] Security Standards and Policy Handbook”) apply to all facilities, whether used for temporary, interim, or permanent occupancy.⁹ A 2022 SECCA amendment acknowledged that advancements in technology, such as drones, have reduced the potential effectiveness of previous security standards, such as collocation and setback requirements, as these technologies can evade walls and other static barriers. The 2022 amendment gave the Department more flexibility to exercise its waiver process.¹⁰

According to the FAM, the Secretary may waive the SECCA statutory collocation and/or setback requirements if security considerations permit and when it is in the national interest of the United States.¹¹ The Secretary delegated waiver authority for U.S. diplomatic structures other than a chancery or consulate to the Bureau of Diplomatic Security’s (DS) Assistant Secretary, in consultation with the Bureau of Overseas Buildings Operations’ (OBO) Director.¹² Additionally, according to the FAM, if compliance with one or more OSPB standards is not possible for a specific building, the post, agency, or Department organization must apply to the DS Assistant Secretary for an exception to the standard(s).¹³ An exception package includes applicable standards for which an exception is being sought, descriptions of the structure, security measures, justification for the exception, and comments and recommendations from post officials.¹⁴

Department Bureaus With Primary Responsibilities for Overseas Structures

Responsibility for physical security of diplomatic structures overseas rests mainly with DS and OBO. DS responsibilities include directing and developing worldwide physical security policies and standards, as well as ensuring OSPB policies and standards are met, to protect personnel, facilities, and national security information of the Department and foreign affairs agencies.¹⁵ In addition, DS maintains a central electronic location for access to published physical security surveys, deficiencies, mitigation plans, waivers and exceptions, and other physical security guidance.

OBO is responsible for formulating and directing the implementation of buildings policies abroad to provide safe, secure, and functional facilities for the conduct of U.S. diplomacy and the promotion of U.S. interests worldwide.¹⁶ OBO’s Planning and Real Estate Directorate, Office

⁹ 12 FAM 311.2(b) and (c), “Applicability.”

¹⁰ Public Law 117–263, § 9301.

¹¹ 12 FAM 315.1(a) and (b), “SECCA – Waiver Authority.”

¹² 12 FAM 315.1(d).

¹³ 12 FAM 315.2(a), “OSPB Security Standards – Exception Authority.”

¹⁴ 12 FAH-5 H-211(b), “General.”

¹⁵ 1 FAM 262.1-1, “Office of Physical Security Programs (DS/C/PSP).”

¹⁶ 1 FAM 281.1(4), “Responsibilities.”

of Strategic Planning, administers and manages an automated management information system for maintaining records of the Department's leased and owned real property holdings abroad.¹⁷

The Real Property Application (RPA) is a centrally managed system that OBO and overseas posts can use to view real-time changes to the real property inventory. Posts use RPA to manage their real property and are required to update it as real property transactions occur. The RPA User Manual assists RPA users who maintain and work with real property information. For example, the RPA User Manual includes guidance on adding or modifying property information and developing lists and reports on real property.¹⁸ RPA users include DS Desk Officers¹⁹ and post management officers such as General Services Officers, Facility Managers, and their staff.

The Department's overseas posts also play a role in setting post-specific security measures and implementing some physical security upgrades, with approval from DS and funding from OBO. At overseas posts, RSOs, including Deputy RSOs and Assistant RSOs, are responsible for implementing post security policies and programs.²⁰ Such programs include conducting physical security surveys of their post's facilities to determine if they meet required standards and identifying deficiencies requiring correction.

Temporary and Non-Permanent Structures

The purpose of the International Building Code is "to establish the minimum requirements to provide a reasonable level of safety, health and general welfare through structural strength, means of egress, stability, sanitation, light and ventilation, energy conservation, and for providing a reasonable level of life safety and property protection from the hazards of fire, explosion or dangerous conditions, and to provide a reasonable level of safety to fire fighters and emergency responders during emergency operations."²¹ The 2023 "OBO Building Code" serves as a supplement to the 2021 International Building Code. The 2023 "OBO Building Code" defines temporary structures as those "erected for a period of less than 180 days" and non-permanent structures as "[s]tructures designated by OBO intended for occupancy for a period greater than 180 days and not to exceed [5] years."²² According to OBO, the term temporary structures includes modular office trailers and the term non-permanent structures includes containerized housing units (CHU) and hardened alternative trailer systems (HATS). As detailed in Table 1, OBO's RPA User Manual provides definitions for CHU and HATS.²³ Figure 1 provides an illustration of a CHU.

¹⁷ 1 FAM 284.3(6), "Office of Strategic Planning (OBO/PRE/OSP)."

¹⁸ OBO, RPA User Manual, page 3.

¹⁹ Desk Officers are based in Washington, DC. Their responsibilities include determining which facilities need to be assessed with physical security surveys and helping resolve issues identified during surveys.

²⁰ 12 FAM 422.1(a), "Regional Security Officer (RSO);" 12 FAM 422.2(b), "Deputy Regional Security Officer (DRSO);" and 12 FAM 422.4, "Assistant Regional Security Officer (ARSO)."

²¹ International Code Council, "International Building Code," September 2021, Section 101.3.

²² OBO, "OBO Building Code," January 2023, IBC 2-4 - IBC 2-5.

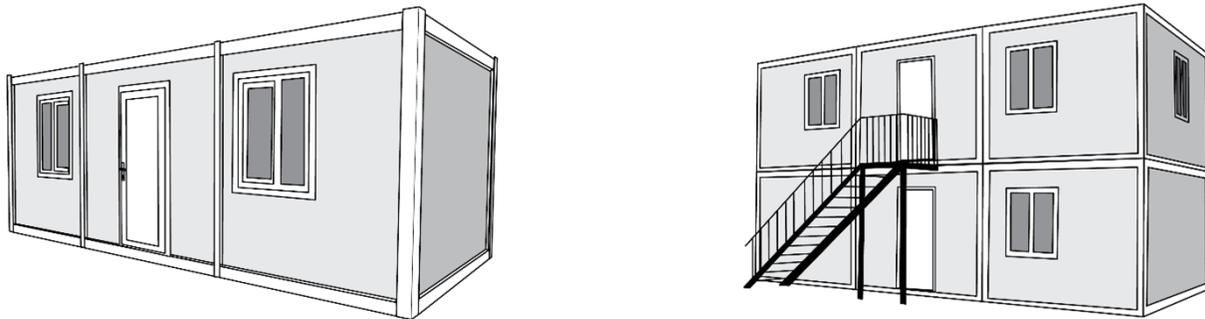
²³ OBO, RPA User Manual, pages 496-497.

Table 1: Definitions of CHU and HATS

Term	Definition
CHU	A prefabricated living quarter built from modified shipping containers.
HATS	A hardened shipping container prefabricated into living quarters or working space that meets blast, ballistic, projectile, and forced entry threats.

Source: OBO, RPA User Manual, April 2023.

Figure 1: Illustration of CHU Configurations—Single and Stacked



Source: Prepared by OIG using publicly available pictures.

For the purpose of this report, OIG uses the term “temporary structures” to refer to temporary and non-permanent structures. OIG elected to use the term “structure” because it is defined by the Department as “[a] building or other object that is constructed above or below ground.”²⁴

As mentioned previously, U.S. diplomatic facilities overseas can be the target of terrorist attacks. Past incidents have included attackers throwing nonincendiary items (e.g., rocks, paint, and bottles) or incendiary items (e.g., grenades, Molotov cocktails, and dynamite) towards U.S. diplomatic facilities. These facilities have also come under fire from small arms, assault rifles, rocket-propelled grenades, and rockets. In addition, U.S. diplomatic facilities overseas have been attacked by suicide bombers, explosives-laden vehicles, and other improvised explosive devices. Department officials acknowledged that the nature of the construction of certain temporary structures may not be sufficient to meet SECCA or OSPB physical security standards. As such, these structures may be at greater risk of sustaining damage in the event of terrorist attacks, which could impact the health and safety of employees in those structures. For example, the series of rocket attacks on Embassy Baghdad in March 2008, during which many Embassy employees slept on the floor of the Embassy rather than in their residential trailers, illustrates how the risk of damage and occupant safety is impacted by the nature of a facility’s construction.²⁵ Although the Department has taken steps to improve physical security in response to these types of incidents, the continuing advancement of terrorist technology underscores the need for continued vigilance for all types of structures.

²⁴ 15 FAM 121, “General Definitions Applicable to This Volume.”

²⁵ “Award Honors RSO First Responders,” *State* magazine, April 2009, page 7; “Baghdad’s Green Zone is Red-Hot Shiite Target”, NBCNews.com, March 27, 2008 (<https://www.nbcnews.com/id/wbna23833334>).

AUDIT RESULTS

Finding A: Department Is Not Managing the Use of Temporary Structures at Selected Posts in Compliance With Applicable Physical Security Standards and Procedures

OIG found that the Department is not adequately managing its use of temporary structures at selected overseas posts in accordance with applicable security standards and procedures. For example, OBO could not provide an accurate or complete inventory of temporary structures at posts, and some structures were not consistently named and categorized in the Department's RPA database. In addition, reconciling data between RPA and DS databases that are used to track physical security-related issues presented difficulties.²⁶ Furthermore, OIG identified temporary structures that did not have required waivers or exceptions to physical security standards. Finally, OIG determined that overseas posts generally did not comply with Department guidance regarding the unauthorized use of shipping containers.

The deficiencies identified occurred primarily because the Department did not establish adequate internal controls to oversee the use of temporary structures. Specifically, the Department did not formally and consistently define temporary structures or develop adequate policies and processes. Furthermore, the Department does not have a mechanism to identify all temporary structures at overseas posts. For example, RPA identifies structures by their functional use and does not differentiate among temporary, non-permanent, and permanent structures at post. Moreover, internal management controls are needed to (a) guide the recording, categorization, and verification of temporary structure information in RPA; (b) reconcile data between RPA and security-related databases; (c) address issues identified in physical security surveys; and (d) address issues related to unauthorized use of shipping containers at posts. Until the Department addresses these deficiencies, it will have inaccurate and incomplete information about the types of structures and related security deficiencies at posts and have limited assurance that physical security mitigation actions have been taken to address security and life safety concerns.

