



OIG

Office of Inspector General

U.S. Department of State • Broadcasting Board of Governors

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AUD-SI-17-21

Office of Audits

February 2017

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# Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program

## SECURITY AND INTELLIGENCE DIVISION

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# OIG HIGHLIGHTS

AUD-SI-17-21

## What OIG Audited

The Office of Inspector General (OIG) conducted this audit to determine whether the Bureau of Diplomatic Security (DS) effectively administered the armored vehicle program in accordance with Department of State (Department) policies and guidelines, allocated armored vehicles to meet posts' needs, and maintained accountability over armored vehicles stored domestically. OIG also determined whether select posts utilized armored vehicles that met required standards, whether posts sufficiently maintained armored vehicles, and whether the Department disposed of and transferred armored vehicles in accordance with Department policies.

The armored vehicle program is intended to provide armored vehicles abroad so that posts have a reasonable number of armored vehicles for "enhanced levels of protection...during periods of increased threat, instability, or evacuation" and "to enhance security for U.S. dignitaries visiting countries that require higher protection levels."

## What OIG Recommends

OIG made 38 recommendations to address the deficiencies identified in the armored vehicle program. OIG received responses to a draft of this report from DS, the Bureau of Administration, the Bureau of International Narcotics and Law Enforcement Affairs, Embassy Abuja, Embassy Bogota, and Embassy Port-au-Prince (see Appendices D through I). OIG considers 4 recommendations closed; 26 recommendations resolved, pending further action; and 8 recommendations unresolved. A synopsis of management's response and OIG's reply follow each recommendation in the Results section of this report.

February 2017

OFFICE OF AUDITS

Security and Intelligence Division

## Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program

### What OIG Found

OIG found that DS did not effectively administer the armored vehicle program in accordance with Department policies and guidelines, because DS had not developed appropriate procedures, guidance, or processes. As a result, the armored vehicle program continues to be at significant risk for fraud, waste, and abuse; indeed, court documents in a recent criminal matter included allegations that a DS employee misappropriated Department vehicles. Moreover, these issues mean that DS is not positioned to fulfill its intended mission: to ensure overseas posts have a reasonable number of armored vehicles that offer enhanced levels of protection.

OIG also found that DS did not allocate armored vehicles to meet posts' needs because of a lack of oversight of the process. As a result, overseas posts requiring armored vehicles have not been provided the appropriate number. Additionally, OIG determined that DS had incurred an impairment loss of \$24.9 million for 259 armored vehicles that were unused for over one year. OIG also found that, to reduce inventory, DS transferred 200 unused armored vehicles, valued at \$26.4 million, to other U.S. Government agencies without cost reimbursement. OIG questions the \$51.3 million associated with these issues.

In addition, DS did not maintain sufficient accountability over armored vehicles stored domestically because of a lack of policies and procedures. As a result, OIG could not locate five vehicles, valued at \$536,159. Additionally, OIG determined that posts used armored vehicles that did not always meet required protective standards. As a result, the armored vehicles used by these posts do not meet the minimum protection level, putting U.S. Government personnel at risk. Further, OIG found that posts did not always sufficiently maintain armored vehicles because of a lack of oversight by embassy personnel. As a result, posts may not have armored vehicles mission-ready, which could jeopardize the safety and security of vehicle occupants. Finally, OIG found that the Department did not always dispose of or transfer armored vehicles in accordance with Department requirements. These deficiencies occurred, in part, because of insufficient policies and procedures, which increase the risk that vehicles will be improperly disposed of or misappropriated.

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## OBJECTIVES

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The Office of Inspector General (OIG) conducted this audit to determine whether the Bureau of Diplomatic Security (DS) effectively administered the armored vehicle program in accordance with Department of State (Department) policies and guidelines; allocated armored vehicles to meet posts' needs; and maintained accountability over armored vehicles stored domestically. OIG also assessed whether posts utilized armored vehicles that met required standards, sufficiently maintained armored vehicles, and whether the Department disposed of and transferred armored vehicles in accordance with Department policies. See Appendix A for the purpose, scope, and methodology of this audit.

## BACKGROUND

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The DS armored vehicle program is intended to provide armored vehicles abroad to ensure that posts have a reasonable number of armored vehicles:

- “[F]or enhanced levels of protection for employees and dependents during periods of increased threat, instability, or evacuation,” and
- “[T]o enhance security for U.S. dignitaries visiting countries that require higher protection levels.”<sup>1</sup>

The Bureau of Diplomatic Security, Office of Physical Security Programs, Defensive Equipment and Armored Vehicle Division (DS/PSP/DEAV) is responsible for the management of the DS armored vehicle program. As of May 18, 2016, there were 4,546 “active armored vehicles”<sup>2</sup> in the Department’s official inventory record.<sup>3</sup> These active armored vehicles were purportedly located at 251 overseas posts and 12 domestic business units,<sup>4</sup> as detailed in Figure 1.

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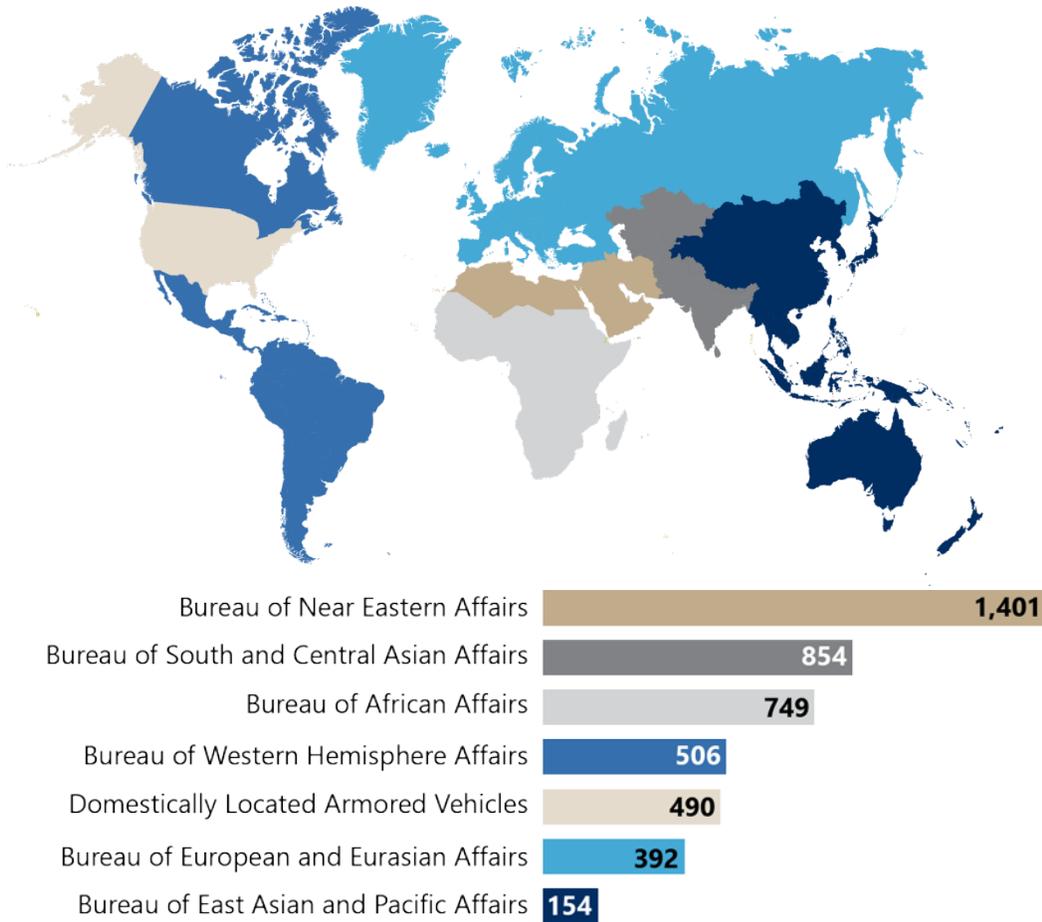
<sup>1</sup> 12 Foreign Affairs Handbook-6 H-522, “Armored Vehicles.”

<sup>2</sup> “Active armored vehicles” indicate those that are currently in service, or received by the Department but not yet placed into service.

<sup>3</sup> The official inventory record for the Department is the Integrated Logistics Management System (ILMS).

<sup>4</sup> A business unit is typically the name of a Department bureau (for example, Bureau of Information Resource Management) identified in ILMS.

Figure 1: Number of Active Armored Vehicles by Geographic Region



**Source:** Generated by OIG from data obtained from the Integrated Logistics Management System on May 18, 2016.

OIG estimates that between 1998 and 2016, the Department expended almost \$1 billion on procuring armored vehicles, about half of which was spent since 2010. OIG calculated that the average cost of an armored vehicle is \$150,000, although this cost can vary significantly based upon the vehicle’s model, make, and the level of armoring. The cost of an armored vehicle includes the procurement of the “base unit” vehicle, the armoring of the vehicle, the shipment of the vehicle, and “prep” costs incurred by DS/PSP/DEAV before post’s receipt of the vehicle.<sup>5</sup> Table 1 provides a summary of the estimated amount of funds the Department expended on armored vehicles since 1998.

<sup>5</sup> Prep costs include costs associated with preparing an armored vehicle for shipment to post (for example, replacing batteries or performing oil changes).

**Table 1: Estimated Historical Cost of Active and Disposed/Transferred Armored Vehicles Procured**

<b>Fiscal Year</b>	<b>Number of Armored Vehicles Procured</b>	<b>Total Cost<sup>b</sup></b>
1998 – 2009 <sup>a</sup>	1,862	\$239,959,233
2010 <sup>a</sup>	914	130,925,204
2011 <sup>a</sup>	810	127,695,109
2012 <sup>a</sup>	333	42,892,094
2013 <sup>a</sup>	234	32,231,321
2014 <sup>a</sup>	217	44,352,196
2015 <sup>a</sup>	150	21,910,473
2016 <sup>a</sup>	26	2,257,904
Transfers <sup>c</sup>	200	26,440,295
Estimated Disposals <sup>d</sup>	1,652	247,800,000
<b>Total</b>	<b>6,398</b>	<b>\$916,463,829</b>

<sup>a</sup> The number of armored vehicles for each year reflects the vehicles that were acquired in those years and remain active in the Integrated Logistics Management System.

<sup>b</sup> The total cost represents all costs incurred to prepare the vehicle to enter into service, including the amount of the base vehicle, armoring, shipping, and DS/PSP/DEAV prep costs.

<sup>c</sup> Some armored vehicles were purchased by DS and given to other agencies at no cost between February 2015 and June 2016. These vehicles are shown separately because they required a different query within the Integrated Logistics Management System. See Finding B for detailed information related to the transfer of these vehicles.

<sup>d</sup> Some vehicles have been disposed of by means other than transfers to another agency. These vehicles no longer had cost information in the Integrated Logistics Management System and so OIG included an estimated cost for these vehicles to calculate the total historical cost. The exact dollar amount could not be obtained, so OIG multiplied the total number of vehicles disposed of by the average cost of \$150,000 per armored vehicle.

**Source:** OIG generated based on armored vehicle data obtained from the Integrated Logistics Management System.

### ***Armored Vehicle Program Roles and Responsibilities***

According to the Foreign Affairs Manual (FAM), “DS is responsible for coordinating the armored vehicle program and developing standards.”<sup>6</sup> More specifically, the Foreign Affairs Handbook (FAH) states that DS/PSP/DEAV “is the program manager for armoring vehicles and the conduit for providing armoring information to the foreign affairs agencies, [Overseas Security Policy

<sup>6</sup> 12 FAM 383(a), “Responsibilities.”

Board (OSPB)], and posts.<sup>7,8</sup> The Armored Vehicles branch of DS/PSP/DEAV, which is located in Springfield, VA, is led by a DS foreign service officer and is composed of three civil service equipment specialists, two administrative specialists, and six personal services contractors<sup>9</sup> who work as technicians and inspectors. DS/PSP/DEAV responsibilities include:

- Acquiring and securing the shipment of all protective vehicles;<sup>10</sup>
- Armoring of Department and International Cooperative Administrative Support Services (ICASS)<sup>11</sup> security vehicles;<sup>12</sup>
- Periodically inspecting deployed armored vehicles to ensure product integrity; and
- Repairing or replacing armor.

DS/PSP/DEAV coordinates with the Bureau of Administration, Office of Logistics Management, Office of Logistics Operations, Secure Logistics Division, Motor Vehicles Branch (A/LM/OPS/SL/MV), which has primary responsibility for the management of the Department's fleet of vehicles overseas, including the issuance and replacement of program vehicles, the development of policy guidance, and certain logistics functions, such as inventory management.

Post management also has a significant role in the armored vehicle program. According to the FAH, each overseas post's Emergency Action Committee (EAC)<sup>13</sup> must meet at least annually to assess and determine the number of armored vehicles required for the post.<sup>14</sup> This decision is based on a number of factors, including the post's Security Environmental Threat List (SETL)<sup>15</sup> rating, host country permits, use, import requirements, maintenance, disposal, and equity when

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<sup>7</sup> 12 FAH-6H-522.3 (e), "Responsibilities."

<sup>8</sup> OSPB is an interagency group of security professionals from the foreign affairs and intelligence communities that meets regularly to formulate security policy for U.S. missions abroad. According to 12 FAM 024, "Bureau Leadership and Management," the purpose of the OSPB is to develop, coordinate, and promote uniform policies, standards, and agreements on security operations outside the United States, and programs and projects that affect U.S. Government civilian agencies under the authority of a Chief of Mission abroad.

<sup>9</sup> The Federal Acquisition Regulation, Subpart 2.101, defines a personal services contract as a contract that, by its express terms or as administered, makes the contractor personnel appear to be, in effect, Government employees.

<sup>10</sup> According to DS officials, protective armored vehicles in use at post include Chief of Mission vehicles, Marine Security Guard vehicles, and DS vehicles.

<sup>11</sup> ICASS is the principal means by which the U.S. Government provides and shares the cost of common administrative support at its diplomatic and consular posts overseas. Shared ICASS cost includes motor pool operations and vehicle maintenance.

<sup>12</sup> ICASS security vehicles are motor pool vehicles that require armoring.

<sup>13</sup> According to 12 FAH-1 H-230, "Emergency Action Committee," the EAC is a group of subject-matter experts from the mission appointed by the Chief of Mission or Principal Officer. The EAC provides the Chief of Mission or Principal Officer with guidance in preparing for and responding to potential changes in risk that might impact the health, safety, and security of a mission and the U.S. citizen population. The EAC's responsibilities include evaluating threats, assessing the post and host government's capabilities and limitations for emergency response, and drafting the Emergency Action Plan.

<sup>14</sup> 12 FAH-6H-522.3.

<sup>15</sup> SETL is a Department threat list developed by DS that assigns ratings to all overseas posts on the basis of various threats. As noted in 12 FAM 261.4(a), the SETL is available on the Department's classified network.

providing protective equipment to U.S. Government employees under Chief of Mission (COM)<sup>16</sup> authority.<sup>17</sup> Post is also responsible for developing policies for vehicle use, maintaining the vehicles, and disposing of the vehicles.<sup>18</sup> Other U.S. Government agencies with a presence at post determine the number of armored vehicles that agency needs at post<sup>19</sup> in conjunction with the EAC. Those agencies must follow the post's vehicle use policy if the employees are under COM authority.

Posts are also responsible for the annual mandatory inventory requirement. Each year, every post must submit an inventory reconciliation and certification for all vehicles, including armored vehicles.<sup>20</sup> Vehicle inventory is maintained in a component of the Integrated Logistics Management System (ILMS),<sup>21</sup> the Fleet Management Information System (FMIS).

