



U.S. Securities and Exchange Commission
Office of Inspector General
Office of Audits

Management of the SEC's Protective Security
Force Contract Needs Improvement





OFFICE OF
INSPECTOR GENERAL

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

M E M O R A N D U M

June 22, 2016

TO: Jeffery Heslop, Chief Operating Officer

FROM: Carl W. Hoecker, Inspector General 

SUBJECT: *Management of the SEC's Protective Security Force Contract Needs Improvement, Report No. 536*

Attached is the Office of Inspector General's (OIG) final report detailing the results of our audit of the U.S. Securities and Exchange Commission's (SEC) management of its protective security force contract. To improve the SEC's oversight of its protective security force contract we made four recommendations. The recommendations address improvements to ensure contractor compliance with contract terms and communication between the Office of Acquisitions and the Office of Security Services.

On May 26, 2016, we provided management with a draft of our report for review and comment. In its June 7, 2016, response, management concurred with our recommendations. We have included management's response as Appendix II in the final report.

Within the next 45 days, please provide the OIG with a written corrective action plan that addresses the recommendations. The corrective action plan should include information such as the responsible official/point of contact, timeframe for completing required actions, and milestones identifying how the Office of Support Operations will address the recommendations.

Because this report contains sensitive information about the SEC's security posture, the full report is non-public (SEC use only) and recipients are not authorized to distribute or release this report outside of the SEC.

We appreciate the courtesies and cooperation extended to us during the audit. If you have questions, please contact me or Rebecca L. Sharek, Deputy Inspector General for Audits, Evaluations, and Special Projects.

Attachment

cc: Mary Jo White, Chair
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Michael Liftik, Deputy Chief of Staff, Office of the Chair
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Executive Summary

Management of the SEC's Protective Security Force Contract Needs Improvement Report No. 536 June 22, 2016

Why We Did This Audit

The safety and security of about 4,200 Federal employees and contractors at the U.S. Securities and Exchange Commission's (SEC or agency) Headquarters depend on the security program managed by the SEC's Office of Security Services (OSS). The success of this program depends, in part, on the actions of Special Police Officers (SPOs) assigned to the SEC's protective security force contract with First Coast Security Solutions, Inc. (First Coast). The SPOs are licensed by the District of Columbia Metropolitan Police Department and are required to follow District of Columbia Municipal Regulations in exercising their duties. SPO duties include controlling building access; monitoring security and safety systems; and patrolling to observe, detect, report, and respond to suspected or apparent security violations. If the services provided do not comply with the contract or the contract is not properly managed, SEC employees, property, and contractor personnel may be at risk of harm.

What We Recommended

To improve the SEC's oversight of its protective security force contract with First Coast, we made four recommendations. The recommendations address improvements to ensure contractor compliance with contract terms and communication between the Office of Acquisitions and OSS. Management concurred with the recommendations, which will be closed upon completion and verification of corrective action.

What We Found

We did not identify any concerns with the performance of the SPOs at the SEC's Headquarters. However, we found that OSS did not ensure that First Coast met all contract terms and Federal best practices. Specifically, the Contracting Officer's Representative allowed First Coast to deviate from contract terms about SPO training and testing and Federal best practices, and relied instead on the less stringent SPO licensing requirements of the District of Columbia Metropolitan Police Department. In addition, the SEC paid for SPO training that First Coast did not provide. Based on information provided by the agency's Office of Acquisitions and OSS, the difference in contractually required versus actual training hours resulted in questioned costs of about \$177,000.

We also found that OSS did not ensure First Coast met all contract terms relating to contract deliverables, quality control practices, and weapons inventories. For example, First Coast did not provide some required periodic reports including reports about SPO training and weapons. First Coast also maintained incomplete and inaccurate firearms information, including inaccurate firearm serial numbers, and the COR did not have an accurate list of all firearms on-site for almost a year. As a result, the SEC did not ensure that First Coast performed adequate quality inspections or provided accurate information for proper contract oversight.

Finally, we found that post orders, which define the specific duties that SPOs are to perform at certain locations throughout the SEC's Headquarters, needed improvement. Although most of the information in the post orders appeared sufficient and appropriate for SPOs to understand their duties, some information was inconsistent among all post orders, post orders for one post conflicted with the contract, and post orders for another post were incomplete. This could result in inconsistent or improper performance of SPO duties or responses to emergencies.

Because this report contains sensitive information about the SEC's security posture, the full report is non-public (SEC use only).

For additional information, contact the Office of Inspector General at (202) 551-6061 or www.sec.gov/oig.

Major Contributors to the Report

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Comments and Suggestions

If you wish to comment on the quality or usefulness of this report or suggest ideas for future audits, please contact Rebecca L. Sharek, Deputy Inspector General for Audits, Evaluations, and Special Projects at sharekr@sec.gov or call (202) 551-6061. Comments, suggestions, and requests can also be mailed to the attention of the Deputy Inspector General for Audits, Evaluations, and Special Projects at the address listed above.