Inventory of Temporary Structures

According to 15 FAM 141, RPA is the Department's single comprehensive database for all real property abroad.²⁷ RPA is a worldwide, automated information system that the Department uses to track the acquisitions and disposal of U.S. Government-owned and leased properties overseas. Accurate RPA information is essential to ensure adequate physical security is provided at posts, and it is used by post officials as a resource for locating key identifying information when completing physical security surveys. The RPA User Manual includes

²⁶ These databases include the Published Waivers/Exceptions database, Deficiency Database, and Published Physical Security Surveys database. Published refers to finalized information, such as physical security surveys contained in the databases rather than pending or unpublished information.

²⁷ 15 FAM 141(a), "Real Property Application (RPA) and Computerized Maintenance Management System (CMMS) Module."

information on the development, modification, and various uses of property records. Elements of a property record in RPA include a unique reference (Property ID) number assigned to the property record for identification purposes and codes that reflect how the property will be used. A property record may also contain fields such as property name, address, funding agency, and acquisition date.

OIG found that OBO could not provide an accurate or complete inventory of temporary structures at posts. OIG initially requested that OBO provide a list of temporary structures (including HATS, CHUs, and shipping containers) at selected posts.²⁸ In response, OBO provided a listing of temporary structures at the selected posts that were used for residential and temporary duty purposes. OBO officials indicated that the listing did not include all authorized shipping containers. During the audit, OIG determined that the list provided by OBO did not include some temporary structures. This list also did not include shipping containers that had not been authorized by OBO. As detailed in Appendix B, prior OIG reports identified unauthorized shipping containers being used at posts as structures that were not identified as such in RPA, as they are not permitted or considered real property by OBO.

OIG also found inconsistencies in how temporary structures were named in RPA. For example, some RPA entries for temporary structures detailed the specific number of CHUs or HATSs; however, other RPA entries stated the name of the property without indicating that it included temporary structures. Some examples of inconsistent naming of temporary structures in RPA include: individual listings (“Townhouse 13A”), a single entry for a group of temporary structures (“BDSC BLDGs 700-709”), and a single entry for a group of temporary structures with no details (“MSG CHUs”). Additionally, OIG noted inconsistent address details for temporary structures. For example, OIG found various types of address entries related to temporary structures including a specific address (“GUZELEVLER MAH. GIRNE BLV NO 2”), a general location (“Residential Compound”), a specific location (“Plot 25”), and repeating the information included in the property name (“BDSC BLDG 608 WET CHU POD”).²⁹ Finally, OIG identified inconsistent property use data in RPA for temporary structures at the same location. Specifically, an entry for one property was categorized as primarily a residential CHU (“RESCHU”), while another similar property was categorized primarily as a multiple-unit residential building (“RESMLT”).

In addition, reconciling data between RPA and DS databases that are used to track physical security-related issues was problematic. Specifically, OIG found that the RPA data on temporary structures did not easily reconcile to information on structures maintained in DS databases that are used to track physical security-related issues. For example, the physical security surveys for Embassy Baghdad identified CHUs, which were being used as residential housing compounds, that were not identified as temporary structures in RPA. In addition, OIG found that DS did not consistently use the RPA-assigned Property ID numbers for physical security surveys. For

²⁸ Appendix A provides details of the selection of posts to review during the audit.

²⁹ In response to a draft of this report, OBO officials stated that addresses are not always available for units located on an embassy compound. Although OIG acknowledges that exact addresses may not be available, the issue highlighted in this finding relates to the consistency and usability of data in RPA.

example, OIG reviewed a survey for a residential housing compound of 25 CHUs and found that the survey did not have a Property ID number. Furthermore, the property name included in the survey did not match any entry in RPA's listing of temporary structures for that post. Data that can be easily reconciled between systems makes it easier to develop a comprehensive profile on a specific structure or set of structures and to retrieve, modify, and update information in a consistent and efficient manner.

Physical Security Surveys

According to the FAM, all facilities, whether used for temporary, interim, or permanent occupancy, must comply with applicable security standards and policies.^{30,31} These facilities include new embassy compounds, new office buildings, newly acquired buildings, and existing office buildings. For existing office buildings, the physical security standards apply only "to the maximum extent feasible or practicable."³² If security conditions permit and it is in the national interest of the United States, the Secretary may issue a waiver for SECCA statutory collocation or setback requirements.³³ Additionally, the Assistant Secretary for Diplomatic Security may approve an exception to one or more OSPB standards if compliance is not possible.³⁴ RSOs conduct physical security surveys of their post's facilities at least once every 3 years or upon acquisition of a new facility, major renovation, or major security upgrade.³⁵ Physical security surveys are key to identifying deficiencies. Furthermore, the surveys provide the official method for reporting and documenting physical security deficiencies. Figure 2 provides additional information on the waivers and exception process.

³⁰ These include security standards and policies in 12 FAM, "Diplomatic Security," 12 FAH-5, and 12 FAH-6.

³¹ 12 FAM 311.2(b) and (c).

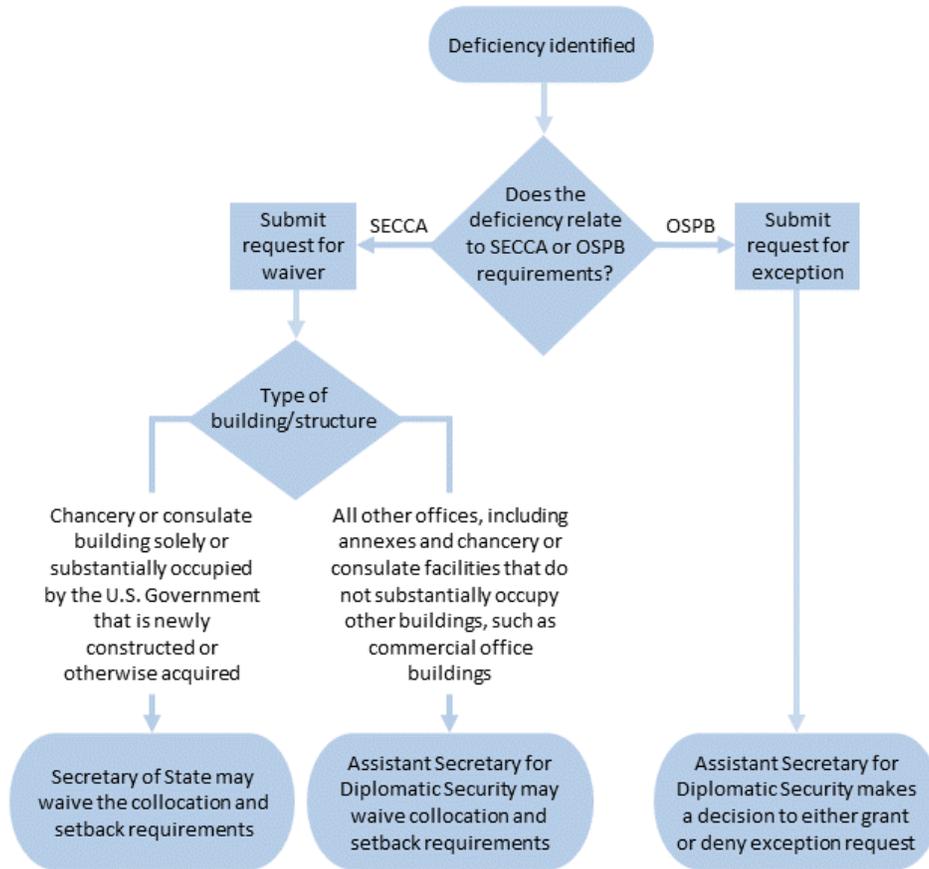
³² Feasibility is determined by physical limitations, legal constraints, and practicality.

³³ 12 FAM 315.1(a) and (b), "SECCA – Waiver Authority." The Secretary delegated the waiver authority of the collocation and setback requirements with respect to U.S. diplomatic facilities other than chancery or consulate buildings to the Assistant Secretary for Diplomatic Security, in consultation with the OBO director. 12 FAM 315.1(d).

³⁴ 12 FAM 315.2(a), "OSPB Security Standards – Exception Authority."

³⁵ 12 FAM 315.2(c).

Figure 2: Waivers and Exceptions Process



Source: Prepared by OIG using information from 12 FAH-5 H-211(c) and 12 FAH-5 H-311(c).

Temporary structures that do not meet applicable physical security standards may require a waiver or exception to be put in place. OIG identified temporary structures that did not have required waivers or exceptions to physical security standards.³⁶ Specifically, OIG found that the submitted physical security surveys for three of six posts identified the need for some type of security standard documentation—a particular waiver, exception, or update to an existing waiver or exception. However, OIG could not locate the relevant waivers, exceptions, or updates in the appropriate DS databases.³⁷ The DS Desk Officers for the three posts with deficiencies stated that follow-up responses to the surveys could have been documented using email, while acknowledging some issues may have fallen through the cracks. OIG showed one DS Desk Officer multiple physical security surveys (from 2017 and 2018) for one post that identified the need for waivers or exceptions for temporary structures. After review, the DS Desk Officer agreed that exception packages were needed for three temporary structures and contacted the post’s RSO to put them in place. For the remaining temporary structures, the DS

³⁶ Appendix A provides details of the posts selected for testing.

³⁷ DS maintains a central location for access to published physical security surveys, deficiencies, mitigation plans, waivers and exceptions, and other physical security guidance. OIG reviewed the following databases within this site: Published Waivers/Exceptions database, Deficiency database, and Published Physical Security Surveys database.

Desk Officer cited pending OBO design and construction plans for the sites as the reason there were no exceptions in place. Nonetheless, the deficiencies were identified in physical security surveys from 2017 and 2018, and there was no evidence DS had taken action to mitigate the identified deficiencies or to record its decision to await pending construction to address the issue.