### ***Armored Vehicle Program Funding***

Armored vehicles are funded through various sources depending on the intended use of the vehicle. Each overseas post should have at least one armored vehicle for the transport of the COM or Principal Officer (PO).<sup>22</sup> The regional bureau initially pays for the cost of the base COM or PO vehicle, while DS pays for the armoring as well as the replacement of the vehicle, which should occur every 5 years.<sup>23</sup> The base units of other armored vehicles at post are generally funded by DS, ICASS, or the bureau or program of the intended user. For example, the Bureau of International Narcotics and Law Enforcement (INL), the Marine Security Guard program, and the Bureau of Overseas Buildings Operations all fund armored vehicles for use overseas. Additionally, A/LM/OPS/SL/MV maintains a program budget of approximately \$5 million for base unit purchases, which can be armored upon post request and are automatically replaced every 5 years. In most cases, DS funds the armoring of the base unit. Table 2 depicts the responsible party for funding different aspects of armored vehicle acquisitions.

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<sup>16</sup> Chief of Mission authority is accorded to principal officers appointed by the President, by and with the advice and consent of the Senate, who will be or are in charge of a diplomatic mission of the United States or of a U.S. office abroad, which is designated by the Secretary of State as diplomatic in nature.

<sup>17</sup> 12 FAH-6H-522.2 (d).

<sup>18</sup> 12 FAH-6H-522.3(c), 12 FAH-6H-522.5(e), "Standards" and 12 FAH-6H-522.5(g).

<sup>19</sup> The procurement and funding of these armored vehicles vary by agency.

<sup>20</sup> 14 FAM 437.2(a), "Annual Motor Vehicle Inventories and Motor Vehicle Survey."

<sup>21</sup> ILMS is a unified Web-based information system designed to upgrade the Department's supply chain by improving processing in such areas as purchasing, procurement, transportation, receiving, and property management.

<sup>22</sup> In October 2016, the Government Accountability Office reported that not every consulate met the requirement to have an armored vehicle, which it attributed to DS's lack of monitoring procedures (GAO-17-124, *State Should Enhance its Management of Transportation-Related Risks to Overseas U.S. Personnel*). GAO recommended that DS evaluate and clarify whether the policy should apply to all posts and develop monitoring procedures to ensure compliance.

<sup>23</sup> 12 FAH-6H-522.3.

**Table 2: Funding Source for Department-Owned Armored Vehicles**

<b>Vehicle User</b>	<b>Base Unit Funding Source</b>	<b>Armor Funding Source</b>	<b>Base Unit Replacement Funding Source</b>
COM/PO	Regional Bureau	DS	DS
DS	DS	DS	DS
Motor Pool	ICASS or A/LM/OPS/SL/MV	DS	ICASS/DS or A/LM/OPS/SL/MV
Marine Security Guard Program	Marine Security Guard Program	DS	Marine Security Guard Program
INL	INL	INL	INL

Source: OIG generated based on funding data provided by DS/PSP/DEAV.

### Overview of the Armored Vehicle Life Cycle

The basic life cycle of the armored vehicle includes acquisition, use, maintenance, and disposal.

#### *Acquiring Armored Vehicles*

The typical life cycle of an armored vehicle begins with an armored vehicle request from post. According to the FAM, "Post must coordinate requests for all Department and ICASS armored vehicles through DS/PSP/DEAV."<sup>24</sup> Additionally, DS's Armored Vehicle Program Guide Book<sup>25</sup> states that "[requests] for an armored vehicle must be submitted via cable."<sup>26</sup> DS/PSP/DEAV must approve the make and model of the base vehicle before the post purchases that vehicle because the armor can only be applied to vehicles with suitable chassis strength and performance characteristics. The most common types of base unit vehicles are described in Table 3.<sup>27</sup>

**Table 3: Summary of Common Base Unit Vehicles**

<b>Vehicle Make</b>	<b>Vehicle Model</b>	<b>Vehicle Type</b>
BMW	7 Series	Sedan
BMW	X5	SUV
Cadillac	XTS	Sedan
Chevrolet	Express	Van
Chevrolet	Suburban	SUV
Chevrolet	Caprice	Sedan

<sup>24</sup> 12 FAM 385, "Procurement."

<sup>25</sup> DS, Armored Vehicle Program Guide Book, November 2012.

<sup>26</sup> Cables are the official record of Department policies, program activities, post operations, and personnel management. They are archived messages that are sent to organizational addresses and are disseminated according to system rules and user profiles. Cables are always approved and cleared and carry organizational authority.

<sup>27</sup> DS/PSP/DEAV also armors several special purpose tactical vehicles for use in Afghanistan and Iraq. These are the Lenco Flatbed, Lenco Bearcat, and Lenco Bear.

Vehicle Make	Vehicle Model	Vehicle Type
Chevrolet	Silverado	Truck
Mercedes	Sprinter	Van
Nissan	Patrol	SUV
Toyota	Land Cruiser	SUV
Toyota	Hilux	Truck

Source: OIG generated based on procurement data provided by DS/PSP/DEAV.

Once the request cable is received and approved by DS/PSP/DEAV, the base unit will be ordered and delivered either directly to the armoring company or to DS/PSP/DEAV. If the vehicle is delivered to DS/PSP/DEAV, it will ship the vehicle to an armoring company. After the armoring process is complete, the vehicle is shipped back to DS/PSP/DEAV for inspection before being shipped to post. Finding B of this report provides a more detailed explanation of the armored vehicle ordering process.

### *Using Armored Vehicles*

Policies related to the use of armored vehicles are post-specific and are influenced by threat considerations such as protective requirements, numbers of personnel and movements, and number and type of high-level official visits. For example, at some posts, armored vehicles are only used when going to certain locations, such as to dangerous areas outside of the city where the embassy is located. At other posts, armored vehicles are used regularly to conduct daily mission business. Threat considerations include SETL ratings and whether posts were designated “high threat, high risk” by the DS High Threat Programs Directorate.<sup>28</sup>

### *Maintaining Armored Vehicles*

According to 12 FAH-6 H-522.5, the post is responsible for funding armored vehicle maintenance costs, such as mechanical work or preventative maintenance. DS/PSP/DEAV provides recommended guidelines to posts in both cables and the Armored Vehicle Program Guide Book. These guidelines describe the need for increased preventative maintenance compared with ordinary vehicles because the armoring weight increases the stress on the drive train, suspension, and braking systems. DS/PSP/DEAV pays for and performs repairs related to the armor materials, such as repairing or replacing glass.<sup>29</sup>

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<sup>28</sup> To identify high threat, high risk posts, DS, in coordination with the regional bureaus, uses a hierarchical decision-making software suite to analyze various factors impacting the security of overseas facilities and personnel. These broad risk categories include the capability and political will of the host country to protect U.S. facilities, personnel, and interests; known and perceived threats against U.S. interests in each country; and the vulnerability of Department facilities. After analyzing the factors and consulting with the regional bureaus and the Under Secretaries for Political Affairs and Management, DS identified 27 posts designated as high threat, high risk as of July 2016.

<sup>29</sup> DS/PSP/DEAV will also perform these services for other agencies on a reimbursable basis.

## *Disposing of Armored Vehicles*

According to 12 FAM 388, "The methodology and materials used in armoring Department vehicles is classified. All armored vehicles must be destroyed at the end of their useful life; they may NOT be sold, donated, or transferred to persons, governments, or organizations outside of the U.S. Government."<sup>30</sup> However, armored vehicles may be transferred to other U.S. Government agencies if these other agencies agree to properly dispose of the vehicles according to Department approved disposal methods.

Generally, the post Regional Security Officer (RSO) and General Services Officer (GSO) must coordinate to determine when and in what manner an armored vehicle should be disposed of. Posts must dispose of armored vehicles based on local conditions and restrictions and via one of five approved methods of disposal<sup>31</sup>:

- Explosive demolition,
- Burning,
- Crushing,
- Disassembly with sections no larger than two square feet, or
- Burial on U.S. Government controlled land.<sup>32</sup>

## AUDIT RESULTS

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### **Finding A: Bureau of Diplomatic Security Did Not Effectively Administer the Armored Vehicle Program in Accordance with Department Policies and Guidelines**

The FAM<sup>33</sup> states that DS/PSP/DEAV serves as the program manager for the armored vehicle program; however, OIG found that DS/PSP/DEAV was not appropriately administering the program in accordance with Department policies and guidelines. Rather than serving as the program manager for the armored vehicle program, the DS officials viewed their role as a "service provider." In the DS officials' words, they served merely as a conduit for procuring armored vehicles requested by posts. OIG also found that DS/PSP/DEAV did not ensure that there was a sufficient internal control environment related to the program. This occurred in part because DS/PSP/DEAV had not developed appropriate policies, procedures, guidance, or processes to administer the armored vehicle program. For example, DS/PSP/DEAV did not have a program plan in place that detailed roles and responsibilities and formally assigned program management responsibility to those involved. The lack of clarity in the management structure of the armored vehicles program has led to ad hoc program management and significant deficiencies in the program, which are detailed in Findings B through F of this report. As a

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<sup>30</sup> 12 FAM 388(b), "Disposal."

<sup>31</sup> Historically, burial at sea was also permitted as an option; however, this method was eliminated in July 2012.

<sup>32</sup> 12 FAM 388(d).

<sup>33</sup> 12 FAM 383(a).

result, the armored vehicle program is not meeting its intended mission to ensure that posts have a reasonable number of armored vehicles for enhanced levels of protection. Moreover, the program continues to be at significant risk for fraud, waste, and abuse. Indeed, during a related OIG investigation, evidence suggested that an individual within DS/PSP/DEAV had misappropriated at least fifteen Department-owned vehicles; related allegations were included in court documents associated with the recent guilty plea by the manager of an auto restoration and collision center.

### *Insufficient Administration of the Armored Vehicle Program*

The Department's 12 FAM 380 establishes DS's responsibilities related to the armored vehicle program<sup>34</sup> and states that "DS is responsible for coordinating the armored vehicle program and developing standards...[DS/PSP/DEAV] serves as the overall coordination point and program manager for vehicle armoring and related issues, and the liaison for various Federal agencies, the [OSPB] and posts." Although DS/PSP/DEAV is the assigned program manager for the armored vehicle program, DS/PSP/DEAV officials viewed their role in the program differently. Specifically, DS/PSP/DEAV officials stated that this division was merely a service provider that provided armored vehicles to posts when requested by the COM or RSO. As a result, DS/PSP/DEAV did not effectively execute its role in strategically planning the allocation of armored vehicles, as detailed in Finding B of this report. Further, OIG found that DS/PSP/DEAV did not sufficiently oversee the armored vehicle program to ensure that posts were complying with program guidance to ensure posts' needs for armored vehicles were fulfilled (detailed in Findings B and D of this report).

OIG also found that DS/PSP/DEAV did not implement a sufficient internal control<sup>35</sup> environment for the armored vehicle program. The FAM requires all levels of Department management to maintain effective systems of management controls to ensure that activities are managed effectively, efficiently, economically, and with integrity. This should occur through use of the principles set forth in the Government Accountability Office's (GAO) "Standards for Internal Control in the Federal Government," also known as "The Green Book."<sup>36</sup> Findings B through F of this report detail significant internal control deficiencies identified during the course of the audit.

One reason these deficiencies occurred is because DS/PSP/DEAV does not have a detailed program plan for the armored vehicle program. According to the Project Management

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<sup>34</sup> The Project Management Institute, "The Standard for Program Management – Third Edition," defines a program as "a group of related projects, subprograms and program activities that are managed in a coordinated way to obtain benefits not available from managing them individually."

<sup>35</sup> Section 1, OV1.01, of the Government Accountability Office, "Standards for Internal Control in the Federal Government," (GAO-14-704G, September 2014) defines internal control as a process effected by an entity's oversight body, management, and other personnel that provides reasonable assurance of the effectiveness and efficiency of operations, reliability of reporting for internal and external use, and compliance with applicable laws and regulations are achieved.

<sup>36</sup> 2 FAM 021.1, "Policy and Scope" and 2 FAM 021.2, "Authorities and Requirements."

Institute,<sup>37</sup> "a program plan contains many elements, includes many documents, and formally expresses the organization's concept, vision, mission and expected benefits produced by the program; it also defines program specific goals and objectives." The GAO states in the "Standards for Internal Control in the Federal Government" that "an entity determines its mission, sets a strategic plan, establishes entity objectives, and formulates plans to achieve its objectives....Management uses internal control to help the organization achieve these objectives." The Green Book also states that "management should establish organizational structure, assign responsibility, and delegate authority to achieve the entity's objectives....Management develops an organizational structure with an understanding of the overall responsibilities, and assigns these responsibilities to discrete units to enable the organization to operate in an efficient and effective manner, comply with applicable laws and regulations, and reliably report quality information."<sup>38</sup>

Although DS/PSP/DEAV developed the Armored Vehicle Program Guide Book, this guidance does not clearly define roles or responsibilities for the armored vehicle program beyond stating that DS/PSP/DEAV was the overall coordination point for the program. The Guide Book does not identify roles and responsibilities of other Department entities involved with the administration of the armored vehicle program. For example, the Bureau of Administration had some responsibilities related to the armored vehicle program; however, they were not documented and individuals interviewed during the audit indicated they were unclear about their responsibilities in administering important aspects of the program.

Furthermore, the Armored Vehicle Program Guide Book did not provide adequate guidance on how the program should be carried out. OIG found instances throughout the audit in which DS/PSP/DEAV did not have sufficient guidance for its own office or for overseas posts to carry out the Department policies regarding armored vehicles. For example, DS/PSP/DEAV did not implement an effective records management process, as detailed in Findings B and C of this report. In many instances, OIG found that DS/PSP/DEAV was unable to provide supporting documentation related to key aspects of the program, although this documentation related to day-to-day operations of the program and should have been readily available.<sup>39</sup> For example, DS/PSP/DEAV was unable to provide an accurate list of outstanding or fulfilled armored vehicle requests made by overseas posts within the past year. Documentation is a necessary part of an effective internal control system.

Another reason that the armored vehicle program was not administered in accordance with guidelines was because the assigned DS/PSP/DEAV program manager did not possess the skills necessary to administer the program. The Project Management Institute defines a program manager as the individual who ensures that the overall program structure and management processes enable the program team members to successfully complete their work and ensures

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<sup>37</sup> The Project Management Institute is a not-for-profit professional membership association for the project management profession. They issue multiple certifications for various aspects of the profession and develop global standards for project, program, and portfolio management that are widely recognized.

<sup>38</sup> GAO-14-704G.

<sup>39</sup> Ibid.

that projects are organized and executed in a consistent manner. The current Armored Vehicle Branch Chief position is a rotating Foreign Service position, which is filled by a DS Special Agent. Although this individual typically has the technical background necessary to manage security aspects of the program, the individual is neither required to possess the skills necessary to perform vehicle fleet management aspects of the program nor has been afforded specialized training in program management.