Use of Shipping Containers

In September 2018, OBO issued a cable outlining policies and requirements related to use and occupancy of shipping containers.³⁸ The cable also directed post management to report all existing containers to OBO. Specifically, OBO required post management to determine how containers were being used, verify whether permits had been granted for usage, and verify compliance with building codes. According to the cable, OBO would determine whether shipping containers without permits could be retained as real property or needed to be removed. In October 2021, OBO issued another cable restating that posts were not authorized to retain shipping containers for use as ongoing storage or warehouse space.³⁹

OIG determined that overseas posts were generally not complying with the Department guidance contained in these cables regarding the use of shipping containers. OIG repeatedly reported that posts are using unauthorized shipping containers as occupied structures or to accommodate functional space needs without obtaining prior approval from OBO. Specifically, OIG reviewed 51 unclassified inspection reports issued between October 2018 and April 2023, and identified 11 posts (22 percent) that were improperly using shipping containers for functional or storage purposes.⁴⁰ For example, one report stated that Embassy Beirut, Lebanon, had 23 unauthorized shipping containers located on the embassy compound, which were stacked three levels high and were used for permanent storage.⁴¹ OBO's area managers similarly identified the unauthorized use of shipping containers during post visits. For example, in FY 2022, OBO area managers identified more than 156 unauthorized shipping containers in 12 of 19 posts reviewed (63 percent).⁴²

OBO officials stated that OBO struggles with posts' compliance related to repurposing shipping containers. The officials also stated that unauthorized shipping containers are mostly used at posts that do not have adequate or efficient warehousing space to address their storage needs. However, OBO officials observed that some posts also use the shipping containers for functional workspace to meet posts' needs. Posts are responsible for complying with guidance related to the conversion of shipping containers to occupied or unoccupied functional space. For example, the guidance requires posts to go through the OBO permitting process and to

³⁸ Department, Cable 18 STATE 98976, "Shipping Containers and Portable Structure Use and Occupancy Requirements," September 27, 2018.

³⁹ Department, Cable 21 STATE 103606, "FY 2022 Bureau of Overseas Buildings Operations Financial and Operational Guidance," October 8, 2021.

⁴⁰ Appendix B provides additional details.

⁴¹ OIG, *Inspection of Embassy Beirut, Lebanon*, page 17 (ISP-I-23-10, April 2023).

⁴² Two posts – Embassy Athens, Greece, and Embassy Buenos Aires, Argentina – were identified by both OIG and OBO in FY 2022.

certify compliance annually in the Chief of Mission Statement of Assurance. Furthermore, OBO officials stated that other Department bureaus and federal agencies use shipping containers to deliver materials or inventory to posts and, therefore, contribute to and share responsibility for the issue. Finally, OBO was unable to provide OIG with the information on use of shipping containers that OBO requested of posts in the 2018 cable.

Inadequate Internal Controls

The deficiencies identified during this audit with the management of temporary structures occurred primarily because the Department did not establish adequate internal controls to oversee the use of temporary structures. Specifically, the Department did not formally and consistently define temporary structures and did not have adequate policies and processes. The Government Accountability Office (GAO) previously reported on the lack of a definition and associated usage timeframes for temporary structures.⁴³ GAO closed its recommendation based on the Department's revision and development of processes to reevaluate risk, such as implementation of a Chief of Mission annual assurance statement.⁴⁴ However, OIG has continued to find inconsistencies in how bureaus use the term "temporary structures." For example, DS officials stated that the term "temporary" was a policy or political term that, despite evidence to the contrary,⁴⁵ was not used to differentiate among structures when applying physical security standards. Similarly, OBO officials stated that OBO does not categorize its facilities in terms of temporary and permanent; but rather it tracks, maintains, and is responsible for those facilities that are authorized and permitted. However, OIG determined that OBO defines structures as "temporary" during the construction phase but does not consistently use this term once these structures are complete and occupied.

Department policies and guidance reference the term "temporary structures," even though temporary may be described using other terms with similar meaning. For example, the terms "temporary" and "interim" are included in 12 FAM 311.2(c) related to physical security standards for facilities overseas. The 2023 "OBO Building Code" also includes definitions for the terms "temporary" and "non-permanent."⁴⁶ Finally, the term "non-permanent" was used in a 2018 cable about shipping containers.⁴⁷ However, additional steps are needed, including developing and disseminating guidance, to ensure implementation of the policies and

⁴³ GAO, *Diplomatic Security: Overseas Facilities May Face Greater Risks Due to Gaps in Security-Related Activities, Standards, and Policies*, pages 21-22 and 50 (GAO-14-655, June 2014).

⁴⁴ As part of the Chief of Mission annual assurance statement, RSOs provide a briefing on the status of physical security for all post facilities, including information about security vulnerabilities, mitigation strategies, areas of noncompliance, and any waivers or exceptions on file.

⁴⁵ As part of its review of physical security surveys, OIG notes that one of the reasons cited by DS for not applying for exception to standards for a temporary structure was "pending OBO design and construction plans," thereby showing that the type of structure did affect DS's application of security standards.

⁴⁶ OBO, "OBO Building Code," January 2023.

⁴⁷ Cable 18 STATE 98976.

procedures is consistent and that information recorded in RPA reflects the preferred definitions.

Another reason for the deficiencies identified is that, although RPA was designed as the official record of overseas real property, OIG found that it does not include a sufficient mechanism to differentiate among temporary, non-permanent, and permanent structures at a post. Specifically, RPA includes use codes for residential CHUs, residential HATSSs, and trailers used for office or functional purposes.⁴⁸ However, RPA does not include a use code for authorized shipping containers. According to OBO, when a shipping container is authorized and permitted for a certain use, it “loses” its identity as a container and is categorized by its use code in RPA based on its functional intended use—such as an office or hair salon—and cannot be differentiated in RPA from other permanent structures used for the same function or purpose. OBO stated that it has never been asked to provide information for temporary structures and does not see the value in adding this capability to RPA.

Furthermore, OIG found that quality control over RPA data is insufficient. OBO officials stated that headquarters staff is responsible for verifying that RPA entries are complete and accurate and should be following up with posts to resolve any discrepancies. However, OBO does not have a process in place to review the data to ensure that codes are used correctly and consistently. Additionally, OBO directs posts to perform an annual certification⁴⁹ of the accuracy of posts’ inventory of structures in RPA. The certification process does not require posts to review or verify data to the same degree for all entries and types of structures. For example, the certification process requires posts to verify that the property type is correct for residential structures but does not include a similar requirement for office or functional structures. In addition, OBO and DS do not have processes to reconcile data between RPA and key DS databases, even though the systems capture data on the same structures. Furthermore, DS does not consistently include key identifying information, such as Property ID numbers, on physical security surveys, which hinders reconciliation efforts. Although OBO and DS officials recognize efforts to better share data are needed, lack of funding has adversely impacted the implementation of such efforts.

Another reason for the deficiencies is that DS has not implemented a process for Desk Officers to follow up on issues that RSOs identify during physical security surveys. Specifically, posts are typically responsible for initiating the process to grant a waiver or exception to physical security standards. In some instances, the RSO will record in the comment box of the physical security survey the need for a waiver, exception, or update to an existing waiver or exception. However, if the DS Desk Officer overlooks the comment, necessary mitigation actions could go unsupported and unaddressed. According to DS officials, the published survey is not the best

⁴⁸ The use codes listed in RPA for these properties were: RESCHU (residential CHU), RESHAT (residential HATS), and OFFTMP (Portable Temporary Modular Trailer Office/Functional).

⁴⁹ According to 15 FAM 143.2, “Single Real Property Manager (SRPM) Certification,” OBO should complete an annual certification checklist for each overseas post to verify whether leases acquired or renewed, and housing assignments made, during that fiscal year are following the FAM and to review and certify the accuracy of structure information in RPA.

location to find the information because it is a “snapshot.” DS officials indicated that DS’s “My Post” workspace serves as a better location to address the concerns presented in this report. DS officials noted that they have considered possible improvements within the database/survey tool.

Finally, OIG determined that the Department needs to strengthen its internal management controls to address issues related to the unauthorized use of shipping containers at post. Specifically, OIG found that the Department did not have adequate processes in place to prohibit posts from using unauthorized shipping containers or from changing the use of permitted structures to a different use. Additionally, OBO did not have sufficient processes in place to maintain accountability of unauthorized shipping containers used for functional space. Although the Department communicated its position on the proper use of shipping containers to posts via cables in 2018 and 2021,⁵⁰ the communication was insufficient. The 2018 cable established an expectation that a specific FAM provision would be modified.⁵¹ However, according to a Bureau of Administration official, the modification never occurred because the issue was already addressed by another existing FAM provision.

Impact of Deficiencies Identified

The Department’s global presence and the pervasive threat of physical violence directed toward U.S. diplomats makes the protection of people, facilities, and information a continual challenge for the Department. Although the Department prioritizes safety and security, all personnel and facilities face some level of risk. To effectively manage that risk, the Department needs complete and accurate information about real property at each post, including temporary structures, and related safety and security challenges. The deficiencies identified in this report highlight unique challenges the Department faces regarding temporary structures. Until these deficiencies are addressed, the Department will have inaccurate and incomplete information about the types of structures at posts. Specifically, OIG notes that because OBO does not include information in RPA related to temporary, non-permanent, and permanent structures, OBO may not be able to track when certain structures exceed their expected use life of 180 days as temporary structures and 5 years as non-permanent structures. Additionally, the Department may not have complete information to plan for maintenance and repairs, as well as for future staffing and space needs. More importantly, the Department will have limited assurance that physical security mitigation actions have been taken to address security and life safety concerns. Therefore, OIG is offering the following recommendations to improve internal management controls related to temporary structures.

Recommendation 1: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, (a) finalize and publish definitions and descriptions for temporary structures and related terminology, (b) update applicable policies and process documents, and (c) communicate this

⁵⁰ Cable 18 STATE 98976 and Cable 21 STATE 103606.