To improve the program, DS should formally designate a program manager with the requisite skillset. The program manager should be responsible for providing overall direction on the program and oversight of the program's implementation. Overall, the structure of DS/PSP/DEAV should be reassessed to ensure that it can efficiently implement the armored vehicle program. The Department's lack of clarity in the management structure of DS's armored vehicle program has led to ad hoc program management. The lack of sufficient administration of the armored vehicle program has led to significant deficiencies. For example, OIG found that DS/PSP/DEAV has not allocated armored vehicles to posts based on need or ensured that posts are using armored vehicles that comply with OSPB standards. Some of these deficiencies were identified more than 10 years ago during a review performed by a consulting firm hired by the Bureau of Administration to assess the Department's fleet management program; however, the deficiencies were not remediated. Specifically, a December 2006 report<sup>40</sup> prepared by Mercury Associates stated that:

- The Department had a duplicative fleet acquisition function, which resulted in parallel and sometimes redundant operations between the Bureau of Administration and DS/PSP/DEAV (for example, both could order vehicles without consultation with the other).
- Vehicles remained parked at various locations in Springfield, VA, for long periods of time and were not sent to posts or included in the official inventory system.
- Maintenance and repair costs were not being adequately tracked or accounted for by DS/PSP/DEAV.
- The Department's official inventory of armored vehicles was inaccurate and did not include all of the vehicles.

A recent investigation illustrates the extent to which program vulnerabilities can lead to fraud and abuse. During the course of the audit, a related investigation discovered information suggesting that a DS/PSP/DEAV employee had misappropriated at least fifteen Department-owned vehicles, valued at over \$500,000. Court documents associated with the recent guilty plea of a non-Department employee included allegations that, from 2011 to 2015, the DS employee executed multiple schemes to defraud the U.S. Government. These documents moreover included contentions that the employee misappropriated the vehicles and provided them to another individual, who sold those vehicles and paid kickbacks to the employee in the form of cash and other vehicles. Furthermore, also according to allegations in the court documents, the

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<sup>40</sup> "Department of State Vehicle Fleet Management Study Report," December 2006.

employee embezzled tractor-trailer loads of Department-owned tires and wheels and provided them to the individual, who again sold the items for his own personal benefit.

Based on, the results of this audit, OIG concludes the armored vehicle program continues to be at significant risk for fraud, waste, and abuse. The recent investigation illustrates these risks. Equally troubling, the program is not fulfilling its intended mission, which is to ensure overseas posts have a reasonable number of armored vehicles that offer enhanced levels of protection.

**Recommendation 1:** OIG recommends that the Bureau of Diplomatic Security develop and implement a detailed armored vehicle program plan, with clear goals and obtainable objectives. The program plan should implement internal controls within all facets of the armored vehicle program, and define areas of authority and responsibility.

**Management Response:** DS concurred with this recommendation, stating that it has “developed and implemented a detailed Armored Vehicle Branch program plan.” DS further stated that the “plan contains measurable goals, which will include additional procedures and [ILMS] system enhancements that will be developed over time... These obtainable objectives will allow [the Armored Vehicle Branch] to operate more efficiently and cohesively as an organization.” With its response, DS provided a document titled “The Diplomatic Security Planning Structure (DSPS) Program Plan – Fiscal Year 2017,” which was approved by DS on November 15, 2016. DS also stated in its response that it disagrees with the statement that it did not effectively administer the armored vehicle program and that the “armored vehicle fleet has successfully withstood: improvised explosive devices, small arms fire, RPG strikes, as well as mob assaults with rocks and clubs.”

**OIG Reply:** Based on DS concurrence with the recommendation and initial actions taken, OIG considers the recommendation resolved, pending further action. The Armored Vehicle Branch Program Plan contains clear goals and obtainable objectives. However, the Program Plan does not address the implementation of internal controls within the armored vehicle program. This recommendation will be closed when OIG receives and accepts documentation demonstrating that a system of internal controls, including defined areas of authority and responsibility, has been implemented in accordance with the GAO’s “Standards for Internal Control in the Federal Government.” For example, the Armored Vehicle Branch Program Plan must provide for separation of duties within all facets of the program.

**Recommendation 2:** OIG recommends that the Bureau of Diplomatic Security establish and fill a program manager position who, in conjunction with security personnel, will manage the Department’s armored vehicle fleet. Specifically, this person should be an experienced program manager who has an expert knowledge of internal controls and vehicle fleet management experience.

**Management Response:** DS concurred with this recommendation, stating that it currently has an Armored Vehicle Program Manager “who is absent due to a long-term illness”

and that "DS is working with HR to identify a solution given the long-term nature of the existing employee's status." DS further stated that the "[Bureau of Administration, Office of Logistics Management (A/LM)] is working with DS/PSP/DEAV to provide a temporary, contracted employee for this role that meets the necessary requirements, until a suitable replacement is identified and has been trained on the vehicle procedures and operations."

**OIG Reply:** Based on DS concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. OIG encourages DS to identify and hire an armored vehicle program manager with the requisite knowledge as soon as possible. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has hired a program manager who has expert knowledge of internal controls involving vehicle fleet management.

**Recommendation 3:** OIG recommends that the Bureau of Diplomatic Security develop an action plan to implement and track a restructuring of the armored vehicle program. The action plan must have measurable goals and milestones, and include the development of detailed processes, policies, and procedures on the operations of the office and program.

**Management Response:** DS concurred with this recommendation and provided a memorandum titled "Reorganization of the Defensive Equipment and Armored Vehicle Division."

**OIG Reply:** Based on DS concurrence with the recommendation and initial actions, OIG considers the recommendation resolved, pending further action. The memorandum provided by DS is an action memorandum to the Deputy Assistant Secretary for the Office of Countermeasures requesting more staff for DS/PSP/DEAV. Although additional staff may be needed to successfully restructure the armored vehicle program, this action alone does not fulfill the intent of the recommendation. Instead, as noted in the report and in this recommendation, the action plan must include explicit goals and milestones, as well as processes, policies, and procedures addressing the full range of the program's activities. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS/PSP/DEAV has developed an action plan to implement and track the restructuring armored vehicle program that contains detailed processes, policies, and procedures on the operations of the office and program.

**Recommendation 4:** OIG recommends that the Bureau of Diplomatic Security develop and implement a strategy to address records management deficiencies related to the armored vehicle program.

**Management Response:** DS concurred with this recommendation, stating that it has "implemented a strategy to address records management." DS further stated that DS/PSP/DEAV uses "ILMS Asset Management and FMIS Maintenance modules...to ensure accurate and timely recording of all activities associated with armored vehicles. Official

usage of these modules began in 2016 and is part of the transition phase to better capture armored vehicle program data.”

**OIG Reply:** Based on DS concurrence and initial actions, OIG considers the recommendation resolved, pending further action. Although OIG recognizes that the recent implementation of the FMIS maintenance module is a step forward in identifying and resolving records management deficiencies, OIG identified additional records management deficiencies beyond those in the maintenance of the domestic armored vehicle fleet. For example, during the audit, DS/PSP/DEAV personnel could not provide OIG with various items, such a complete listing of overseas posts’ requests for armored vehicles. The ILMS and FMIS components cited by DS do not address these issues. The recommendation will be closed when OIG receives and accepts documentation demonstrating that DS/PSP/DEAV has developed and implemented a strategy to identify and address all records management deficiencies related to the armored vehicle program.

## **Finding B: Bureau of Diplomatic Security Did Not Allocate Armored Vehicles to Meet Posts’ Needs**

The FAM states that the Department is to provide armored vehicles overseas to ensure posts have a reasonable number of armored vehicle assets for enhanced levels of protection for employees. OIG found that some posts do not have the correct number of armored vehicles to address the posts’ needs. For example, 11 percent of the respondents to a June 2016 OIG survey regarding the armored vehicle program stated that their posts did not have enough armored vehicles, while 5 percent of the respondents indicated their posts had too many armored vehicles.<sup>41</sup> Further, OIG analysis found inconsistencies between the number of armored vehicles at overseas posts and the number of post personnel and dependents, in addition to the post threat rating. For example, OIG identified 2 posts that had approximately 1 armored vehicle for every 2 people, while another post with a higher post threat rating had 1 armored vehicle for every 29 individuals.

OIG identified four primary reasons that posts did not have a reasonable number of armored vehicle assets at post. First, DS/PSP/DEAV has not provided guidance to posts regarding the appropriate number of vehicles a post should possess based on staffing levels and post threat ratings. Second, EACs at posts were not always meeting as required to determine the number of armored vehicles that should be requested. Third, the process for posts to request armored vehicles is inadequate and DS/PSP/DEAV does not have a sufficient method to track requests or provide the status of requests. Finally, DS/PSP/DEAV does not have a sufficient methodology to allocate armored vehicles to posts once the armoring process is completed and the vehicle is ready for shipping.

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<sup>41</sup> OIG surveyed RSOs and GSOs at 255 overseas posts regarding various aspects of the armored vehicle program OIG received 239 responses (51 percent), representing feedback from 193 (76 percent) overseas posts. Please refer to Appendix B of this report for full survey results.

As a result of these deficiencies, as of May 2016, DS/PSP/DEAV incurred an impairment loss of \$24.9 million associated with 259 armored vehicles that were unused for over one year. Additionally, to reduce inventory, DS transferred 200 armored vehicles during 2015 and 2016, valued at \$26.4 million, to other U.S. Government agencies without cost reimbursement.<sup>42</sup> Therefore, OIG questions costs of at least \$51.3 million associated with unneeded, or unused, armored vehicles. Wasted expenditures reduce the availability of funds necessary to ensure that Department personnel and their dependents are adequately protected at overseas posts, and this undermines the public's confidence in Department leadership. Furthermore, at least 26 overseas posts reported not having a sufficient number of armored vehicles; there is a possibility that the unused or transferred armored vehicles identified by OIG could have been utilized by these posts.

### ***Some Posts Do Not Have a Reasonable Number of Armored Vehicles to Address Needs***

DS provides armored vehicles overseas to ensure posts have a reasonable number of armored vehicles for enhanced levels of protection for employees and dependents during periods of increased threat, instability, or evacuation. At a minimum, posts must have an armored vehicle for the COM that may be used to securely transport visiting U.S. dignitaries.<sup>43</sup> OIG found that DS/PSP/DEAV has not ensured that posts have a reasonable number of armored vehicles.

OIG also surveyed embassies and consulates worldwide regarding various facets of the armored vehicle program. Eleven percent of respondents (representing 26 overseas posts) indicated that their posts did not have enough armored vehicles to support the post's mission. However, 5 percent of respondents (representing 12 overseas posts) stated that their posts had too many armored vehicles. In addition, to assess the consistency of the number of armored vehicles provided to posts, OIG selected 15 overseas posts<sup>44</sup> and compared the number of armored vehicles possessed by the post with the number of Department personnel and dependents, the 2015 SETL ratings, and whether the posts were designated as high threat, high risk as determined by the DS High Threat Programs Directorate. The results of this analysis are presented in Table 4 below.

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<sup>42</sup> Table 5 and Table 6 explain how these figures were computed. In addition, 13 armored vehicles were included both in the 259 armored vehicles incurring inventory holding costs and in the 200 armored vehicles subsequently transferred to U.S. government agencies.

<sup>43</sup> 12 FAH-6H-522.2.

<sup>44</sup> OIG judgmentally selected overseas posts with more than 20 armored vehicles as of November 2015.

**Table 4: Comparison of Armored Vehicles and Employees at 15 Overseas Posts**

Post	Number of Armored Vehicles	Number of Potential Users*	High Threat Post	Number of Potential Users Per Armored Vehicle
Embassy Bujumbura	22	25	Yes	1.14
Embassy Port-au-Prince	76	125	No	1.64
Embassy Jeddah	54	107	No	1.98
Consulate General Jerusalem	69	245	No	3.55
Embassy Abuja	75	304	Yes	4.05
Embassy Kampala	23	153	No	6.65
Embassy Bogota	106	826	No	7.79
Embassy Tbilisi	23	216	No	9.39
Embassy Cairo	53	539	Yes	10.17
Embassy Guatemala City	28	337	No	12.04
Embassy Nairobi	37	468	Yes	12.65
Embassy Manila	36	595	No	16.53
Embassy Tel Aviv	24	524	No	21.83
Embassy Amman	32	920	Yes	28.75
Embassy Mexico City	28	886	No	31.64

\*This number includes Department employees and dependents.

**Source:** OIG generated based on data obtained from ILMS, Webpass, and 2015 SETL.

OIG found that some posts that had lower SETL ratings and that were not designated as high threat, high risk posts, had more armored vehicles available per person than higher-rated posts. For example, Embassy Jeddah and Embassy Port-au-Prince, which are not designated as high threat posts, each have approximately one armored vehicle for every two people. In comparison, Embassy Amman and Embassy Cairo, which are both high threat, high risk posts, had far fewer armored vehicles per person—approximately 1 car for every 29 people and 10 people, respectively.

Further, 46 percent of respondents to the OIG survey stated that their posts were in need of a new armored vehicle, and 25 percent stated that their posts had armored vehicle requests that had not been fulfilled. In total, posts reported 450 vehicle requests that were unfulfilled as of June 2016. Nevertheless, as discussed earlier, DS/PSP/DEAV transferred 200 armored vehicles, valued at \$26.4 million, during 2015 and 2016 to other U.S. Government agencies without cost reimbursement.

### *Lack of Guidance and Oversight*

Posts do not have a reasonable number of armored vehicles—either too high or too low—in part because DS/PSP/DEAV has not developed and disseminated guidance that posts can use to consistently ascertain the number of armored vehicles reasonable for that post given its specific security circumstances. During OIG’s fieldwork at six post locations and via the armored vehicle

survey, several RSOs said that although they were responsible for determining the number of armored vehicles at post, they received no guidance on how to determine the correct number. For example, one RSO stated that because DS does not provide guidance on how many armored vehicles should be at post, he makes a “best guess” to determine the right amount. In addition, the RSO stated that it would be helpful if DS provided some standard policies so the RSO does not have to create new policies at every post to which the RSO is transferred. In contrast, DS provides guidance to RSOs regarding the required or suggested level of security features for other physical security topics, such as residential security.

OIG found that posts had inconsistent approaches as to when to replace an armored vehicle; overall, the decision making was ad hoc. In some instances, the decision was based on the Motor Pool’s input about the level of maintenance required for the armored vehicle. Post officials at two posts visited during audit fieldwork thought that all armored vehicles should be replaced after 5 years, regardless of condition, based on the replacement schedule of the COM vehicles. Officials at three posts also stated that their posts had armored vehicles that they believed needed to be replaced, but they were delaying the replacement given the difficulty and delay in obtaining new armored vehicles from DS/PSP/DEAV.

In addition, DS did not have an oversight process to ensure that posts ordered an appropriate number of armored vehicles. Although OIG recognizes that overseas posts must determine and request the number of armored vehicles needed given local circumstances, effective guidance and oversight from DS/PSP/DEAV is essential to ensure that security risks at post are appropriately mitigated and that a reasonable and consistent number of armored vehicles are maintained at each post.

#### *Emergency Action Committees’ Annual Fleet Assessment*

Another reason that posts do not have a reasonable number of armored vehicles is that EACs at overseas posts do not always meet annually to discuss the armored vehicle program, as required. The FAH states that each EAC must meet at least annually to discuss the armored vehicle program and requirements.<sup>45</sup> Specifically, the EAC should conduct an annual armored vehicle fleet assessment, during which the following topics should be discussed:

- Threat levels,
- Whether armored assets appropriately mitigate threats,
- A revalidation of armored vehicle needs for specific individuals, and
- An estimation of the numbers of vehicles required.