⁵¹ Cable 18 STATE 98976.

information to all Department of State employees who have responsibility for real property at overseas posts.

Management Response: OBO did not concur with this recommendation. Specifically, OBO stated that it does not concur with the use of the term “temporary structure” from an inventory perspective. OBO also stated that it would “develop definitions and guidance related to those relocatable structures that have been authorized for a specific use” but that federal regulations and requirements do not include reporting requirements for temporary buildings and structures.

OIG Reply: On the basis of OBO’s response, OIG considers this recommendation unresolved. As reported in the finding, OIG observed inconsistent usage of the term temporary structure. As also reported, steps are needed, including developing and disseminating guidance, to ensure that implementation of policies and procedures is consistent and that information recorded in RPA reflects the preferred definitions. This recommendation will be considered resolved when OBO provides a plan of action for addressing the recommendation or provides an acceptable alternative that fulfills the intent of the recommendation. This recommendation will be closed when OIG receives documentation demonstrating that OBO, in coordination with DS, has (a) finalized and published definitions and descriptions for temporary structures and related terminology, (b) updated applicable policies and process documents, and (c) communicated this information to all Department employees who have responsibility for real property at overseas posts.

Recommendation 2: OIG recommends that the Bureau of Overseas Buildings Operations (a) draft and publish guidance in the Foreign Affairs Manual requiring posts to request authorization and permits before changing the intended and permitted use of any structure and (b) communicate this information to all Department of State employees who have responsibility for real property at overseas posts.

Management Response: OBO concurred with this recommendation, stating that it will publish updated guidance in the FAM and alert stakeholders.

OIG Reply: On the basis of OBO’s concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that OBO has (a) drafted and published guidance in the FAM requiring posts to request authorization and permits before changing the intended and permitted use of any structure and (b) communicated this information to all Department employees who have responsibility for real property at overseas posts.

Recommendation 3: OIG recommends that the Bureau of Overseas Buildings Operations update the Real Property Application User Manual to (a) improve the guidance provided for data entry, including guidance related to standardization and

streamlining of naming and categorization, and (b) include information related to structure type consistent with the definitions published in response to Recommendation 1.

Management Response: OBO concurred with Part (a) of this recommendation, stating that it will develop improved data entry, naming, and categorization guidance. However, as noted in OBO's response to Recommendation 1, OBO did not agree to take action to address Recommendation 1; therefore, OBO did not agree to take action to address Part (b) of this recommendation.

OIG Reply: Although OBO concurred with this recommendation, OIG considers this recommendation unresolved due to OBO's nonconcurrence with Recommendation 1. The intent of Recommendation 1 involved publishing definitions and descriptions for temporary structures and related terminology and then updating applicable policies and process documents and communicating that information to all Department of State employees with responsibilities for real property at overseas posts. Therefore, until Recommendation 1 is implemented, Recommendation 3 cannot be accomplished. This recommendation will be considered resolved when OBO provides a plan of action for addressing Recommendations 1 and 3 or provides an acceptable alternative that fulfills the intent of the recommendations offered. This recommendation will be closed when OIG receives documentation demonstrating that OBO has implemented Recommendation 1 and has updated the Real Property Application User Manual to (a) improve the guidance provided for data entry, including guidance related to standardization and streamlining of naming and categorization, and (b) included information related to structure type consistent with the definitions published in response to Recommendation 1.

Recommendation 4: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security (DS), develop and implement a process to periodically reconcile data between the Real Property Application and key DS databases, including the Published Waivers/Exceptions database, Deficiency Database, and Published Physical Security Surveys database.

Management Response: OBO stated that RPA serves as a subsidiary ledger of the Department's financial system. Therefore, OBO requested the action for this recommendation be transferred to DS, with OBO as the coordinating bureau.

OIG Reply: On the basis of OBO's response, OIG considers this recommendation unresolved because OBO is not precluded from developing a process to periodically reconcile data between a subsidiary ledger and another data source. In fact, because RPA is used as a subsidiary ledger to the Department's financial systems, it is even more important that the information is accurate. One way to ensure accuracy is to reconcile the data to other sources. OBO, as the manager of RPA, should serve as the primary action office to implement a reconciliation process. This recommendation will be

considered resolved when OBO provides a plan of action for addressing this recommendation or provides an acceptable alternative that fulfills the intent of the recommendation. This recommendation will be closed when OIG receives documentation demonstrating that OBO, in coordination with DS, has developed and implemented a process to periodically reconcile data between RPA and key DS databases.

Recommendation 5: OIG recommends that the Bureau of Diplomatic Security strengthen its policies and procedures related to review, analysis, and quality control checks of physical security surveys to ensure that accurate identifying information is captured, and necessary follow-up actions are taken.

Management Response: DS did not concur with this recommendation, stating that it believes that it has strong policies and procedures that ensure appropriate review, analysis, and quality control of physical security surveys. For example, DS requires the use of a standardized physical security survey template.

OIG Reply: On the basis of DS's nonconcurrency with the recommendation, OIG considers this recommendation unresolved. As reported in the finding, OIG identified issues with the physical surveys that it reviewed. The deficiencies identified made it difficult for the Department to develop a comprehensive profile of a specific structure or set of structures. Although DS has policies and procedures related to physical security surveys, the policies and procedures should be strengthened to address the issues identified during this audit. This recommendation will be considered resolved when DS provides a plan of action for addressing this recommendation or provides an acceptable alternative that fulfills the intent of the recommendation. This recommendation will be closed when OIG receives documentation demonstrating that DS has strengthened its policies and procedures related to review, analysis, and quality control checks of physical security surveys to ensure that accurate identifying information is captured and necessary follow-up actions are taken.

Recommendation 6: OIG recommends that the Bureau of Diplomatic Security develop and implement a process to review and address notations in physical security surveys related to obtaining or updating a waiver or exception.

Management Response: DS did not concur with this recommendation, stating that it has already developed and implemented a process to review and address notations in physical security surveys related to obtaining a waiver or exception.

OIG Reply: On the basis of DS's nonconcurrency with the recommendation, OIG considers this recommendation unresolved. As reported in this finding, OIG found that for three of the six posts, a physical security survey reviewed identified the need for a waiver, exception, or update to an existing waiver or exception. In one case, a DS Desk Officer took action to address an issue identified in a physical security survey after OIG

brought it to their attention. If DS has a process to review and address notations in physical security surveys, then the process should be strengthened. This recommendation will be considered resolved when DS provides a plan of action for addressing the recommendation or provides an acceptable alternative that fulfills the intent of the recommendation. This recommendation will be closed when OIG receives documentation demonstrating that DS has developed and implemented a process to review and address notations in physical security surveys related to obtaining or updating a waiver or exception.

Recommendation 7: OIG recommends that the Bureau of Overseas Buildings Operations develop and implement policies and procedures to request a certification from posts indicating that they do not have any unauthorized shipping containers.

Management Response: OBO did not concur with the recommendation, stating that OBO should not be the action office for this recommendation. Instead, OBO believes that it is posts' responsibility to request authorization and permits from OBO before using an unauthorized shipping container. OBO also stated that it does not manage shipping container inventories; however, it supports the effort to limit the use of unauthorized or unpermitted structures.

OIG Reply: On the basis of OBO's nonconcurrence with the recommendation, OIG considers this recommendation unresolved. OIG acknowledges that overseas posts have a responsibility to initiate actions related to the conversion of shipping containers. However, OBO, as the Department's real property manager, should have oversight and visibility of all structures at posts, including converted shipping containers. This recommendation will be considered resolved when OBO provides a plan of action for addressing the recommendation or provides an acceptable alternative that fulfills the intent of the recommendation. This recommendation will be closed when OIG receives documentation demonstrating that OBO developed and implemented policies and procedures to request a certification from posts indicating that they do not have any unauthorized shipping containers.

OTHER MATTER

Backlog of Incomplete Physical Security Surveys Requires Attention

A physical security survey serves as the baseline document for identifying deficiencies related to OSPB standards and validating SECCA compliance for all facilities at overseas posts. RSOs must conduct physical security surveys of their post facilities at least once every 3 years or upon acquisition of a new facility, major renovation, or major security upgrade.⁵² Prior to March 2020, RSOs recorded information in a standardized survey document that would be reviewed and cleared by two levels of DS personnel and uploaded into a DS physical security

⁵² 12 FAM 315.2(c).

survey database. As part of an effort to improve data quality, metrics, and management, and to move away from manual processes, DS implemented a new electronic physical security survey system in March 2020. The new process requires collaboration among DS, OBO, and overseas post officials to complete sections of the survey based on each entity’s role and expertise.

During the audit, OIG found that more than 800 physical security survey reports, involving both permanent and temporary structures, remained in a pending or unpublished status in the physical security survey database as of May 2023. Some had been in this status for more than 2 years, as shown in Table 2.

Table 2: Aging of Pending Physical Security Surveys as of May 2023

Time Period Since Initiated	Number of Surveys
Less than 6 months	133
6 months to 1 year	141
1 year to 2 years	327
More than 2 years	281
Total	882

Source: Generated by OIG using totals and aging analysis provided by DS.

According to DS officials, these surveys were in a pending status because one or more portions of the survey were not completed by the responsible parties and, therefore, the surveys could not be finalized. In addition, factors contributing to this backlog included the roll-out of the new electronic survey system, the COVID-19 pandemic, staffing limitations, and disruptions at some posts.⁵³ Additionally, DS officials stated that factors such as competing priorities and some post personnel’s difficulties accessing the classified network where the survey system is located may have contributed to the backlog.

Physical security surveys are considered overdue when they are not completed within the 3-year cycle period. When surveys remain in a pending or unpublished status, updated information cannot be finalized in the appropriate databases. In addition, deficiencies noted as part of the physical security surveys are not visible in DS’s Deficiency database until the survey reports are completed. As a result, the overall security profile of a post may not be fully known, prioritized, and remediated in a timely manner. OIG is offering the following recommendation to address the backlog of incomplete physical security surveys.⁵⁴

Recommendation 8: OIG recommends that the Bureau of Diplomatic Security analyze the backlog of physical security surveys to determine factors inhibiting completion of the physical security surveys and, based on the analysis, develop and implement a plan of action to address and resolve the backlog of physical security surveys.

⁵³ As an example of a disruption at a post, Embassy Baghdad, Iraq, was on ordered departure in 2019.

⁵⁴ In August 2023, OIG learned that DS has a task force that is implementing changes on its “My Post” page and the survey tool to help users understand their workload and identify unfinished items.

Management Response: DS concurred with the recommendation, stating that it is actively working to streamline the survey process by simplifying the survey form, updating the interface, changing workflows, and rewriting questions. DS plans to hold periodic virtual training sessions for all end users.

OIG Reply: On the basis of DS's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives documentation demonstrating that DS has analyzed the backlog of physical security surveys to determine factors inhibiting completion of the physical security surveys and, based on that analysis, developed and implemented a plan of action to address and resolve the backlog of physical security surveys.

RECOMMENDATIONS

Recommendation 1: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, (a) finalize and publish definitions and descriptions for temporary structures and related terminology, (b) update applicable policies and process documents, and (c) communicate this information to all Department of State employees who have responsibility for real property at overseas posts.

Recommendation 2: OIG recommends that the Bureau of Overseas Buildings Operations (a) draft and publish guidance in the Foreign Affairs Manual requiring posts to request authorization and permits before changing the intended and permitted use of any structure and (b) communicate this information to all Department of State employees who have responsibility for real property at overseas posts.

Recommendation 3: OIG recommends that the Bureau of Overseas Buildings Operations update the Real Property Application User Manual to (a) improve the guidance provided for data entry, including guidance related to standardization and streamlining of naming and categorization, and (b) include information related to structure type consistent with the definitions published in response to Recommendation 1.

Recommendation 4: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security (DS), develop and implement a process to periodically reconcile data between the Real Property Application and key DS databases, including the Published Waivers/Exceptions database, Deficiency Database, and Published Physical Security Surveys database.

Recommendation 5: OIG recommends that the Bureau of Diplomatic Security strengthen its policies and procedures related to review, analysis, and quality control checks of physical security surveys to ensure that accurate identifying information is captured, and necessary follow-up actions are taken.

Recommendation 6: OIG recommends that the Bureau of Diplomatic Security develop and implement a process to review and address notations in physical security surveys related to obtaining or updating a waiver or exception.

Recommendation 7: OIG recommends that the Bureau of Overseas Buildings Operations develop and implement policies and procedures to request a certification from posts indicating that they do not have any unauthorized shipping containers.

Recommendation 8: OIG recommends that the Bureau of Diplomatic Security analyze the backlog of physical security surveys to determine factors inhibiting completion of the physical security surveys and, based on the analysis, develop and implement a plan of action to address and resolve the backlog of physical security surveys.

APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

The Office of Inspector General (OIG) conducted this audit to determine whether the Department of State (Department) managed the use of temporary structures¹ at overseas posts in compliance with applicable physical security standards and procedures, including maintaining an accurate and complete inventory of temporary structures used for residential and office purposes.

OIG conducted this audit from January to June 2023 in the Washington, DC, metropolitan area. The scope of this audit was the 157 temporary structures² that were recorded in the Real Property Application (RPA)³ as of January 2023. OIG conducted this performance audit in accordance with generally accepted government auditing standards. These standards require that 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. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions based on the audit objective.

To determine whether the Department managed the use of temporary structures in compliance with physical security standards and procedures, OIG obtained background information by reviewing the Omnibus Diplomatic Security and Antiterrorism Act of 1986 and the Secure Embassy and Counterterrorism Act of 1999. In addition, OIG reviewed the security responsibilities defined in the Department's Foreign Affairs Manual (FAM) and Foreign Affairs Handbook (FAH)—12 FAM 300 ("Physical Security Programs"), 12 FAH 5 ("Physical Security Handbook"), and 12 FAH 6 ("[Overseas Security Policy Board (OSPB)] Security Standards and Policy Handbook").

OIG also conducted interviews with personnel from the Bureau of Overseas Buildings Operations (OBO), Bureau of Diplomatic Security (DS), and Bureau of Administration, located both domestically and at overseas posts, to understand the Department's inventory of temporary structures, management control processes to identify and address issues related to temporary structures at overseas posts, and how compliance with physical security standards is assessed. Additionally, OIG received and reviewed data from RPA. Furthermore, OIG obtained access to and reviewed and analyzed data from relevant database applications, including DS's Published Waivers/Exceptions database, Deficiency database, and Published Physical Security Surveys database. OIG used data from RPA and the DS databases to determine compliance with security standards.

¹ For the purpose of this report, OIG uses the term "temporary structures" to refer to temporary and non-permanent structures.

² Properties from Kabul, Afghanistan, and Basrah, Iraq, were excluded from this audit because operations had been suspended at these posts during the audit.

³ RPA is an automated management information system that is designed to maintain records of the Department's leased and owned real property holdings abroad.

Data Reliability

To identify temporary structures for testing, OIG used property data extracted by OBO from RPA as of January 2023. To assess the reliability of the data from RPA, OIG checked for missing data, reviewed records or values of key data elements, and assessed the consistency of information. During OIG's review of the RPA data provided by OBO, it identified concerns that some data may have been left out of the extract. Therefore, OIG met with OBO officials, who determined that a key data field containing a unique identifier had not been included in the RPA extraction. OIG then received updated data containing the additional data field. OIG assessed the reliability of the updated data. As detailed in the Audit Results section of this report, OIG noted certain issues with the reliability of the data provided.

OIG reviewed and analyzed data from three Diplomatic Security classified databases: the Published Waivers/Exceptions database, Deficiency database, and Published Physical Security Surveys database. To assess the reliability of the data from these databases, OIG reviewed the entries listed within each database for the six posts selected for testing. Specifically, OIG checked for incomplete entries, miscategorized entries, and missing fields. OIG did not identify any concerns or issues with the databases. Overall, OIG concluded that both OBO and DS data were sufficiently reliable for the purpose of meeting the objective of the audit.

Work Related to Internal Control

During the audit, OIG considered several factors, including the subject matter of the project, to determine whether internal control was significant to the audit objective. Based on this consideration, OIG determined that internal control was significant for this audit. OIG then considered the components of internal control and the underlying principles included in the *Standards for Internal Control in the Federal Government*⁴ to identify internal controls that were significant to the audit objective. Considering internal control in the context of a comprehensive internal control framework can help auditors determine whether underlying internal control deficiencies exist.

For this audit, OIG concluded that three of five internal control components from the *Standards for Internal Control in the Federal Government*—Control Activities, Information and Communication, and Monitoring—were significant to the audit objective. The Control Activities component includes the actions management establishes through policies and procedures to achieve objectives and respond to risks in the internal control system, which includes the entity's information system. The Information and Communication component relates to the quality information that management and personnel communicate and use to support the internal control system. The Monitoring component relates to activities management establishes and operates to assess the quality of performance over time and promptly resolve the findings of audits and other reviews. OIG also concluded that six of the principles related to the selected components were significant to the audit objective, as described in Table A.1.

⁴ Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014).

Table A.1: Internal Control Components and Principles Identified as Significant

Components	Principles
Control Activities	Management should design control activities to achieve objectives and respond to risks.
Control Activities	Management should implement control activities through policies.
Information and Communication	Management should use quality information to achieve the entity's objectives.
Information and Communication	Management should internally communicate the necessary quality information to achieve the entity's objectives.
Monitoring	Management should establish and operate monitoring activities to monitor the internal control system and evaluate the results.
Monitoring	Management should remediate identified internal control deficiencies on a timely basis.

Source: Generated by OIG from an analysis of internal control components and principles from the Government Accountability Office, *Standards for Internal Control in the Federal Government* (GAO-14-704G, September 2014).

OIG then interviewed Department officials, reviewed documentation, performed walkthroughs of selected databases, and analyzed property data to obtain an understanding of the internal controls related to the components and principles identified as significant for this audit. OIG assessed the design and implementation of key internal controls. Specifically, OIG

- Conducted walkthroughs of the RPA, Physical Security Survey, Waivers/Exceptions, and Deficiencies databases to determine design and implementation of control activities.
- Reviewed documentation and interviewed personnel from the Department to determine the design and implementation of control activities related to RPA.
- Reviewed documentation and interviewed personnel from the Department to determine the effectiveness of communication of RPA data, including training staff on entering information into RPA and other databases.
- Reviewed and analyzed the design and implementation of control activities related to temporary structures reported in RPA and the Physical Security Survey, Waivers/Exceptions, and Deficiencies databases.
- Reviewed and analyzed monitoring and communication processes of the Physical Security Survey, Waivers/Exceptions, and Deficiencies databases to determine if they were designed suitably to identify, monitor, and remediate security challenges associated with temporary structures.

Internal control deficiencies identified during the audit that are significant within the context of the audit objective are presented in the Audit Results section of this report.

Sampling Methodology

OIG's sampling objective was to select temporary structures at overseas posts to test and determine whether they complied with applicable physical security standards. To identify the

universe of temporary structures, OIG obtained data from OBO's RPA, as of January 2023. Specifically, OBO provided a list from RPA of 1,184 temporary structures at 8 overseas posts. The temporary structures included:

- residential hardened alternative trailer systems (RESHAT).
- residential containerized housing units (RESCHU).
- portable temporary residential modular trailers (RESTMP).