The FAM also states that “[it] is important that EACs provide information on these requirements, so that ICASS councils and DS/PSP/DEAV have sufficient time to budget for base vehicle requirements and the extra costs associated with armoring the vehicles.”<sup>46</sup>

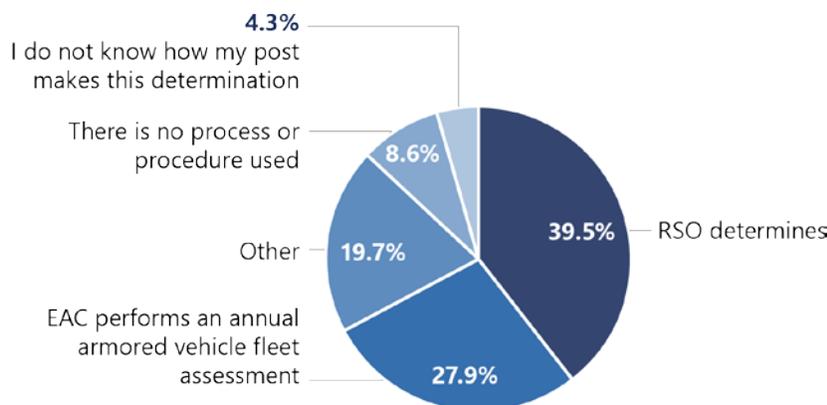
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<sup>45</sup> 12 FAH-6H-522.3.

<sup>46</sup> 12 FAM 383.

OIG found that out of the six overseas posts visited during audit fieldwork, only Embassy Tel Aviv had employed the EAC to conduct all required elements of the annual armored vehicle fleet assessment.<sup>47</sup> The other five overseas posts primarily relied on the RSO to determine whether the number of armored vehicles was adequate. Further, in response to the OIG armored vehicle survey, only 28 percent (65 of 233) of respondents indicated that the EAC performed an annual armored vehicle fleet assessment. Thirty-nine percent (92 of 233) of respondents stated that the RSO determines the need for armored vehicles. Figure 2 presents information on the methods used by overseas posts to determine the adequacy of the armored vehicle fleet.

**Figure 2: Method Used by Overseas Posts to Determine Armored Vehicle Fleet Adequacy**



**Source:** OIG generated based on armored vehicle survey results conducted in June 2016.

Although many posts relied on the RSO to determine the need for armored vehicles, OIG found during audit fieldwork that the RSOs were not always involved with the post’s armored vehicle fleet and may not have known whether the post had enough armored vehicles. For example, one RSO stated that armored vehicles are a GSO managed program and that the GSO should know whether post has enough armored vehicles and be involved in the determination. In another example, an RSO stated that the post had sufficient armored vehicles even though the GSO believed post needed additional armored vehicles.

### *Insufficient Process for Tracking and Assigning Armored Vehicle Orders*

Another reason that some posts do not have a reasonable number of armored vehicles is because DS/PSP/DEAV has not implemented a sufficient process that posts can use to request armored vehicles, nor does a process exist to track requests once received. According to the FAM, “[post] must coordinate requests for all Department and ICASS armored vehicles through [DS/PSP/DEAV].”<sup>48</sup> The Armored Vehicle Program Guide Book provides some guidance on how posts should “coordinate requests” of armored vehicles, but the process varies depending on

<sup>47</sup> According to officials at the other five posts, armored vehicles were sometimes discussed at EAC meetings; however, these discussions did not include all required elements and were not always documented.

<sup>48</sup> 12 FAM 385.

the purpose of the vehicle. The armored vehicles intended for the COM or PO follow an automatic replacement cycle; therefore, no actual request is required. For any vehicle a post wishes to obtain in addition to the COM or PO vehicle, the Armored Vehicle Program Guide Book states that these "requests for an armored vehicle must be submitted via cable."<sup>49</sup>

To assess the sufficiency of DS/PSP/DEAV's ordering and allocation process, OIG examined the methods used to track overseas posts' armored vehicle requests. A DS/PSP/DEAV official explained that they used three manual methods to track armored vehicle requests according to the funding source for requested vehicles: (1) a list of COM and PO armored vehicles,<sup>50</sup> (2) a stack of 16 files of ICASS funded armored vehicles, and (3) a list of DS program funded armored vehicles. Overall, OIG found that DS/PSP/DEAV did not document vehicle request details, such as the date of the request, and identified issues with the ordering and allocation process for both ICASS- and DS-funded vehicles.

### ICASS-Funded Armored Vehicles

According to a DS/PSP/DEAV official, posts submit an order for ICASS-funded armored vehicles using ILMS. Afterwards, an A/LM/OPS/SL/MV official purchases the unarmored vehicle from the General Services Administration's (GSA) Auto Choice Program<sup>51</sup> on behalf of the post. Although the FAM<sup>52</sup> requires that posts coordinate requests for all ICASS-funded armored vehicles through DS/PSP/DEAV, OIG found that this does not always occur and sometimes DS/PSP/DEAV is not informed of these armored vehicle orders. For example, in April 2016, A/LM/OPS/SL/MV sent DS/PSP/DEAV 17 base unit vehicles for armoring without notifying DS/PSP/DEAV in advance.

Even when armored vehicle requests were coordinated, OIG found that DS/PSP/DEAV failed to adequately document or track the requests. Specifically, OIG requested from DS/PSP/DEAV a list of all ICASS-funded armored vehicles that had been ordered, but DS/PSP/DEAV could not readily provide the list. According to a DS/PSP/DEAV official, the employee responsible for this area was on extended leave and no other employee knew how the ICASS-funded armored vehicle orders were tracked. DS/PSP/DEAV employees eventually found and provided OIG with 16 manila folders, each with information on a single base unit vehicle. However, the information provided did not pertain solely to ICASS-funded vehicles. For example, of the 16 folders, 12 contained information on ICASS-funded base unit vehicles, but the other folders contained

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<sup>49</sup> DS Armored Vehicle Program Guide Book, November 2012.

<sup>50</sup> The COM and PO vehicles are not requested. They are replaced on a set life cycle (the standards require replacement every 5 years). DS/PSP/DEAV is solely responsible for ordering these armored vehicles. It maintains a list that identifies when the vehicles need to be replaced. According to a DS/PSP/DEAV official, although DS/PSP/DEAV tries to replace the vehicles every 5 years, in actuality, it generally takes 6 years. Sometimes, other needs take precedence, such as a need for one of these vehicles to be sent to Afghanistan or Iraq, or another high threat post.

<sup>51</sup> GSA is the mandatory procurement source for the acquisition of U.S.-manufactured vehicles purchased in the United States. However, not all vehicles are found in the GSA vehicle program. For example, right hand drive vehicles are not available. If a U.S.-manufactured vehicle cannot meet official vehicle requirements at a post, it can request a waiver. A/LM/OPS/SL/MV will work directly with the Bureau of Administration, Office of Logistics Management, Office of Acquisition Management, to purchase the vehicles it needs that are not available through the GSA vehicle program.

<sup>52</sup> 12 FAM 385.

information on DS or INL program-funded vehicles, while the funding source for 1 vehicle was not documented.

#### DS Program-Funded Armored Vehicles

According to a DS/PSP/DEAV official, the DS-funded armored vehicles list was initially developed to track post responses to a cable that DS/PSP/DEAV sent out in June 2014.<sup>53</sup> In the cable, DS/PSP/DEAV offered posts an opportunity to obtain additional armored vehicles funded by DS, including shipping costs and any related taxes and customs fees.<sup>54</sup> The posts were to incur no cost. According to DS/PSP/DEAV officials, 27 posts requested vehicles.<sup>55</sup> Two years later, as of February 2016, DS/PSP/DEAV had completed 33 percent of the orders (9 of 27).<sup>56</sup>

OIG also found that the list of post responses to the June 2014 cable was incomplete. For example, in the OIG armored vehicle survey, one post stated that it had responded to the June 2014 cable and requested three Land Cruisers. However, the post's request was not included in the DS-funded armored vehicles list maintained by DS/PSP/DEAV. The DS/PSP/DEAV official responsible for overseeing post requests stated that the process for compiling the list includes a daily review of cable traffic; this request was apparently missed.

#### Ordering Process Was Not Efficient or Effective

OIG determined that the ordering and tracking process for ICASS and DS funded armored vehicles was unreliable, inefficient, and ineffective. Collecting armored vehicle requests via the Department's cable system can result in overlooked requests. Furthermore, the DS/PSP/DEAV uses manual, unconsolidated methodologies to track vehicle requests from posts. The fact that one employee was maintaining a list and that no one else had knowledge of this process is contrary to fundamental internal control practices.

#### *No Documented or Consistent Methodology for Allocating Armored Vehicles*

DS's Armored Vehicle Program Guide Book states that "[each armored vehicle] request is considered based upon circumstances at each particular post. Vehicle assignments are impacted by threat ratings and DS/IP (International Programs) requirements." OIG did not identify further written guidance regarding the manner in which DS/PSP/DEAV makes allocation determinations. Specifically, DS/PSP/DEAV did not have a documented methodology that described the

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<sup>53</sup> 14 STATE 75528 "One-Time DS Funded Replacement and/or Increase of Armored Vehicles," issued June 19, 2014.

<sup>54</sup> The cable offered Chevrolet Suburbans, as well as Toyota Land Cruisers and Hiluxes.

<sup>55</sup> OIG notes that of the 27 requests, 2 were unrelated to the DS-funded vehicle offer made in June 2014. For example, the list contained one post's 2016 request for a COM vehicle and another post's 2014 request for a van, which was actually an ICASS request and therefore should have been on the ICASS list.

<sup>56</sup> In its response to the draft report, DS provided an update to these figures and stated that "DS/PSP/DEAV records indicate they received excess cable requests from 70 Posts who requested 208 vehicles. Five Posts cancelled their requests totaling 48 vehicles. DS/PSP/DEAV shipped 116 vehicles, which left requests totaling 44 vehicles unfulfilled." DS also stated that many posts requested models and configurations that were not available. DS, however, provided no support for these statements.

decision-making process for prioritizing posts' armored vehicle orders and deciding which posts would receive armored vehicles first. DS/PSP/DEAV officials used an informal priority list:

1. Afghanistan and Iraq
2. Other high-risk, high-threat posts
3. DS program vehicles
4. ICASS funded base units

A DS/PSP/DEAV official also stated that orders were filled based on the date the order was received. Because of incomplete records relating to armored vehicle requests, OIG could not fully assess whether all orders had been fulfilled in accordance with DS/PSP/DEAV's allocation methodology. However, OIG identified instances at two posts where DS/PSP/DEAV did not follow this informal process.



**Figure 3:** During a physical inventory of armored vehicles, OIG identified Embassy Athens' unarmored van that was requested in FY 2012. The vehicle was located in the Front Royal, VA, storage facility.

**Source:** OIG photograph taken in Front Royal, VA, on April 12, 2016.

Embassy Athens requested an ICASS-funded armored vehicle in 2012 but had not received this vehicle as of June 2016. A/LM/OPS/SL/MV ordered the base unit, and DS/PSP/DEAV acknowledged that it received the base unit in December 2013. As shown in Figure 3, in April 2016, OIG observed that same base unit, which was unarmored, in storage in Front Royal, VA. According to a DS/PSP/DEAV official, because the post did not contact them regarding an immediate need for the vehicle, they assumed that the need was not urgent and did not armor the base vehicle.

In another example, Embassy Bogota ordered 10 ICASS-funded Chevrolet vans for its motor pool during 2013 and 2014. The base vehicles arrived at DS/PSP/DEAV in 2014, but as of June 2016, the vehicles remained unarmored in domestic storage. DS/PSP/DEAV officials stated that they did not provide the vans to Embassy Bogota because the Government of Colombia would not allow the post to have additional armored vehicles until some armored vehicles currently at post were destroyed. According to an Embassy Bogota official, the problem was resolved in August 2015 when the Colombian Government agreed to resume disposals of armored vehicles. In contrast, Embassy Riyadh sent a cable to DS/PSP/DEAV in November 2015 requesting five armored vans, which DS/PSP/DEAV fulfilled within 3 months because the vans were in its inventory. OIG asked DS/PSP/DEAV officials why Embassy Riyadh's order was fulfilled prior to Embassy Bogota's order, which conflicted with its informal allocation methodology. DS/PSP/DEAV officials provided the following reasons:

1. Embassy Riyadh offered to "trade" the armored vans for unarmored Suburbans that it had previously purchased and received from a source other than DS/PSP/DEAV.

2. Embassy Riyadh took priority because it was a high threat post and Embassy Bogota was not.

However, OIG reviewed the DS High Threat Program Directorate's list of high threat, high risk, post designations and found that Embassy Riyadh was not a high threat post at the time the armored vans were provided by DS/PSP/DEAV. Furthermore, OIG found that Embassy Bogota had higher SETL ratings than Embassy Riyadh in certain categories.<sup>57</sup>



**Figure 4:** During OIG's physical inventory, OIG identified multiple armored Chevy Express vans that had been in storage at Hagerstown, MD, since 2010. These vans could have been used to fulfill Embassy Bogota's armored vehicle request. **Source:** OIG photo taken in Hagerstown, MD, on April 12, 2016.

In addition, in response to OIG's armored vehicle survey, OIG identified three other posts that stated they had long outstanding armored vehicle requests. These three missions indicated that they had made armored vehicle requests dating from 2013 or 2014, which were unfulfilled as of June 15, 2016. Specifically, one post stated that it had requested two Land Cruisers in 2013, another post requested two Land Cruisers in 2014, and a third post requested one Cadillac in October 2014.

### *Millions Wasted as a Result of a Deficient Allocation Process*

Armored vehicles are an essential security asset in many environments, and posts with a deficient number may not be able to safely transport individuals under COM authority and their dependents in routine or emergency situations, such as post evacuations. On the other hand, posts may have an excessive number of armored vehicles, which could result in inefficient use of taxpayer dollars. OIG found that as a result of the inadequate allocation process, DS/PSP/DEAV had obtained more armored vehicles than they apparently thought were needed by overseas

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<sup>57</sup> In its response to the draft report, DS stated that "DS/PSP/DEAV was contacted by the U.S. Embassy Riyadh, which articulated a specific and urgent need for armored vehicles." During audit fieldwork, however, DS/PSP/DEAV made no such claim during multiple communications regarding this transaction; rather, DS stated that Embassy Riyadh's request was fulfilled before U.S. Embassy Bogota's request because Embassy Riyadh had purchased vehicles to "swap" with DS/PSP/DEAV.

posts. As shown in Table 5, DS/PSP/DEAV transferred 200 unused, excess armored vehicles, valued at approximately \$26.4 million, to other U.S. Government organizations without cost reimbursement during 2015 and 2016. With an allocation methodology, the Department may have been able to utilize these vehicles; therefore, these funds could have been put to better use.

**Table 5: Armored Vehicles Transferred to Other U.S. Government Agencies**

<b>Organization Name</b>	<b>Number of Armored Vehicles Transferred</b>	<b>Value of Armored Vehicles Transferred</b>
Defense Intelligence Agency	56	\$7,557,582
Federal Bureau of Investigation	43	\$5,731,586
United States Marshals Service	42	\$5,580,850
United States Army	29	\$4,085,931
United States Special Operations Command	10	\$1,307,767
United States Air Force	8	\$1,063,036
United States Secret Service	8	\$546,786
Internal Revenue Service	2	\$272,923
Department of Labor	1	\$184,327
Department of Defense	1	\$109,506
<b>Total</b>	<b>200</b>	<b>\$26,440,294</b>

**Source:** OIG generated based on data obtained from ILMS.

As of May 2016, DS/PSP/DEAV also had more than 259 vehicles that had been in domestic storage for more than 1 year and had never been used.<sup>58</sup> The model years for the vehicles ranged from 2007 to 2015. Table 6 provides an overview of domestically stored armored vehicles based on the date of receipt by DS/PSP/DEAV, and Figures 5 and 6 show examples of vehicles in domestic storage.