The properties extracted from the RPA system were categorized with a "property use" of RESHAT, RESCHU, multiple unit residential buildings (RESMLT) and Marine Security Guard residences (RESMSG) that had a sub-coding of RESHAT or RESCHU. In addition, the data included items with "HATS" or "CHU" under the property name field. OBO also included temporary duty residences (RESTDY) and Portable Temporary Residential Modular Trailers (RESTMP) that were subcoded as portable temporary office trailers (OFFTMP) or RESTMP. OIG removed 1,026 properties in Kabul, Afghanistan, and 1 property in Basrah, Iraq, because operations had been suspended at these posts during the audit. Thus, OIG determined that the project universe was 157 temporary structures at 6 selected posts. OIG conducted a 100-percent review of the project universe.

OIG determined that the RPA data did not include shipping containers. According to OBO officials, when a shipping container is authorized and permitted for a specific use, the shipping container is categorized in RPA by its intended use, such as an office or hair salon, as opposed to categorizing the shipping container as a temporary structure. The shipping containers become permanent structures once authorized and permitted and once the conversion process is completed. As a result, OBO could not provide data on structures that were once shipping containers.

Prior Office of Inspector General Reports

In September 2019, OIG reported⁵ that the Department had not developed standardized designs for temporary physical security structures in conflict environments, which contributed to long timelines and delays. As of May 2023, all recommendations from this report had been implemented and closed.

Between October 2018 and April 2023, OIG reported on the unauthorized use of shipping containers in 11 reports. See Appendix B for a list of these reports. Three of these OIG reports specifically identified the use of containers for a functional use:

- In August 2019, OIG reported that Embassy Tirana, Albania, used several shipping containers and non-permanent structures on the embassy compound and in the U.S. government-owned residential complex as local guard facilities, driver and

⁵ OIG, *Audit of the Execution of Security-Related Construction Projects at U.S. Embassy Kabul, Afghanistan* (AUD-MERO-19-40, September 2019).

gardener break rooms, offices, and permanent storage space.⁶ As of May 2023, the one recommendation in the report addressing this issue had been implemented and closed.

- In April 2022, OIG reported that Embassy Montevideo, Uruguay, improperly used seven shipping containers as permanent storage space for embassy property and as functional space for a workshop and a changing area for local guard staff.⁷ As of May 2023, the one recommendation in the report addressing this issue remained resolved, pending further action.
- In December 2022, OIG reported that Embassy Buenos Aires, Argentina, improperly used eight shipping containers for maintenance shops, mail screening, office space for local guards, and permanent storage.⁸ Two of the containers used as occupied spaces were stacked on top of one another with an external staircase. As of May 2023, the one recommendation in the report addressing this issue remained resolved, pending further action.

⁶ OIG, *Inspection of Embassy Tirana, Albania* (ISP-I-19-26, August 2019).

⁷ OIG, *Inspection of Embassy Montevideo, Uruguay* (ISP-I-22-11, April 2022).

⁸ OIG, *Inspection of Embassy Buenos Aires, Argentina* (ISP-I-23-06, December 2022).

APPENDIX B: PRIOR OFFICE OF INSPECTOR GENERAL REPORTS THAT IDENTIFIED UNAUTHORIZED USE OF SHIPPING CONTAINERS

From October 2018 through April 2023, the Office of Inspector General (OIG) reported on the unauthorized use of shipping containers in 11 reports. Table B.1 lists those OIG reports.

Table B.1: Instances of Unauthorized Use of Shipping Containers Cited in Office of Inspection Reports (October 2018–May 2023)

Post Location	OIG Report Number	Number of Containers Identified	Used For a Functional Purpose ^a	Used For Storage
Nassau, The Bahamas ^b	ISP-I-19-19	8	No	Yes
Tirana, Albania ^c	ISP-I-19-26	- ^d	Yes	Yes
Dhaka, Bangladesh ^e	ISP-I-20-17	8	No	Yes
Santiago, Chile ^f	ISP-I-22-10	14	No	Yes
Montevideo, Uruguay ^g	ISP-I-22-11	7	Yes	Yes
Athens and Constituent Post, Greece ^h	ISP-I-22-14	8	No	Yes
Sofia, Bulgaria ⁱ	ISP-I-22-18	4	No	Yes
Buenos Aires, Argentina ^j	ISP-I-23-06	8	Yes	Yes
Kuwait City, Kuwait ^k	ISP-I-23-07	65	No	Yes
Beirut, Lebanon ^l	ISP-I-23-10	23	No	Yes
Khartoum, Sudan ^m	ISP-I-23-13	- ^d	No	Yes

^a Functional purpose refers to a space that personnel may work in or occupy. Examples include, but are not limited to, a drivers' breakroom, a workshop, or a changing area for local guard staff.

^b OIG, *Inspection of Embassy Nassau, The Bahamas* (ISP-I-19-19, August 2019).

^c OIG, *Inspection of Embassy Tirana, Albania* (ISP-I-19-26, August 2019).

^d The specific number was not included in the report.

^e OIG, *Inspection of Embassy Dhaka, Bangladesh* (ISP-I-20-17, June 2020).

^f OIG, *Inspection of Embassy Santiago, Chile* (ISP-I-22-10, March 2022).

^g OIG, *Inspection of Embassy Montevideo, Uruguay* (ISP-I-22-11, April 2022).

^h OIG, *Inspection of Embassy Athens and Constituent Post, Greece* (ISP-I-22-14, May 2022).

ⁱ OIG, *Inspection of Embassy Sofia, Bulgaria* (ISP-I-22-18, May 2022).

^j OIG, *Inspection of Embassy Buenos Aires, Argentina* (ISP-I-23-06, December 2022).

^k OIG, *Inspection of Embassy Kuwait City, Kuwait* (ISP-I-23-07, November 2022).

^l OIG, *Inspection of Embassy Beirut, Lebanon* (ISP-I-23-10, April 2023).

^m OIG, *Inspection of Embassy Khartoum, Sudan* (ISP-I-23-13, March 2023).

Source: Generated by OIG based on an analysis of OIG inspection reports from October 2018 through May 2023.

APPENDIX C: BUREAU OF OVERSEAS BUILDINGS OPERATIONS RESPONSE



United States Department of State
Washington, DC 20520

UNCLASSIFIED

September 13, 2023

Info Memo for Norman Brown – OIG/AUD

FROM: OBO Director – William H. Moser ^{WWS} 9/13/23

SUBJECT: Bureau of Overseas Buildings Operations (OBO) Response to
OIG Draft Report - Audit of Physical Security Standards for
Department of State Temporary Structures at Selected
Overseas Posts

Thank you for the opportunity to review the draft report. OBO shares the OIG's concerns about the use of *unauthorized* shipping containers at posts and has a vested interest in preventing such usage. However, the audit's foundation is based on defining temporary structures as "temporary" and "non-permanent," terminology that OBO only uses in the built environment to ensure that appropriate codes are applied to each type of building and structure during design and construction. As a result, achieving the goal of identifying when a post changes a structure's use without authorization and permitting from OBO remains a challenge.

While OBO agrees that clearer definitions and descriptions would help the Department better identify and catalogue *relocatable* structures, we do not agree with the OIG's overall assessment that the Department did not establish adequate internal controls to oversee the use of temporary structures. OBO requires that any change in functional use must be reviewed, permitted, and authorized to ensure the safety and security of that structure, whether occupied or not.

Furthermore, the Department complies with federal real property laws and federal real property inventory requirements to manage its real property inventory and must abide by a prescribed set of classifications and definitions. Assets are recorded in the Real Property Application (RPA) to

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conform with federal data management and reporting requirements that do not categorize properties in terms of “temporary” or “non-permanent”.

Per the Audit Notification Memorandum, the primary objective of the audit was “to determine whether the Department of State manages the use of temporary structures at overseas posts in compliance with applicable physical security standards and procedures, *including maintaining an accurate and complete inventory of temporary structures used for residential and office purposes*”. Although OBO does not categorize its facilities in terms of “temporary” and “permanent” for real property inventorying purposes, OBO does maintain an accurate and complete inventory of all authorized and permitted facilities, to include containerized housing units, hardened alternative trailers, and “authorized” shipping containers. Conflating OBO’s International Building Code provisions and definitions (used to implement a set of prescribed design and construction code and standards requirements for the *built environment*) with federal real property provisions and definitions prescribed by the Office of Management and Budget and the General Services Administration for inventorying purposes diminished the impact of this audit.

I hope that you will take OBO’s concerns and suggested clarifications summarized in Tab 1 into account when you produce the final report and perhaps consider future studies that focus on underlying safety and security concerns related to the unauthorized change in the use of a structure from its initially intended or previously permitted use.

Please see the following responses to the recommendations assigned to OBO for action.

Recommendation 1: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security, (a) finalize and publish definitions and descriptions for temporary structures and related terminology, (b) update applicable policies and process documents, and (c) communicate this information to all Department

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of State employees who have responsibility for real property at overseas posts.

OBO Response (September 2023): While OBO concurs with the intent of the recommendation and will develop definitions and guidance related to those relocatable structures that have been authorized for a specific use, we do not concur with the use of the term “temporary structures” from a real property inventorying perspective. The Department manages the overseas real property inventory in compliance with Executive Order (E.O.) 13327 Federal Real Property Asset Management, the Federal Property Management Reform Act of 2016 (FPMRA) and the Federal Assets Sale and Transfer Act of 2016 (FASTA). Federal Real Property Profile reporting requirements do not include temporary buildings and structures. OBO will coordinate with the Bureau of Diplomatic Security on updates to policies pertaining to relocatable structures and communicate revised guidance to overseas posts.

Recommendation 2: OIG recommends that the Bureau of Overseas Buildings Operations (a) draft and publish guidance in the Foreign Affairs Manual requiring posts to request authorization and permits before changing the intended and permitted use of any structure and (b) communicate this information to all Department of State employees who have responsibility for real property at overseas posts.

OBO Response (September 2023): OBO concurs with this recommendation and will publish updated guidance in the Foreign Affairs Manual and alert stakeholders.

Recommendation 3: OIG recommends that the Bureau of Overseas Buildings Operations update the Real Property Application User Manual to (a) improve the guidance provided for data entry, including guidance related to standardization and streamlining of naming and categorization, and (b) include information related to structure type consistent with the definitions published in response to Recommendation 1.

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OBO Response (September 2023): OBO concurs with this recommendation and will develop improved data entry, naming, and categorization guidance.

Recommendation 4: OIG recommends that the Bureau of Overseas Buildings Operations, in coordination with the Bureau of Diplomatic Security (DS), develop and implement a process to periodically reconcile data between the Real Property Application and key DS databases, including the Published Waivers/Exceptions database, Deficiency Database, and Published Physical Security Surveys database.

OBO Response (September 2023): RPA is the Department's Real Property System of Record and serves as a subledger of the Department's financial systems. For this reason, OBO requests the action for this recommendation be transferred to the Bureau of Diplomatic Security (DS) with OBO as a coordinating bureau. OBO stands ready to assist DS with reconciling their databases with RPA.

Recommendation 7: OIG recommends that the Bureau of Overseas Buildings Operations develop and implement policies and procedures to request a certification from posts indicating that they do not have any unauthorized shipping containers.

OBO Response (September 2023): OBO does not concur with its designation as "action office" for this recommendation. The responsibility of requesting authorization and permits from OBO before using an unauthorized shipping container for a purpose other than its original intended / authorized / permitted use, rests entirely with posts. While OBO does not manage shipping container inventories, we do support the Department's efforts to limit the use of unauthorized / unpermitted as occupied (functional or residential spaces) or unoccupied (storage space) structures.

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OBO September 2023 Suggested Edits / Corrections to AUD-SI-23-XX

Physical Security Standards for Temporary Structures at Selected Overseas Posts

General

Throughout the audit, OBO struggled to reconcile OIG's definition of temporary structures as "temporary and non-permanent" with OBO's terminology of "authorized / permitted". For real property inventorying purposes, the Department follows OMB's and GSA's Federal Real Property Profile (FRPP) inventory guidance and uses the definitions issued in the FRPP Data Dictionary, which defines property type as land, building, and structure (vice temporary and permanent) and prescribes specific property uses for each property type category. Real property is recorded in RPA based on five main predominant use categories: Functional (FCT), Land (LOT), Office (OFF), Residential (RES), and Structure (STR).

For design and construction purposes, the Department follows the International Building Code (IBC) and OBO's IBC Supplement, which prescribe specific code requirements, standards, and criteria to construct safe facilities (buildings and structures). The IBC has distinct design and construction standards for temporary, non-permanent (relocatable), and permanent structures. OBO adopted these definitions in its IBC Supplement to establish minimum requirements for the Department's construction and/or renovation of overseas facilities to safeguard the occupants' safety, health, and general welfare.

HIGHLIGHTS/What OIG Found Page (and on Page 5)

The draft report states, "First, the Department could not provide an accurate or complete inventory of temporary structures at posts and some structures were not consistently named and categorized in the Department's Real Property Application (RPA) database."

OBO would like to clarify that the OIG did not provide OBO with a clear definition of "temporary structures" throughout the course of the audit. In August 2022, OBO asked the OIG for clarification of the term "temporary structures" during the OIG's proposed research phase, and the OIG requested information on "trailers and portable structures." Subsequently, OBO provided the OIG with several iterations of inventories of facilities from its Real Property Application (RPA), including containerized housing units (CHU) and hardened alternative trailer

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Physical Security Standards for Temporary Structures at Selected Overseas Posts

systems (HATS) and other authorized and permitted facilities that the OIG requested.

HIGHLIGHTS/What OIG Found Page (and on Page 9)

The draft report states, "OIG also determined that overseas posts were generally not complying with Department guidance regarding the use of shipping containers."

OBO requests that the OIG refine this category to reflect "unauthorized use of shipping containers." When OBO authorizes and permits a shipping container for a specific use, it is tracked and maintained in OBO's facility portfolio under its authorized repurposed use.

Page 3 BACKGROUND: "Temporary and Non-Permanent Structures"

This entire section references the OBO Building Code which prescribes standards and requirements for construction or renovation projects to ensure appropriate (fire prevention, mechanical, electric, plumbing, etc.) standards are applied to permanent and non-permanent buildings and structures that form part of the built environment. In other words, the definitions in this section are important because they dictate which codes to apply to each building type and are relevant in the permitting process. Real property inventory requirements follow federal real property requirements, not IBC terminology.

OBO requests footnote 23 be either corrected or deleted. The RPA User Manual does not define 'temporary structures'.

Page 5 AUDIT RESULTS: Finding A

The draft report states: "OIG found that the Department is not adequately managing its use of temporary structures at selected overseas posts in accordance with applicable security standards and procedures. For example, OBO could not provide an accurate or complete inventory of temporary structures at posts, and some structures were not consistently named and categorized in the Department's RPA database."

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OBO provided the OIG with the requested inventories, except for unauthorized shipping containers that OBO does not track. Shipping containers are not considered real property unless they are affixed to a real property asset (land or building) and ordinarily remain affixed for an indefinite time. Posts are responsible for requesting authorization and obtaining permits from OBO before converting shipping containers from a personal property asset with a specific intended use (i.e., to transport goods) to a real property asset (occupied or unoccupied structure) planned to be used for other purposes than its original intended use. Since OBO is responsible for maintaining *authorized facilities*, OBO cannot provide an accurate or complete inventory of temporary structures that include *unauthorized* shipping containers at posts. OBO is concerned that a definition of or permission to inventory unauthorized shipping containers might inadvertently suggest that it is permissible for a post to maintain this category of structures.

The draft report states: “RPA identifies structures by their functional use and does not differentiate among temporary, non-permanent, and permanent structures at post.”

OBO explained that it does not categorize real property assets (buildings and structures) in terms of temporary and permanent outside the built environment. For inventorying purposes OBO categorizes its properties in terms of authorized (permitted) and unauthorized (unpermitted) assets. OBO clarified that RPA does not catalog unauthorized real property assets. OBO RPA only catalogs authorized and permitted real property assets by predominant use in accordance with OMB’s and GSA Federal Real Property Inventory mandates defined in the FRPP Data Dictionary definitions.

Page 6 AUDIT RESULTS: Finding A, Inventory of Temporary Structures

The draft report states: “OIG found that OBO could not provide an accurate or complete inventory of temporary structures at posts. OIG initially requested that OBO provide a list of temporary structures (including HATS, CHUs, and shipping containers) at selected posts. In response, OBO provided a listing of temporary

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structures at the selected posts that were used for residential and temporary duty purposes. OBO officials indicated that the listing did not include all authorized shipping containers. During the audit, OIG determined that the list provided by OBO did not include some temporary structures. This list also did not include shipping containers that had not been authorized by OBO.”

In conjunction with OBO’s explanation provided for the section on page 5 of the draft report, OBO also suggests that, for clarity, the term “temporary” structures be changed to “unauthorized shipping containers.”

The draft report states: “Additionally, OIG noted inconsistent address details for temporary structures. For example, OIG found various types of address entries related to temporary structures including a specific address (“GUZELEVLER MAH. GIRNE BLV NO 2”), a general location (“Residential Compound”), a specific location (“Plot 25”), and repeating the information included in the property name (“BDSC BLDG 608 WET CHU POD”).”

OBO requests this point be deleted. Given the unique locations in which the Department of State operates, there are properties that do not have formal addresses in some remote locations. It is for that reason that the RPA application tracks latitude and longitude coordinates for all properties. Additionally, the Federal Real Property Profile (FRPP) requires that OBO report latitude and longitude in lieu of addresses.

Page 9 AUDIT RESULTS: Finding A, Use of Shipping Containers

OBO appreciates the OIG capturing OBO’s efforts to prevent posts from using shipping containers without OBO’s authorization and permitting. However, the responsibility to request approvals, authorization and permits to convert shipping containers into functional, office, residential, or storage space rests entirely with posts.

As previously mentioned, shipping containers are not considered real property unless they are affixed to a real property asset (land or building) and ordinarily remain affixed for an indefinite time. Therefore, a shipping container modified

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from its intended use must meet the requirements of the International Building Code (IBC); the OBO Supplement to the IBC; the Overseas Security Policy Board (OSPB) standards; and National Fire Protection Association (NFPA) Codes and Standards.

OBO encourages the OIG to consider future studies and include the regional bureaus and the Bureau of Administration to address the root cause: changes made by posts to a structure's use from its initially intended and authorized use without authorization / permit / waivers from OBO and DS. Any changes in use of a facility (building or structure) must be reviewed, authorized, and permitted by OBO to ensure the safety and security of that structure, whether occupied or not.

Page 10 AUDIT RESULT: Finding A, Inadequate Internal Controls

The draft report states: "OBO officials stated that OBO does not categorize its facilities in terms of temporary and permanent; but rather it tracks, maintains, and is responsible for those facilities that are authorized and permitted. However, OIG determined that OBO defines structures as "temporary" during the construction phase but does not consistently use this term once these structures are complete and occupied."

Although OBO adopted Internal Building Code standards for temporary, non-permanent (relocatable), and permanent structures, these definitions pertain to the construction phase, and are used to establish minimum requirements for the Department's construction and/or renovation of overseas facilities.

OBO suggested that the statement "did not have adequate policies and process to govern the use of temporary structures" is inaccurate; the issue is with unauthorized use of structures, not all structures. OBO also suggested that the last sentence in the first paragraph be revised to clarify that "temporary" is used during construction and is not used to catalog and inventory permanent and non-permanent / relocatable structures according to predominant use in the RPA database.

Page 12 AUDIT RESULTS: Finding A, Inadequate Internal Controls

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The draft report states: "Specifically, OIG found that OBO did not have sufficient processes in place to maintain accountability of unauthorized shipping containers used for functional space."

As mentioned previously, OBO is not accountable for posts using unauthorized shipping containers for functional space. OBO suggests the statement be modified to read "The Department has inadequate processes in place to prohibit posts from using unauthorized shipping containers or from changing the use of permitted structure to a different use".