**Table 6: Receipt Dates of Domestically Stored Armored Vehicles**

<b>Year of Receipt</b>	<b>Number of Armored Vehicles</b>
2007	1
2008	2
2009	15
2010	46
2011	81
2012	10
2013	81
2014	16
2015	7
<b>Total</b>	<b>259</b>

**Source:** OIG generated based on data obtained from ILMS.

<sup>58</sup> OIG notes that 13 armored vehicles that were included in the armored vehicle inventory as of May 2016 were subsequently transferred to the U.S. Army in June 2016; these 13 vehicles are also addressed in footnote 42.



**Figure 5:** During a physical inventory of vehicles, OIG identified 128 armored and unarmored vehicles in the Front Royal, VA, storage facility located in close proximity to garbage and other excess materials.

**Source:** OIG photograph taken in Front Royal, VA, on April 12, 2016.



**Figure 6:** During a physical inventory of armored vehicles, OIG identified 129 armored vehicles in the Hagerstown, MD, storage facility.

**Source:** OIG photograph taken in Hagerstown, MD, on April 12, 2016.

Although the vehicles identified by OIG in Front Royal, VA, and Hagerstown, MD, were physically deteriorating, associated depreciation<sup>59</sup> costs were not recorded in the Department's accounting system because the vehicles were never officially placed into service. However, a cost is associated with vehicles sitting unused in storage for years. For example, DS/PSP/DEAV incurs

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<sup>59</sup> According to Wiley Interpretation and Application of Generally Accepted Accounting Principles, 2010, generally accepted accounting principles define depreciation as "the periodic charge to income that results from a systematic and rational allocation of cost over the life of a tangible asset." The costs of fixed assets, such as armored vehicles, are allocated to the periods they benefit, through depreciation. Various methods can be used to calculate depreciation, but each method used should result in a systematic and rational allocation of the cost of the asset during the asset's expected useful life.

storage costs when a vehicle is not “in service,” and DS/PSP/DEAV incurs costs by maintaining multiple facilities to keep the vehicles. In addition, OIG observed instances of physical damage to the vehicles in storage. For example, of the 128 vehicles that OIG inspected at the Front Royal domestic storage facility, OIG identified 50 that needed repairs. Specifically, OIG identified 43 armored vehicles with window damage,<sup>60</sup> such as ballistic glass delamination, and others with body damage.<sup>61</sup> Based on estimates provided by DS/PSP/DEAV, OIG estimated that it would cost approximately \$138,100 to replace the damaged glass for those armored vehicles that showed signs of ballistic glass delamination.<sup>62</sup> Armored vehicle technicians also indicated that the armored vehicles held domestically for long periods of time incur significant maintenance costs prior to being sent to post. In addition, other costs are associated with storing vehicles for years, including technological changes and obsolescence.

As a result, OIG determined that the armored vehicles that sat unused in excess of one year, had incurred an impairment in value.<sup>63</sup> To estimate the total funds that could have been put to better use, OIG estimated the associated impairment loss due to the vehicles sitting idle for an excessively long period. OIG calculated the impairment cost by subtracting what the current net book value would have been, had the Department been depreciating the asset, from the historical cost.<sup>64</sup> Based on its estimation methodology, OIG calculated that the Department incurred an impairment loss of \$24.9 million associated with the 259 unused armored vehicles that have been in storage for more than 1 year.

According to DS/PSP/DEAV officials, the excess inventory occurred in part because DS/PSP/DEAV purchased 239 armored vehicles for the Iraq Police Development Program.<sup>65</sup> The

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<sup>60</sup> According to DS/PSP/DEAV officials, one of the reasons that there were so many vehicles with glass damage was because there was not sufficient space at its domestic storage facilities to keep the armored vehicles out of direct sunlight. DS/PSP/DEAV opened a new storage facility in fall 2015 that has increased indoor storage space for armored vehicles. This may extend the life of the glass on stored armored vehicles.

<sup>61</sup> Ballistic glass delamination is a reduction or, potentially, a total loss in the adhesive bond between the glass panes and the interlayer and is most prevalent in panes of laminated glass. It is generally caused by prolonged exposure to sunlight, excessive moisture, or poor construction.

<sup>62</sup> The estimated cost per piece of the glass varies depending on the vehicle model—Toyota Land Cruiser, 200 Series (\$2,500); Toyota Land Cruiser, 76 Series (\$3,500); and Chevrolet Suburban (\$3,800).

<sup>63</sup> The Federal Accounting Standards Advisory Board, Statement of Federal Financial Accounting Standards No. 44, “Accounting for Impairment of General Property, Plant, and Equipment Remaining in Use,” defines impairment as “a significant and permanent decline in the service utility of [general property, plant and equipment].” The Statement provides some common indicators of potential impairment, which include evidence of physical damage and [general property, plant and equipment] idled or unserviceable for excessively long periods. OIG considers armored vehicles that have sat unused in DS/PSP/DEAV inventory in excess of one year to have undergone an ‘impairing event’ as they have been idled for excessively long periods, and had evidence of physical damage.

<sup>64</sup> OIG developed the estimate based on the straight line depreciation for any armored vehicle that had been in domestic storage for over one year (prior to May 2015). For example, if a vehicle was received in May 2013 and the total cost was \$100,000, OIG would have associated a \$60,000 cost with this vehicle (that is \$100,000 divided by the 5-year useful life multiplied by 3).

<sup>65</sup> DS purchased the 239 armored vehicles for approximately \$1.6 million. The calculation was based on the Department of Defense, Defense Logistics Agency’s Useful Life and Disposal Value Table which provides for a 6-year life-cycle using the base unit cost only. Thus, DS/PSP/DEAV paid base unit costs for vehicles already armored.

Iraq Police Development Program was terminated in February 2013, before the vehicles were delivered to Iraq.<sup>66</sup> According to DS/PSP/DEAV officials, they are working to reallocate these vehicles; however, not all the excess vehicles meet the needs of posts. OIG notes that some, but not all, the transferred and unused armored vehicles were the result of the terminated program.

**Recommendation 5:** OIG recommends that the Bureau of Diplomatic Security develop a methodology to determine the recommended number of armored vehicles needed at overseas posts. This guidance should provide baselines established using a variety of factors, such as the number of individuals under Chief of Mission authority and local threat ratings.

**Management Response:** DS did not concur with this recommendation, noting that “[d]ue to the widely divergent requirements encountered overseas, such as host nation threats, laws, available parking resources, etc., post [EACs] remain the best source of post-specific guidance regarding the appropriate size of Embassy [armored vehicle] fleets.” DS, however, “recognizes open communications with each post EAC is important, and will seek opportunities such as 16 State 58638 to increase communication and ensure 12 FAM 383 requirements are met and transferred to the Department.” Additionally, DS stated that DS/PSP/DEAV is working with A/LM to “implement the Target Fleet Size Report, which indicates the number of vehicles that should be recommended based on inputs collected annually through the Motor Vehicle Survey and the Vehicle Allocation Methodology.”

**OIG Reply:** OIG considers this recommendation unresolved. Although OIG agrees that the post EAC is a vital component for determining the size of its armored vehicle fleet, guidance and oversight from DS is needed to ensure that posts have the appropriate number of armored vehicles and that the EAC is adequately performing its fleet assessment duties. To reiterate a point in the report, several RSOs and other post officials stated that they wanted additional guidance from DS. In addition, OIG considers DS involvement in determining the appropriate number of armored vehicles at overseas posts similar to its existing involvement with post residential security. For residential security, DS provides specific guidance to posts regarding required security features; each post is responsible for implementing those requirements. Armored vehicle fleet management at overseas posts equally warrants DS attention through related guidance and oversight. The Target Fleet Size Report referenced by DS does not differentiate between the number of armored vehicles and non-armored vehicles a post should have. Therefore, it is not useful for determining the appropriate number of armored vehicles a post should have to enhance protection during periods of increased threat, instability, or evacuation. 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

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However, for calculations relating to impairment in value and the transfer of unused vehicles, OIG utilized the armored vehicle value assigned within ILMS because that value reflects the actual value of the armored vehicles.

<sup>66</sup> OIG, *Audit of Personal Property Accountability at U.S. Mission Iraq* (AUD-MERO-14-18, June 2014).

receives and accepts documentation demonstrating that DS has developed a methodology to help overseas posts determine the appropriate number of armored vehicles needed.

**Recommendation 6:** OIG recommends that the Bureau of Diplomatic Security develop and implement a process to periodically perform an independent validation of the adequacy of each post's armored vehicle fleet size.

**Management Response:** DS did not concur with this recommendation, stating that "DS cannot independently validate the adequacy of each post's [armored vehicle] fleet without consultation with post." DS also stated that instead, it will "ensure that posts are conducting annual EAC meetings to discuss the adequacy of their armored vehicle fleet."

**OIG Reply:** OIG considers this recommendation unresolved. Based on the inconsistent levels of armored vehicles at posts with similar threat ratings and RSO feedback via OIG's armored vehicle survey, OIG determined that a periodic, independent validation of each post's armored vehicle fleet at the bureau level is required. An independent validation would, of course, include consultation with posts. However, the validation should be performed by an independent official from DS who can make an unbiased assessment of each post's armored vehicle program. The validation process could be performed in conjunction with the Post Security Program Reviews or in conjunction with each post's submission of the annual fleet assessment. Responses to OIG's survey demonstrate that the most common way posts determine the size of the armored vehicle fleets is by having the RSO make the decision. However, it is prudent for DS to involve itself in this process by performing an independent validation of each post's armored vehicle fleet size because of the importance of armored vehicles for protection during periods of increased threat, instability, or evacuation. This recommendation will be considered resolved when DS provides a plan of action for addressing this recommendation or provides an acceptable alternative that meets the intent of the recommendation. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has developed and implemented a process to periodically perform an independent validation of the adequacy of each post's armored vehicle fleet size.

**Recommendation 7:** OIG recommends that the Bureau of Diplomatic Security develop and implement a process to ensure that the Emergency Action Committee at each overseas post is conducting the annual fleet assessment in accordance with Department requirements.

**Management Response:** DS concurred with the recommendation, stating that "DS/PSP/DEAV is working with the International Programs Directorate (DS/IP) and the High Threat Programs Directorate (DS/HTP) to collate annual post [armored vehicle] fleet assessments on a new RSO SharePoint repository." DS also stated that it "will update the Post Security Programs Review to allow reviewers to verify that posts are conducting annual EAC discussions that cover Post's armored vehicle fleet needs and update the

Security Policy and Procedure to enable RSOs to be knowledgeable and compliant with the annual requirement.”

**OIG Reply:** Based on DS concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has developed and implemented a process to ensure that the EACs at overseas posts are conducting the annual fleet assessment in accordance with Department requirements.

**Recommendation 8:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a methodology to facilitate the armored vehicle request process. The methodology should include metrics relating to response times, fulfillment of requests, and status updates for the requesting post or bureau.

**Management Response:** DS concurred with the recommendation, stating that the Motor Vehicle Acquisition Module in ILMS will be updated to incorporate an acquisition process and metrics for DS/PSP/DEAV, as well as INL and OBO.

**OIG Reply:** Based on DS concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS and A/LM have developed and implemented a methodology to facilitate the armored vehicle request process, including metrics relating to response times, fulfillment of requests, and status updates for the requesting post or bureau.

**Recommendation 9:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a centralized tool to track requests for armored vehicles. This tool should be able to maintain a complete list of requests and the status of the efforts to fulfill the requests.

**Management Response:** DS concurred with the recommendation, stating that the Motor Vehicle Acquisition Module in ILMS will be updated to incorporate an acquisition process and metrics for DS/PSP/DEAV.

**OIG Reply:** Based on DS concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS and A/LM have developed and implemented a centralized tool to track requests for armored vehicles, including the maintenance of a complete list of requests and the statuses of efforts to fulfill the requests.

**Recommendation 10:** OIG recommends that the Bureau of Diplomatic Security develop, document, and implement a formal process for allocating armored vehicles to posts based upon need, request date, and threat levels.

**Management Response:** DS concurred with the recommendation, stating that, in early 2016, it had “developed a detailed plan on addressing unscheduled or unanticipated requirements for armored vehicles.” DS further stated that the “contingency vehicle plan will include a stock of vehicles necessary to fulfill such requests in a timely manner” and that DS also “developed a detailed plan and purchase schedule to address the lifecycle replacement of the Department’s [armored vehicle fleet].” Along with its response, DS provided a draft information memorandum titled “DS Armored Vehicle Contingency Fleet Development Concept.”

**OIG Reply:** Based on DS concurrence with the recommendation and initial actions, OIG considers the recommendation resolved, pending further action. The draft information memorandum provided by DS requests approval for the development of an armored vehicle contingency fleet, whereby DS/PSP/DEAV would maintain a fleet of 164 armored vehicles that could be used to respond to emergency situations throughout the world. However, neither this document nor DS’s response addressed the inequities resulting from the use of DS/PSP/DEAV’s informal methodologies to allocate armored vehicles to overseas posts. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS, in conjunction with A/LM, has developed and implemented a formal process for allocating armored vehicles to posts based on need, request date, and threat levels.

**Recommendation 11:** OIG recommends that the Bureau of Diplomatic Security develop a utilization plan for the entire armored vehicle fleet that currently resides at domestic storage facilities, in order to prevent the unnecessary expenditure of funds, as that of the \$24.9 million in costs wasted as a result of unused armored vehicles. The utilization plan should include estimated costs for repairing all armored vehicles that are currently not operational.

**Management Response:** DS did not concur with the recommendation, stating that

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**OIG Reply:** OIG considers this recommendation unresolved. As presented in this audit, OIG calculated a \$24.9 million impairment loss for armored vehicles that had been in domestic storage in excess of one year by utilizing cost information in ILMS and GFMS, the Department’s financial system of record. OIG calculated the impairment cost by subtracting what the current net book value would have been, had the Department been depreciating the asset, from the historical cost. Based on its estimation methodology, OIG calculated that the Department incurred an impairment loss of \$24.9 million associated with the 259 unused armored vehicles that have been in storage for more than 1 year.

The significance of this monetary finding warrants DS developing a utilization plan for the armored vehicle fleet currently residing at domestic storage facilities to prevent the unnecessary waste of taxpayer assets through the depreciating value of hundreds of unused armored vehicles in storage for long periods of time. This recommendation will be considered resolved when DS provides an action plan for addressing this recommendation or provides an acceptable alternative that fulfills the intent of the recommendation. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has developed a utilization plan for the entire armored vehicle fleet that currently resides at domestic storage facilities, including an estimation of costs for repairing all armored vehicles that are currently not operational.

**Recommendation 12:** OIG recommends that the Bureau of Diplomatic Security develop and implement policy and procedures for the transfer of armored vehicles to other U.S. Government agencies, in order to prevent unnecessary expenditure of funds, as that of the \$26.4 million in armored vehicles transferred to other U.S. government agencies at no cost. The policy should provide guidance to ensure that, to the extent possible, the Department receives reimbursement for the transfer of unused armored vehicles.

**Management Response:** DS did not concur with this recommendation, stating that "DS/PSP/DEAV cannot charge other federal agencies for transferring excess property. This is prohibited under 41 CFR 102-36 Disposition of Excess Personal Property." In its response to Recommendation 11, DS also stated that it purchased 239 armored vehicles for [\$1.6] million from the Department of Defense in July 2013 pursuant to a Military Interdepartmental Purchase Request, and "while not all vehicles transferred from DS to other U.S. government agencies were purchased from this transfer, this large order, purchased at a reduced price, contributed significantly to DS excess."

**OIG Reply:** OIG considers this recommendation unresolved.

As an initial matter, only 34 percent of the transferred vehicles described in this report relate to the program described in DS's response. The armored vehicles referenced in DS's response were initially purchased in 2011 by the Army Corps of Engineers for an INL Police Development Program in Iraq. DS/PSP/DEAV facilitated the purchase of those 241 armored vehicles, which cost \$36.6 million. The program terminated after the vehicles were purchased, and DS agreed to pay the Army Corp of Engineers \$1.6 million in 2013 to obtain title to the vehicles. OIG compared the armored vehicles obtained via the cited 2013 Military Interdepartmental Purchase Request with those armored vehicles that were transferred at no cost during 2015 and 2016 and found that only 34 percent of the vehicles transferred had originated from the Military Interdepartmental Purchase Request. In other words, 66 percent of the vehicles transferred came from other sources. Additionally, while OIG was performing this analysis, it identified two additional armored vehicles that were purchased by DS/PSP/DEAV in 2011 that were unaccounted for during the 2013 transfer.

Second, OIG calculated the \$26.4 million amount using costs obtained from ILMS and GFMS, the Department's financial system of record. OIG did so because the \$1.6 million cited by the Department included only the base unit cost and did not include the value added by armoring the vehicle. The \$26.4 million reflected in ILMS and GFMS correctly included both the base unit cost and the value of the armor.

Third, in the future, if DS/PSP/DEAV has a large number of unused armored vehicles to transfer to other Federal agencies, it should consider alternative methods in which to conduct that transfer. DS cites 41 CFR § 102-36 for the proposition that it "cannot charge federal agencies for transferring excess property." Leaving aside that this regulation applies only to property located in the United States or its territories, there are various methods by which DS could seek to obtain reimbursement under appropriate circumstances. As just one example, DS could utilize reimbursable agreements under the Economy Act to transfer the vehicles to other agencies, an approach for which there is extensive Department guidance.<sup>67</sup> OIG does not purport to give guidance on precisely how DS could obtain reimbursement, but the high-dollar value of the unused property more than justifies exploring the availability of such options. To emphasize that the intent of this recommendation is to encourage DS to consider whether reimbursement is available, OIG has modified this recommendation to include the phrase "to the extent possible."

Ideally, however, through implementation of the recommendations in this report, DS will manage its vehicle fleet more efficiently and avoid acquiring large numbers of excess armored vehicles that Department posts do not need. This recommendation will be resolved when DS provides an action plan for addressing this recommendation or provides an acceptable alternative that fulfills the recommendation's intent. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has developed and implemented policies and procedures for the transfer of unused armored vehicles at no cost.

### **Finding C: Bureau of Diplomatic Security Did Not Maintain Sufficient Accountability for the Armored Vehicle Fleet Stored Domestically**

OIG found that DS/PSP/DEAV did not maintain sufficient accountability over its domestically located armored vehicle fleet. Specifically, OIG found that DS/PSP/DEAV did not properly record the details of domestic maintenance activities or costs. In addition, inventory records for

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<sup>67</sup> 31 U.S.C. § 1535. The Department of State Acquisition Regulation ("DOSAR"), as well as the FAM and the FAH, provide procedures by which the bureaus can enter reimbursable agreements under the Economy Act. DOSAR 617.500 establishes Department policy and procedures for the development, documentation, and administration of interagency acquisition agreements ("IAAs") under the Economy Act. *See also* DOSAR 617.501-70 (explaining that an IAA documents the written transaction when a Federal agency obtains personal property from another Federal agency, which usually involves a transfer of funds between the two Federal agencies). Similarly, through 4 FAM 840, the Department itself has established procedures for processing interagency reimbursable agreements on a reimbursable basis under the Economy Act. *See also* 4 FAH-3H 113.4-1 (addressing "Governmental Transactions").

domestically located armored vehicles in ILMS were not always accurate. For example, OIG found four vehicles within the DS/PSP/DEAV business unit that were recorded in ILMS in the wrong business unit, and five vehicles could not be located during OIG's physical inventory of armored vehicles in April 2016. These deficiencies occurred, in part, because of insufficient physical inventory policies and procedures, along with inadequate software to track maintenance details. Because DS does not maintain sufficient accountability for its assets, the armored vehicle program continues to be at significant risk for fraud, waste, and abuse.

### ***Armored Vehicle Maintenance Costs Were Not Appropriately Recorded***

Federal executive agencies are required to have a centralized system to identify, collect, and analyze motor vehicle data with respect to "all costs incurred for the operation, maintenance, acquisition, and disposition of motor vehicles."<sup>68</sup> GSA has issued guidance to help agencies fulfill this requirement, including a bulletin on motor vehicle management dated September 2007.<sup>69</sup> In April 2009, the Department incorporated the GSA guidance in the FAM by requiring "the receipt, management, accountability, storage, utilization, maintenance, reporting and disposal of all U.S. Government-owned personal property [be] controlled by" Department activities domestically.<sup>70</sup>

As discussed in Finding B of this report, a significant number of armored vehicles are in domestic storage at the Department's facilities in Front Royal, VA, and Hagerstown, MD. To properly maintain the vehicles, DS/PSP/DEAV technicians are required to perform maintenance work on the armored vehicles before shipping them to overseas posts. However, OIG was unable to determine whether this requirement was being fulfilled because DS/PSP/DEAV did not record details of the actual maintenance performed on each vehicle or how the associated costs were determined, as required by Federal regulations<sup>71</sup> and Department guidance. Furthermore, DS/PSP/DEAV did not maintain supporting documents related to the maintenance costs.

This deficiency occurred, in part, because DS/PSP/DEAV was not using FMIS<sup>72</sup> to record maintenance costs of armored vehicles in storage. FMIS is an off-the-shelf software package purchased by the Department to manage its worldwide fleet and support overseas motor pool operations. It offers a standardized web-based solution and is intended to provide visibility over the disposition of vehicles and vehicle-related expenses, while offering improved management controls to ensure data accuracy and auditing capabilities. For example, FMIS has the ability to

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<sup>68</sup> Sections 15301 and 15302 of the Consolidated Omnibus Budget Reconciliation Act of 1986, Pub. L. No. 99-272.

<sup>69</sup> General Services Administration Bulletin FMR B-15, "Motor Vehicle Management," September 21, 2007.

<sup>70</sup> 14 FAM 421.1(a).

<sup>71</sup> 41 CFR 102-34.340 states that each agency must have a fleet management information system that identifies and collects accurate inventory, cost, and use data that covers the complete lifecycle of each motor vehicle (acquisition, operation, maintenance, and disposal).

<sup>72</sup> The Department began deploying FMIS in 2011 and completed deployment in 2015.

record a variety of vehicle-related data, such as vehicle registration, maintenance, and fuel usage.<sup>73</sup>

DS/PSP/DEAV officials stated that they did not use FMIS because of the system's definition of "in-service." Specifically, Department vehicles are transferred into FMIS once their asset status is changed from "not in service" to "in service" within ILMS. Because the Department does not consider armored vehicles as "in service" until they arrive at post, these domestically located armored vehicles were never transferred into FMIS.<sup>74</sup> For example, OIG found that as of April 13, 2016, only 12 (3 percent) of 419 vehicles for which DS/PSP/DEAV was responsible were identified as "in service" in ILMS<sup>75</sup> and thus available for assignment in FMIS. The remaining 407 vehicles (97 percent) were identified as "received (not in service)" in ILMS and so were not available in FMIS. In addition, OIG found that neither the FAM nor the FAH requires that information on armored vehicles be included in FMIS.

Although DS/PSP/DEAV stated that it was not able to use FMIS, OIG found that DS/PSP/DEAV did not develop an alternative method to record and track the costs. In addition, neither the Accountable Property Officer<sup>76</sup> in the Bureau of Administration nor DS ensured a system was in place to document requests for repair of personal property and to capture data necessary for updating maintenance records.<sup>77</sup> The DS Accountable Property Officer stated that although he oversees the armored vehicle business unit, he believed that the responsibility for the management of armored vehicles rests with DS/PSP/DEAV.

As a result of the absence of any methodology to record and track maintenance costs, DS/PSP/DEAV does not know the actual costs associated with each armored vehicle, which has implications for both budgeting and ensuring vehicles arrive at post mission-ready.<sup>78</sup> For example, overseas posts receiving these vehicles have no indication of what prior maintenance was performed and what still may be required. Further, DS/PSP/DEAV cannot accurately identify the amount of funds it needs for maintenance costs annually. In addition, there is a lack of accountability and transparency in the manner in which these funds are spent.

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<sup>73</sup> 11 STATE 127312, "Pilot of Fleet Management Information System (FMIS)," December 27, 2011.

<sup>74</sup> In January 2016, DS/PSP/DEAV indicated it was working with the Bureau of Administration to develop a module in FMIS to account for these vehicles. However, as of March 2016, the module had not been rolled out.

<sup>75</sup> The DS/PSP/DEAV vehicles marked "in service" were generally not armored and were used as government-owned vehicles for staff.

<sup>76</sup> According to 14 FAM 423.2, the Director, Program Management and Policy, A/LM/PMP, is the designated Agency Property Management Officer for the Department and is the Accountable Property Officer for domestic personal property. In addition, DS has its own Accountable Property Officer who resides within DS's Logistics Services Division.

<sup>77</sup> 14 FAM 412.4-1(b), "Preventative Maintenance and Repair."

<sup>78</sup> Embassy officials at two of the six posts OIG visited reported having to repair new AVs that had been shipped to them upon receipt.

### *Results of OIG’s Physical Inventory of Domestically Located Armored Vehicles*

The FAM includes “requirements for the receipt, management, accountability, storage, utilization, maintenance, reporting, and disposal of all U.S. Government-owned personal property controlled by” Department activities domestically.<sup>79</sup> For example, the FAM requires that personal property, such as motor vehicles, be tracked on property records.<sup>80</sup> Specifically, the FAM requires that all Department bureaus and offices use ILMS to track Department-owned personal property.<sup>81</sup>

On April 11, 2016, OIG obtained from ILMS a list of 419 armored vehicles identified as being in DS/PSP/DEAV’s business unit on that date. OIG subsequently performed audit fieldwork to confirm the accuracy of inventory records reported in ILMS.<sup>82</sup> OIG did not locate 5 of 419 vehicles listed in the ILMS inventory. Although DS/PSP/DEAV personnel stated that some of the vehicles had been disposed (either transferred to another government agency or destroyed), OIG was unable to confirm the assertion because documentation was either nonexistent or insufficient to verify the disposal. In addition to the five missing vehicles, OIG was not able to locate four other armored vehicles; however, after our physical inventory, the ILMS business unit was changed from ‘DEAV’ to ‘DSSDP’ which was outside the scope of our audit. As shown in Table 7, OIG did not locate five missing vehicles during its physical inventory of domestically held armored vehicles as of June 7, 2016.

**Table 7: OIG Testing Results for Domestically Held Armored Vehicles, as of June 7, 2016**

<b>Location</b>	<b>Number of Vehicles in ILMS</b>	<b>Vehicles Verified by OIG</b>	<b>Changed Business Unit</b>	<b>Not Verified/Missing</b>
Hagerstown, MD	129	129	0	0
Front Royal, VA	128	128	0	0
Springfield, VA	63	58	2	3
O’Gara-Hess & Eisenhardt Armoring Company	23	23	0	0
Square One Armoring Services	22	22	0	0

<sup>79</sup> 14 FAM 421.1(a), “Scope.”

<sup>80</sup> 14 FAM 411.4, “Definitions – Accountable Property (1)(b).”

<sup>81</sup> DS/PSP/DEAV primarily stores armored vehicles in Hagerstown, MD; Springfield, VA; and Front Royal, VA. However, DS/PSP/DEAV also has vehicles at other locations, including locations where vendors are armoring the vehicles—Scaletta Armoring Corporation (Chicago, IL); O’Gara-Hess & Eisenhardt Armoring Company LLC (Fairfield, OH); and Square One Armoring Services (Miami, FL). DS also utilizes various testing centers—China Lake, CA; Davenport, IA; and Aberdeen, MD—where some armored vehicles are located.

<sup>82</sup> OIG physically verified all vehicles at the Hagerstown, MD; Front Royal, VA; Springfield, VA; Bill Scott Raceway in Summit Point, WV; and Sally Ride Drive in Sterling, VA, locations. For those vehicles at an armorer or at a DS testing center, OIG obtained photographic evidence of the existence of the vehicle, including photographs of the vehicle identification number.

Location	Number of Vehicles in ILMS	Vehicles Verified by OIG	Changed Business Unit	Not Verified/Missing
Summit Point, WV	16	16	0	0
Scaletta Armoring Corporation	11	11	0	0
China Lake, CA	12	12	0	0
InterUnit Transfer *	9	5	2	2
Davenport, IA	3	3	0	0
Ft. Belvoir, VA	0	0	0	0
Transfer *	1	1	0	0
Sterling, VA	2	2	0	0
<b>Total</b>	<b>419</b>	<b>410</b>	<b>4</b>	<b>5</b>

\*Represents location codes for vehicles that are in transit.

**Source:** OIG generated based on data obtained from ILMS and verified during audit fieldwork OIG.

Following audit fieldwork, OIG continued to follow up with DS/PSP/DEAV officials regarding the five missing vehicles. DS/PSP/DEAV officials stated that three of the vehicles were probably disposed of and one had been transferred to another government agency but acknowledged documentation relating to the disposal or transfer was missing or incomplete to verify the assertion. For the final vehicle missing, DS/PSP/DEAV officials did not provide an explanation. Table 8 presents a summary of the missing vehicles, with a value totaling \$536,159, along with the explanation provided by DS/PSP/DEAV.

**Table 8: Summary of Missing Vehicles**

DS/PSP/DEAV Explanation	Number of Missing Vehicles	Stated Value
Likely Destroyed	3	\$269,144
Likely Transferred to Another Government Agency	1	\$184,327
No Explanation	1	\$82,688
<b>Total</b>	<b>5</b>	<b>\$536,159</b>

**Source:** OIG generated based on data obtained from ILMS and collected during audit fieldwork.

*Inventory Policies and Procedures*

Beginning in FY 2010, the Department required annual physical inventories of accountable personal property.<sup>83</sup> In addition, the FAM requires the results of the physical inventories be reconciled with ILMS records, be prepared by the Property Custodial Officer and signed by the Accountable Property Officer, and subsequently submitted to the Property Management Branch.<sup>84</sup> Although the Department has required that physical inventories be reconciled to ILMS

<sup>83</sup> According to the Federal Management Regulation, sec. 102-35.20, supt. B, "Accountable personal property" includes nonexpendable personal property whose expected useful life is 2 years or longer and whose acquisition value warrants tracking in the agency's property records, including capitalized and sensitive personal property."

<sup>84</sup> 14 FAM 426.1.

since 2010,<sup>85</sup> DS/PSP/DEAV did not comply with the annual inventory requirement until January 2016, shortly after OIG announced this audit. Further, the physical inventory performed by DS/PSP/DEAV in January 2016 was not done in accordance with Department policy. Specifically, the Department requires that a reconciliation be performed to document differences between ILMS and the results of the physical inventory. OIG found that DS/PSP/DEAV did not do so. Specifically, DS/PSP/DEAV certified that it had 563 armored vehicles, valued at almost \$82.8 million, and did not describe any shortages or overages. A DS/PSP/DEAV official stated that during the January 2016 physical inventory, there were shortages and overages; however, rather than documenting these differences, they simply adjusted ILMS as necessary when they found differences and apparently did not follow up on all of the discrepancies. The FAM states that when discrepancies are found between the physical inventory count and the property records, immediate action must be taken by the principal custodial officer to resolve the discrepancy. Inventory overages must be documented, and inventory shortages need to be reported to the Accountable Property Officer on Form DS-310, Property Survey Report.<sup>86</sup>

OIG found that the DS Accountable Property Officer did not implement a DS-specific policy related to performing an annual physical inventory of domestically located armored vehicles. The DS Executive Directorate, Office of Management Services, Logistics Services Division, has documented administrative property management guidelines. However, a DS official said that these bureau guidelines do not include guidance on inventorying DS/PSP/DEAV armored vehicles.