APPENDIX D: BUREAU OF DIPLOMATIC SECURITY RESPONSE



United States Department of State

Washington, D.C. 20520

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September 19, 2023

Read by _____

Info Memo for Acting Inspector General Shaw – OIG

FROM: DS – Carlos F. Matus, Acting 

SUBJECT: Bureau of Diplomatic Security Response to the Office of Inspector General Draft Report on Physical Security Standards for Department Temporary Structures at Selected Overseas Posts

Below are the Bureau of Diplomatic Security's (DS) response to the OIG Draft Report:

Recommendation 5: OIG recommends that the Bureau of Diplomatic Security strengthen its policies and procedures related to the review, analysis, and quality control checks of physical security surveys to ensure that accurate identifying information is captured, and necessary follow-up actions are taken.

DS Response (09/19/2023): DS disagrees with a finding that its policies need to be strengthened and questions the use of the subjective term "strengthen" in the OIG's recommendation. DS firmly believes it has strong policies and procedures that ensure appropriate review, analysis, and quality control of physical security surveys. These current policies and procedures ensure accurate identifying information is captured and any necessary follow-up actions are taken in the following ways:

- Requiring the use of a standardized physical security survey template for varying facility types. This ensures that all surveys for specific

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facility types collect the same information in a consistent format, making it easier to review and analyze the data.

- Utilizing an established review process that incorporates various roles and stages. The Senior RSO must review the survey for accuracy and completeness after all the survey data is inputted. The DS/PSP/PCD desk officer will then analyze the data and, more importantly, mark any data that should be addressed as a deficiency. Finally, the DS/PSP/PCD senior desk officer will perform a peer review of the data to ensure the overall quality of the completed survey. At any time, any reviewer can request additional or clarifying information, as needed, and mark any potential issues for any necessary action.
- Utilizing the “My Post Page” dashboard to allow all stake holders to view and discuss physical security line items for designated posts with DS/PSP/PCD and RSO to include surveys, deficiencies, waivers and exceptions, and post photos and other agency surveys.

Recommendation 6: OIG recommends that the Bureau of Diplomatic Security develop and implement a process to review and address notations in physical security surveys related to obtaining or updating a waiver or exception.

DS Response (09/19/2023): DS disagrees with the recommendation. DS has developed and implemented a process to review and address notations in physical security surveys related to obtaining a waiver or exception. By referencing a central repository (“My Post Page”) for all physical security surveys as well as waivers and exceptions while reviewing a survey, DS/PSP/PCD desk officers can determine the need for and, if necessary, initiate a waiver and/or exception request, even while the survey is still pending publication.

Recommendation 8: OIG recommends that the Bureau of Diplomatic Security analyze the backlog of physical security surveys to determine factors inhibiting completion of the physical security surveys and, based on the analysis, develop and implement a plan of action to address and resolve backlog of physical security surveys.

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DS Response (09/19/2023): DS agrees with the recommendation and acknowledges the backlog of physical security surveys. DS is actively working to streamline the survey process by simplifying the survey form, updating the interface based on feedback from the surveyors, changing workflows to avoid delays in processing, and rewriting questions to allow flexibility in survey responses. Prior to and after the rollout of these changes in the Risk Management Application, DS/PSP/PCD will hold periodic virtual training sessions for all end users.

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Approved: DS – Carlos F. Matus, Acting

[*CM*]

Analyst: DS/MGT/PPD – Lauren Morris

Cleared: DS/DSS – PHouston, acting (OK)
DS/EX – JSchools (OK)
DS/EX/MGT – SHaines (OK)
DS/MGT/PPD – THouser (OK)
DS/MGT/PPD-Policy – DMurphy (OK)
DS/C – RGregory (OK)

APPENDIX E: OIG REPLIES TO GENERAL COMMENTS FROM THE BUREAU OF OVERSEAS BUILDINGS OPERATIONS

In addition to responding to recommendations offered in a draft of this audit report, the Bureau of Overseas Buildings Operations (OBO) provided general comments regarding the audit findings (see Appendix C). OBO's comments and the Office of Inspector General's (OIG) replies are summarized and presented as follows:

OBO Comment: OBO stated that it “struggled to reconcile” OIG's definition of temporary structures as “temporary and non-permanent” with OBO's terminology of “authorized/ permitted.” OBO also stated that for real property inventorying purposes, the Department of State (Department) follows Office of Management and Budget and General Services Administration guidance, which defines property type as land, building, and structure and prescribes specific property uses for each property type category. Real property is recorded in the Real Property Application (RPA) based on five main predominant use categories: functional, land, office, residential, and structure. For design and construction purposes, the Department follows the International Building Code, which has distinct design and construction standards for temporary, non-permanent, and permanent structures. OBO adopted these definitions for the construction or renovation of overseas facilities.

OIG Reply: During the audit, as reported in the Audit Results section of the report, OIG identified inconsistencies in how OBO used the terms “temporary,” “non-permanent,” and “permanent” to describe structures. Although OBO states in its response to a draft of this report that it does not use the terms temporary or non-permanent except for construction projects, OBO's Building Code differentiates between temporary structures, non-permanent structures, and permanent structures. Furthermore, although OBO uses five main use categories in RPA, OBO also uses other codes in RPA that identify some structures as temporary or non-permanent, such as “RESHAT,” (residential hardened alternative trailer systems), “RESCHU,” (residential containerized housing units), and “RESTMP” (portable temporary residential modular trailers). As noted in the Audit Findings section of this report, until OBO addresses the issues identified with the naming and categorization conventions for temporary structures, the Department will have inaccurate and incomplete information about the types of structures at posts.

OBO Comment: OBO stated that OIG did not provide OBO with a clear definition of “temporary structures” during the audit. In August 2022, OBO asked OIG for clarification of the term “temporary structures.” OIG responded that it was requesting information regarding “trailers and portable structures.”

OIG Reply: As noted in this report, the term temporary structures is used by the Department in criteria and other documents. OBO's comment supports the need established in the audit finding to define the term temporary structure.

OBO Comment: OBO requested that OIG clarify in the report that references to posts not complying with guidance regarding the use of shipping containers referred specifically to unauthorized shipping containers.

OIG Reply: OIG clarified the report as requested by OBO.

OBO Comment: OBO requested that footnote 23 either be corrected or deleted because the RPA User Manual does not define temporary structures.

OIG Reply: Footnote 23 of the report provides a citation for the statement that OBO's RPA User Manual provides definitions for containerized housing units and hardened alternative trailer systems . OIG confirmed that the RPA User Manual provides definitions for those items. The sentence does not mention temporary structures.

OBO Comment: OBO disagreed with statements in the Audit Results section of this report that OBO was unable to provide an accurate or complete inventory of temporary structures at posts. OBO stated that it provided the requested inventories except for unauthorized shipping containers, which OBO does not track. According to OBO, posts are responsible for requesting authorization and obtaining permits from OBO before converting a shipping container from a personal property asset with a specific intended use (i.e., to transport goods) to a real property asset (occupied or unoccupied structure) planned to be used for other purposes than its original intended use. OBO stated that it is responsible for maintaining authorized facilities and, therefore, cannot provide an accurate or complete inventory of temporary structures that include unauthorized shipping containers at posts. Furthermore, OBO expressed concern that inventorying unauthorized shipping containers might inadvertently suggest that it is permissible for a post to maintain this category of structures.

OIG Reply: As noted in the Audit Results section of the report, RPA is the Department's single comprehensive database for all real property abroad. The Audit Results section of the report acknowledges that the items missing from the inventory include shipping containers that had not been authorized. OIG has reported that some posts use unauthorized shipping containers as functional space. OIG maintains that OBO, as the Department's overseas real property manager, needs to develop a methodology to improve controls over the use of shipping containers and other temporary structures at posts, which would improve the accuracy of its property inventory.

OBO Comment: OBO disagreed with OIG's finding about various types of address entries in RPA related to temporary structures including a specific address, a general location, a specific location, and repeating the information included in the property name. OBO stated that, given the unique locations in which the Department operates, there are properties that do not have formal addresses in some remote locations.

OIG Reply: OIG added Footnote 29 to the report to reflect OBO's statement about addresses. However, OIG's finding was related to the lack of consistency and usability of data in RPA.

OBO Comment: OBO stated that the responsibility to request approvals, authorization, and permits to convert shipping containers into functional, office, residential, or storage space rests entirely with posts. OBO encourages OIG to consider future studies and include the regional bureaus and the Bureau of Administration to address the root cause.

OIG Reply: OIG's Office of Inspections regularly assesses whether unauthorized shipping containers are used by a post. Appendix B of this report provides examples of OIG inspection reports that provide information on the use of shipping containers.

OBO Comment: OBO disagreed with OIG's statement that OBO "did not have sufficient processes in place to maintain accountability of unauthorized shipping containers used for functional space." OBO again stated that it is not accountable for posts using unauthorized shipping containers for functional space and requested that OIG modify the sentence to read, "The Department had inadequate processes in place to prohibit posts from using unauthorized shipping containers or from changing the use of permitted structures to a different use."

OIG Reply: OIG agreed with OBO's suggested language and added the sentence proposed by OBO to the Audit Results section of the report. However, OIG did not replace the sentence that OBO objected to. As the Department's overseas real property manager, OIG maintains that OBO needs to develop processes to maintain accountability of unauthorized shipping containers used for functional space.

ABBREVIATIONS

CHU	containerized housing unit
DS	Bureau of Diplomatic Security
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
GAO	Government Accountability Office
HATS	hardened alternative trailer system
OBO	Bureau of Overseas Buildings Operations
OFFTMP	portable temporary office trailer
OIG	Office of Inspector General
OSPB	Overseas Security Policy Board
RESCHU	residential containerized housing unit
RESHAT	residential hardened alternative trailer system
RESMLT	multiple-unit residential building
RESMSG	Marine Security Guard residence
RESTMP	portable temporary residential modular trailer
RPA	Real Property Application
RSO	Regional Security Officer
SECCA	Secure Embassy Construction and Counterterrorism Act of 1999

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