GAO's "Standards for Internal Control in the Federal Government" states that management should design an internal control system to "provide reasonable assurance regarding prevention or prompt detection and correction of unauthorized acquisition, use, or disposition of an entity's assets."<sup>87</sup> The GAO guidance also states that management should periodically count and compare assets to control records. Documentation is a necessary part of an effective internal control system.<sup>88</sup> OIG concluded that DS/PSP/DEAV is not complying with requirements from the GAO standards because proper inventory reconciliations are not performed.

#### *Missing Vehicles a Result of Inadequate Inventory Procedures*

As a result of DS/PSP/DEAV's noncompliance with the annual physical inventory requirements, OIG identified five vehicles, valued at \$536,159, that are currently missing. If sufficient controls are not put in place, vehicles may be misappropriated without any awareness by accountable officials. Further, because DS/PSP/DEAV officials have the authority to change ILMS records, there is no assurance that the inventory records in ILMS are complete and accurate. Developing and documenting procedures for annual vehicle inventories and reconciling any discrepancies will help DS/PSP/DEAV safeguard the proper administration of the armored vehicle program.

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<sup>85</sup> Ibid.

<sup>86</sup> 14 FAM 426.2, "Inventory Reconciliation."

<sup>87</sup> Section 2, OV2.24, GAO, "Standards for Internal Control in the Federal Government," (GAO-14-704G, September 2014).

<sup>88</sup> Ibid.

**Recommendation 13:** OIG recommends that the Bureau of Diplomatic Security determine the location or disposition of the five vehicles that OIG could not locate during its April 2016 physical inventory and adjust its inventory records accordingly.

**Management Reply:** DS concurred with the recommendation, providing OIG with an update on its efforts to identify the location or the disposition of the five vehicles. DS is still working to locate two of the vehicles.<sup>89</sup>

**OIG Response:** Based on DS concurrence with the recommendation and initial actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has determined the location or the disposition of all five vehicles and adjusted inventory records accordingly.

**Recommendation 14:** OIG recommends that the Bureau of Diplomatic Security implement bureau-specific policies and procedures for conducting an annual physical inventory of armored vehicles, including a documented reconciliation process.

**Management Response:** DS concurred with the recommendation, stating that it has been “working with the [Bureau of Administration] for the last two years to improve the [armored vehicle] inventory process.” DS further stated that “DS/PSP/DEAV and A/LM are developing an annual inventory mobile application...[which] will allow DS/PSP/DEAV users to travel to various domestic locations and complete an automated annual inventory that can send real-time results back for integration and reconciliation within ILMS.” Along with its response, DS provided a document drafted by A/LM titled “AV Maintenance Mobile Application,” which is a detailed design document that explains the functionality of the mobile application.

**OIG Reply:** Based on DS concurrence with the recommendation and initial actions, OIG considers this recommendation resolved, pending further action. Once the mobile application has been implemented, DS/PSP/DEAV should also develop written policy for its use. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has implemented bureau specific policies and procedures for conducting an annual physical inventory of armored vehicles, including a documented reconciliation process.

**Recommendation 15:** OIG recommends that the Bureau of Administration, in coordination with the Bureau of Diplomatic Security, complete and implement the module in the Fleet Management Information System that will enable the Bureau of

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<sup>89</sup> Although DS’s response to this recommendation discussed the status of five vehicles, only three were the vehicles that OIG had identified as missing.

Diplomatic Security to track and record the maintenance costs associated with all domestically located armored vehicles.

**Management Response:** A/LM concurred with the recommendation, stating that it has partnered with DS/PSP/DEAV "to develop and complete an enhancement that updated domestic vehicles with a status of 'Received (Not in Service)' to become active in [FMIS]." A/LM further stated that this enhancement "allows maintenance work orders to be created and tracked on those vehicles," that the enhancement "went live" in July 2016; and that it is currently being used by DS/PSP/DEAV technicians "to capture maintenance data for domestically-located armored vehicles." DS also concurred and provided a largely identical response.

**OIG Reply:** Based on the A/LM concurrence with the recommendation and initial actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that A/LM and DS have implemented the module in FMIS that will enable DS to track and record the maintenance costs associated with all domestically located armored vehicles.

**Recommendation 16:** OIG recommends that the Bureau of Diplomatic Security establish a system that documents requests for repair and maintenance of armored vehicles that are not "in service" and captures the data necessary for updating maintenance records until the Fleet Management Information System module is implemented (Recommendation 14).

**Management Response:** DS concurred with this recommendation, stating that "DS/PSP/DEAV began the use of FMIS in July 2016 and now records all maintenance of domestic vehicles within this database." DS also referred back to its response to recommendation 15.

**OIG Reply:** Based on DS concurrence with the recommendation and stated actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS is tracking and recording the maintenance costs associated with all domestically located armored vehicles.

**Recommendation 17:** OIG recommends that the Bureau of Administration update the Foreign Affairs Manual and the Foreign Affairs Handbook to require the use of the Fleet Management Information System for all armored vehicles.

**Management Response:** A/LM concurred with the recommendation, stating that it has "drafted revisions to Chapter 14 of the [FAM] and Chapter 14 of the [FAH] to be in compliance with all Executive Orders and General Services Administration bulletins." A/LM also noted that it has sent out cables and direct communications to all posts regarding the use of FMIS.

**OIG Reply:** Based on the A/LM concurrence with the recommendation and initial actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that A/LM has updated the FAM and the FAH to require the use of the FMIS for all armored vehicles.

## **Finding D: Selected Overseas Posts Used Armored Vehicles That Did Not Meet Required Standards**

During site visits to selected overseas posts, OIG found that overseas posts used armored vehicles that did not meet OSPB standards, which the FAM states are mandatory for all persons at overseas posts under COM authority. Specifically, OIG found instances in which other government agencies had acquired armored vehicles from vendors that did not manufacture OSPB standard vehicles and that had armoring levels inconsistent with OSPB standard levels. Further, OIG found that Embassy Bogota was using Department vehicles that did not comply with OSPB standards. One reason that other agencies at overseas posts were utilizing armored vehicles that did not meet standards was because RSOs did not feel empowered to dictate to other agencies what armored vehicles they must use, and because they were not involved in the process of receiving the armored vehicles at post. Embassy Bogota used armored vehicles that did not comply with OSPB standards in part because DS/PSP/DEAV did not provide replacement armored vehicles in a timely fashion, which caused the post to continue to use outdated armored vehicles. Further, INL employees at post had elected to purchase some armored vehicles for use at post from a local vendor.<sup>90</sup> As a result, U.S. Government employees under COM authority and their dependents may be put at risk when traveling in armored vehicles that do not provide adequate protection or in which the armor has been improperly installed.

### ***Department Armoring Standards***

The FAM states that all armored vehicles must meet OSPB standards.<sup>91</sup> According to the Armored Vehicle Program Guide Book, "all DS approved [armored vehicles] offer specific levels of protection from assault rifle attacks and have been designed to provide 360 degree (sides, roof and floor) ballistic resistance to occupants within a secured passenger compartment." DS uses standards of levels A - E to describe armored vehicles.<sup>92,93</sup> The FAH states that the minimum standard of quality and performance for armored vehicles under COM or PO authority

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<sup>90</sup> In its response to the draft report, INL stated "the subject vehicles were absorbed by the INL section from our ICITAP/OPDAT implementers, which were appropriately procured and were for implementer FAA purposes. INL will further review their current status based on the OIG example . . . to ensure that the two remaining vehicles in our possession are appropriately handled and will advise the RSO since the RSO governs all COM movements.

<sup>91</sup> 12 FAM 385.

<sup>92</sup> Additional details of these levels are classified.

<sup>93</sup> Armoring standards have varied between firms and countries as well as over time. For example, prior to 2004, armored vehicles were classified as "Lightly Armored Vehicles," or "Fully Armored Vehicles."

is C level armor.<sup>94</sup> The armor level designations are based on the level of ballistic resistance or the purpose of the vehicle.<sup>95</sup>

Post personnel are required to procure all Department armored vehicles through DS/PSP/DEAV to ensure compliance with the OSPB standards.<sup>96</sup> DS states that this is because “[a]ll DS [armored vehicles] are commercially available armored vehicles that have been modified in the United States at facilities holding appropriate security clearances. DS [armored vehicles] must meet stringent quality assurance and inspections processes prior to their deployment for use either domestically or overseas.”<sup>97</sup> The FAM states that all other Federal agencies are required to coordinate with their agency headquarters, as well as DS/PSP/DEAV, to meet OSPB armoring standards in the procurement process.<sup>98</sup> However, the FAH<sup>99</sup> provides contradictory guidance, in that it provides an exception for outside agencies. Specifically, the FAH states “[agencies] that do not procure OSPB-approved vehicles must coordinate requests through their headquarters.” When questioned about the contradictory guidance, DS/PSP/DEAV officials stated that all persons under COM authority should utilize only armored vehicles that meet OSPB standards.

### *Other Government Agencies Armored Vehicles*

During site visits to six overseas posts, OIG found that other U.S. Government agencies with a presence at post that were under COM authority, such as the Department of Justice, the Department of Defense, and the Centers for Disease Control and Prevention, procured armored vehicles from vendors other than the Department-approved vendors.<sup>100</sup> For example, post officials from one agency informed OIG that they procured their armored vehicles from Streit,<sup>101</sup> a firm that is not approved by DS/PSP/DEAV and does not produce OSPB standard armored vehicles. Post officials from two agencies stated that their agencies used other U.S. firms that were not approved by DS/PSP/DEAV. Lastly, four agencies procured their armored vehicles from firms based in other countries, including the United Arab Emirates, Mexico, Colombia, and Germany, that were also not approved by DS/PSP/DEAV. Because the OSPB standards are

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<sup>94</sup> 12 FAH-6H-522.3a(3).

<sup>95</sup> The level of ballistic resistance is based upon the type and thickness of the material of various parts of the vehicle, including the firewall, perimeter, floor, roof, doors, frame, and windows.

<sup>96</sup> 12 FAH -6 H-522.5b, “Standards.”

<sup>97</sup> DS Armored Vehicle Program Guide Book. Three vendors armor both foreign and domestic vehicles for the Department—Scaletta Armoring Corporation (Chicago, IL); O’Gara-Hess & Eisenhardt Armoring Company LLC (Fairfield, OH); and Square One Armoring Services (Miami, FL). However, OIG notes that in limited instances vehicles are armored by facilities outside of the United States. BMW sedans, for example, are armored in Germany.

<sup>98</sup> 12 FAM 385.

<sup>99</sup> 12 FAH-6H-522.5b.

<sup>100</sup> The U.S. Agency for International Development was the one exception. It is required by internal policy to procure its armored vehicles through DS/PSP/DEAV.

<sup>101</sup> In Streit USA Armoring, LLC, B-408584, November 5, 2013, GAO upheld DS/PSP/DEAV’s decision to exclude Streit from the contract. DS/PSP/DEAV argued that Streit’s process of retrofitting armor was less secure. GAO found that the record supported the reasonableness of the agency’s determination that factory-armored, as opposed to retrofitted armored, vehicles were required to meet its needs.

classified, vendors other than those used by DS/PSP/DEAV are not privy to the specific standards and therefore do not produce vehicles that are OSPB-compliant.

In addition, officials from other agencies that were under COM authority also stated that their agencies were utilizing some armored vehicles that used a different set of armoring standards than those approved by the OSPB. For example, agencies used armored vehicles that were a "B6" or "Level 3"<sup>102</sup> rather than the OSPB standard C, D, or E. In one example, an agency at a post purchased four armored vehicles. DS/PSP/DEAV was unable to determine whether the four vehicles had armor compliant with OSPB standards and recommended against their use. Moreover, in the June 2016 OIG armored vehicle survey, just 53 percent (122 of 233 respondents) of the respondents stated that the post's fleet was OSPB compliant.

Other agencies at overseas posts used armored vehicles that did not meet standards in part because RSOs did not feel empowered to dictate to other agencies what armored vehicles they must use and because RSOs were not involved in the process of receiving the armored vehicles at post. For example, two RSOs stated that their discussions with other agencies on armored vehicle issues were limited to signing off on home to office use policies. In contrast, RSOs take a much more significant role in residential security; as to these issues, RSOs are required to sign off on all residences before they can be used, regardless of the U.S. Government agency that employs the individual. OIG also noted that post officials were not always aware of OSPB standards. For instance, in the June 2016 OIG survey of armored vehicles, 7 percent (16 of 233) of respondents stated that they were not sure what OSPB standards meant. This is particularly concerning because the survey was sent to RSOs and GSOs, who are officials responsible for motor vehicles and security at post. Additionally, two RSOs interviewed during audit fieldwork stated that they did not have sufficient training to identify whether or not armored vehicles met OSPB standards.

### *Embassy Bogota's Armored Vehicles*

In addition to the issues with other agencies' procurement of non-OSPB standard armored vehicles, OIG found 21 instances in which armored vehicles at Embassy Bogota did not meet OSPB standards. This occurred in part because of delays in obtaining new armored vehicles through the Department's acquisition process (as discussed in Finding B of this report). Embassy Bogota had a number of vans in use that were armored at Level B (which had previously been an approved level for armoring). The post had ordered 10 new, ICASS-funded, armored vans (1 was ordered in 2013 and 9 were ordered in 2014) through the correct Department process. As of June 2016, these vans had not been provided to Embassy Bogota. Therefore, post continued to use the old vans that did not comply with current OSPB standards. During audit fieldwork and OIG's physical inventory of armored vehicles, OIG discovered the 10 vans designated for Bogota at DS/PSP/DEAV's storage facility in Front Royal, Virginia. None of the vehicles had been armored even though the request was made 2 years earlier. DS/PSP/DEAV officials stated that

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<sup>102</sup> The information on other agency armoring levels was provided by other agency officials. OIG did not perform steps to confirm the information provided, but it did ask DS/PSP/DEAV if other agencies utilized standards that were in line with OSPB. DS/PSP/DEAV stated that there has been no such alignment with any other agencies.

they have been unable to armor the vans due to the lack of an armoring contract; however, many other vehicles were armored during this time.

Some of the armored vehicles that did not comply with OSPB standards were acquired by INL, which has a large presence at Embassy Bogota. Historically, INL procurement officials in Bogota, Colombia, independently purchased armored vehicles that did not meet OSPB standards from Colombian vendors. According to Embassy Bogota INL representatives, these vehicles were originally purchased to provide to local government authorities but were later transferred to INL's motor pool to be used to transport COM personnel. According to INL Resource Management representatives, officials at INL Headquarters do not provide oversight of INL's overseas vehicle fleets. INL officials at Embassy Bogota have stopped independently purchasing armored vehicles; however, INL continues to utilize armored vehicles that do not meet OSPB standards to transport COM personnel.<sup>103</sup>

### *Safety Risks Posed by Armored Vehicles That Are Not Properly Armored*

Because posts use vehicles that are not armored to OSPB standards, U.S. Government employees and their dependents are at greater risk if an attack or accident should occur. For example, if proper materials and construction techniques are not used in the armoring process, the vehicle will not have adequate ballistic protection during an attack or, during a rollover accident, the vehicle could collapse because of the weight of the armor and trap its occupants.

**Recommendation 18:** OIG recommends that the Bureau of Diplomatic Security, in conjunction with the Overseas Security Policy Board, update the Foreign Affairs Handbook to include a policy that mandates the use of armored vehicles that meet Overseas Security Policy Board standards for all individuals under Chief of Mission authority.

**Management Response:** DS concurred with the recommendation stating that it is drafting new FAH language for OSPB approval.

**OIG Reply:** Based on the DS concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has updated the FAH to include a policy that mandates the use of armored vehicles that meet OSPB standards for all individuals under COM authority.

**Recommendation 19:** OIG recommends that the Assistant Secretary, Bureau of Diplomatic Security, provide guidance to each Chief of Mission underscoring the mandate that all personnel under Chief of Mission authority must use only armored vehicles that meet Overseas Security Policy Board standards.

**Management Response:** DS concurred with the recommendation.

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<sup>103</sup> As noted in footnote 90, INL originally purchased these vehicles for use in a program that precluded them from being armored to OSPB standards. However, because they are not armored to these standards, they should not be used in the Embassy motor pool to transport COM personnel.

**OIG Reply:** Based on the DS concurrence with the recommendation, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that the Assistant Secretary, Bureau of Diplomatic Security, has provided guidance to each COM underscoring the mandate that all personnel under COM authority must use only armored vehicles that meet OSPB standards.

**Recommendation 20:** OIG recommends that the Bureau of Diplomatic Security, in conjunction with the Overseas Security Policy Board, develop an action plan to modify or replace the non-Overseas Security Policy Board standard armored vehicles currently in use at overseas posts so that the vehicles meet Overseas Security Policy Board standards.

**Management Response:** DS concurred with the recommendation, stating that it would "discuss the topic with the OSPB working group."

**OIG Reply:** Based on DS concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS and the OSPB have developed an action plan to modify or replace the non-OSPB standard armored vehicles currently in use at overseas posts by personnel under COM authority.

**Recommendation 21:** OIG recommends that the Bureau of Diplomatic Security develop and implement a policy requiring Regional Security Officers to perform and document a review of all armored vehicles arriving at post, regardless of agency, to ensure that each one meets Overseas Security Policy Board standards.

**Management Response:** DS did not concur with this recommendation, stating that it disagrees "that the responsibility should rest solely with the RSO." DS further stated that "OSPB-compliance should be determined prior to the vehicle arriving at post and involves the requesting agency and GSO."

**OIG Reply:** OIG considers this recommendation unresolved. Although OIG agrees that OSPB compliance should be determined before the vehicle arrives at post, this audit uncovered a number of instances in which non-OSPB standard armored vehicles were used by persons under COM authority. Therefore, additional oversight is needed to ensure that vehicles that do not meet OSPB standards are not used at post for personnel under COM authority, regardless of the owner agency. Because DS is the program manager of the armored vehicle program and armored vehicles are security assets, the oversight responsibility rests with the post RSO. This recommendation will be resolved when DS provides an action plan to address this recommendation or provides an acceptable alternative that fulfills the intent of the recommendation. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has developed and implemented a policy requiring RSOs to perform and document a review of all armored vehicles arriving at post, regardless of agency, to ensure that each one meets OSPB standards.

**Recommendation 22:** OIG recommends that the Bureau of Diplomatic Security develop and provide training for all Regional Security Officers related to identifying whether armored vehicles meet required standards.

**Management Response:** DS did not concur with this recommendation, stating that "RSOs cannot inspect vehicles at post to determine whether they are OSPB compliant." DS further stated that "prior to post accepting [armored vehicles] from other [U.S. Government] partners, EACs must be provided sufficient vehicle information from other agencies to ensure the vehicle meets requirements."

**OIG Reply:** OIG considers this recommendation unresolved. As stated in OIG's Reply to Recommendation 21, an oversight mechanism is needed at post to review armored vehicles before they are placed into service to prevent non-OSPB standard vehicles from being used to transport COM personnel. Because DS is the program manager of the armored vehicle program, the RSO should be responsible for this oversight at overseas posts. OIG acknowledges the limitations on an RSO inspection; for example, OIG recognizes that an internal inspection of vehicle armor is not possible. However, just as OIG performed inspections during the its audit fieldwork (see Appendix C), the RSO could perform a simple inspection to confirm that the vehicle has the basic features required for Level C or Level D vehicles. RSOs can also inspect vehicle armoring documentation to verify armoring levels. This recommendation will be resolved when DS provides an action plan for addressing the recommendation or provides an acceptable alternative that fulfills the intent of the recommendation. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has developed and provided training for all RSOs related to identifying whether armored vehicles meet required standards.

**Recommendation 23:** OIG recommends that Embassy Bogota institute a policy to restrict the use of Level B armored vehicles to only those areas that do not require armored vehicles for travel.

**Management Response:** Embassy Bogota concurred with the recommendation, stating that it "will adjust the motor pool operations accordingly."

**OIG Reply:** Based on Embassy Bogota's concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that Embassy Bogota has instituted a policy to restrict the use of Level B armored vehicles to only those areas that do not require armored vehicles for travel.

**Recommendation 24:** OIG recommends that the Bureau of International Narcotics and Law Enforcement Affairs develop and implement a process to ensure that Bureau of International Narcotics and Law Enforcement Affairs personnel at overseas posts procure armored vehicles that meet Overseas Security Policy Board standards for armoring, if these vehicles will be used to transport individuals under Chief of Mission authority.

**Management Response:** INL concurred with the recommendation, stating that it has “an established process that all vehicles procured for use by COM personnel meet the OSPB standards for armoring.” INL outlined the process, stating that “all INL vehicle purchases must have written approval from INL’s Office of Resource Management at headquarters, before a vehicle can be purchased” and that “procedures and documents are outlined” on its SharePoint site.

**OIG Reply:** Based on INL’s concurrence with the recommendation and stated actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that INL has developed and implemented a process to ensure that INL personnel at overseas posts procure armored vehicles that meet OSPB standards for armoring when these vehicles are used to transport individuals under COM authority.

**Recommendation 25:** OIG recommends that the Bureau of International Narcotics and Law Enforcement Affairs develop and implement a methodology to identify all Bureau of International Narcotics and Law Enforcement Affairs armored vehicles at overseas posts that do not meet Overseas Security Policy Board standards for armoring and develop and implement a process to either limit the use of these vehicles or to replace or modify the vehicles so that they comply with standards.

**Management Response:** INL concurred with the recommendation, stating that it “coordinated with [DS/PSP/DEAV] and INL personnel at posts to identify and resolve the disposition of all armored vehicles that are listed as belonging to INL.” INL further stated that “all vehicles were appropriately reconciled.”

**OIG Reply:** Based on INL’s concurrence with the recommendations and stated actions, OIG considers this recommendation resolved, pending further action. OIG notes that, during audit fieldwork at Embassy Bogota, OIG identified several armored vehicles belonging to INL that were not in ILMS. Therefore, there could be additional armored vehicles that are not “listed as belonging to INL” at other overseas posts that do, in fact, belong to INL. To fulfill the intent of the recommendation, INL/RM should coordinate with INL personnel at all overseas posts to ensure that all armored vehicles used to transport COM personnel were procured through DS/PSP/DEAV. This recommendation will be closed when OIG receives and accepts documentation demonstrating that INL has identified all INL armored vehicles at overseas posts that are used to transport individuals under COM authority that do not meet OSBP standards for armoring. Once those armored vehicles are identified, INL must provide documentation that demonstrates that it has developed and implemented a process to either eliminate the use of these vehicles or replace or modify the vehicles so that they comply with OSBP standards.

## Finding E: Selected Overseas Posts Did Not Always Sufficiently Maintain Armored Vehicles

During physical inspections of 116 armored vehicles at 6 overseas posts, OIG identified a number of deficiencies related to the maintenance of these vehicles. The most common deficiency involved the tire pressure for the armored vehicles, and OIG observed that some armored vehicles had significant damage to their windshields. In addition, OIG found that armored vehicles at overseas posts did not always have required routine maintenance performed. Further, OIG found that posts did not always oversee external mechanics performing maintenance on armored vehicles as required by the FAM. These deficiencies occurred, in part, because of a lack of vehicle oversight by embassy personnel. For example, daily and weekly routine checks of the vehicles were not always completed. In addition, posts were not always able to obtain replacement glass for the vehicles in a timely manner and did not have adequate shelter to protect vehicles from direct sunlight, which causes ballistic glass delamination. As a result of these deficiencies, armored vehicles at overseas posts may not be mission ready which could jeopardize the safety and security of vehicle occupants.

### *Armored Vehicle Maintenance Requirements*

Armored vehicles require frequent preventative maintenance because of the increased wear caused by the additional weight of armor. The FAM states,

“armored vehicles must undergo top quality preventive and mechanical maintenance on a regular basis using post-designated local mechanics. Armored vehicles require regular maintenance to overcome the stress of the armor on the vehicle’s drive train, suspension, and brake systems. Any post-designated local mechanic, while under an embassy employee’s observation, may perform mechanical work or preventive maintenance on armored vehicles.”<sup>104</sup>

In addition, the FAM and the FAH<sup>105</sup> provide some general guidance regarding maintenance requirements for official vehicles, which would also apply to armored vehicles at post.

DS/PSP/DEAV has issued guidance to make post personnel aware of armored vehicle maintenance requirements. For example, the Armored Vehicle Program Guide Book includes requirements for daily and weekly routine checks, as well as for regular preventative maintenance. Specifically, the Armored Vehicle Program Guide Book requires routine checks each day before a vehicle is started (for example, checking tire pressure). The guidance states, “scheduled routine maintenance programs will enable post to keep a higher percentage of their

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<sup>104</sup> 12 FAM 386, “Vehicle Maintenance.”

<sup>105</sup> 14 FAM 430, “Managing Official Vehicles at Posts Abroad” and 14 FAH-1 H-800, “Use and Control of Official Vehicles at Posts.”

vehicles in service and reduce repair costs.”<sup>106</sup> Further, DS/PSP/DEAV periodically distributes an armored vehicle maintenance cable to all RSOs with guidance on maintenance topics.<sup>107</sup>

***Posts Were Not Maintaining Vehicles in Accordance With Department Standards***

OIG physically inspected 116 armored vehicles at 6 posts to determine whether posts were maintaining armored vehicles in accordance with Department standards.<sup>108</sup> For example, OIG inspected windshields, lights, doors, tires, run flats, pillars, exhaust screens, door locks, gas caps, and armor stickers. Table 9 describes the deficiencies OIG identified during the physical inspections.

**Table 9: Deficiencies Identified During Physical Inspection of Armored Vehicles**

Item	Embassy Port-au-Prince	Embassy Nairobi	Embassy Abuja	Embassy Bogota	Embassy Amman	Embassy Tel Aviv	Deficiency Totals	Percent Deficient <sup>a</sup>
Tire Air Pressure	13	6	16	9	13	0	57	49
Side Windows	8	10	4	4	2	4	32	28
Windshield	10	5	8	3	1	5	32	28
Locking Gas Cap	9	1	1	6	4	0	21	18
Tire Type/Size	0	7	6	1	5	0	19	16
Doors	3	2	4	1	2	0	12	10
Armor Sticker*	1	2	0	8	0	0	11	9
Exhaust Screen	1	2	2	4	0	1	10	9
Back Windows	1	6	1	0	1	0	9	8
Tire Condition	4	2	2	0	0	0	8	7
Seat Back/Swing Door	3	1	0	2	0	0	6	5
Door Locks	0	1	0	0	0	1	2	2
Run Flats	0	0	0	0	0	0	0	-
Pillars	0	0	0	0	0	0	0	-
<b>Total</b>	<b>53</b>	<b>45</b>	<b>44</b>	<b>38</b>	<b>28</b>	<b>11</b>	<b>219</b>	

\* The armor sticker is placed inside the vehicle door. The sticker describes the minimum and maximum tire pressure and the Maximum Gross Vehicle Weight.

<sup>a</sup> “Percent Deficient” describes the percentage of vehicles inspected that had a related deficiency; for example, 49% of vehicles inspected had insufficient tire air pressure.

**Source:** OIG generated based on the results of physical vehicle inspections conducted at posts during audit fieldwork between February 2016 and April 2016.

<sup>106</sup> DS, Armored Vehicle Program Guide Book, “Maintenance.”

<sup>107</sup> For example, in May 2016, DS/PSP/DEAV issued 16 STATE 58638 “Armored Vehicles General Maintenance Cable” to update posts on armored vehicle maintenance requirements.

<sup>108</sup> See Appendix A: Purpose, Scope, and Methodology for additional information on the selection of vehicles to inspect. See Appendix C: Armored Vehicle Inspection Checklist for the DS/PSP/DEAV vehicle checklist and a description of the items included in OIG’s physical inspection of armored vehicles. OIG did not inspect four vehicles originally selected because they were in use at external locations, receiving repairs, or awaiting disposal.

### *Required Routine Checks Were Not Always Performed*

The FAH requires the use of Form OF-108, Daily Vehicle Use Record, which is the driver's daily/weekly preventive maintenance checklist. This form identifies safety and maintenance checks that the driver is required to complete,<sup>109</sup> including checking the tire air pressure. The Armored Vehicle Program Guide Book also states that vehicle drivers should visually inspect wheels and tires at the beginning of each day to ensure they have the proper tire air pressure, and it provides the guidelines for the pounds per square inch (PSI) for tires by make and model of vehicle. The Armored Vehicle Program Guide Book states that the tire air pressure plays a vital role in maintaining the longevity of the armored vehicle tires; therefore, servicing the tires to the proper air pressure will improve the vehicle's ride and fuel economy as well as safety. "[All] tires must be set and maintained at the proper air pressure identified on the armoring company door sticker."<sup>110</sup>

OIG found that overseas posts did not always perform the required daily and weekly routine checks. The FAH states, "a number of forms are used in control and utilization of motor vehicles." Consistent use of the forms will promote good fleet management through standardized procedures."<sup>111</sup> OIG reviewed Form OF-108 for some of the armored vehicles physically inspected and determined that the forms were not always completed or only partially completed. In addition, one post did not complete any Forms OF-108 and only started using them in March 2016 after the OIG requested them. During the physical armored vehicle inspections, OIG found evidence that armored vehicles had not received the required checks. Specifically, OIG found that 57 (49 percent) of 116 armored vehicles inspected did not meet the required tire air pressure requirements for the make and model of vehicle.<sup>112</sup> For example, the recommended tire air pressure for an armored Chevrolet Suburban is 80 PSI.<sup>113</sup> However, OIG found an in-service Chevrolet Suburban at Embassy Port-au-Prince that had tire pressure for its four wheels that ranged from 49 PSI to 94 PSI. In addition, OIG found an in-service Chevrolet Suburban at Embassy Amman that had tire pressure for its four wheels that ranged from 32 PSI to 70 PSI.

The required daily and weekly checks were likely not performed because motor pool supervisors or GSO staff did not always provide oversight to ensure the forms were completed on a daily basis. Several motor pool supervisors stated the driver is supposed to fill out the form daily but acknowledged that sometimes the drivers did not do so.

Performing the required daily and weekly checks is an important tool to identify maintenance issues promptly. DS/PSP/DEAV officials stated that the low tire pressure on some vehicles "was a

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<sup>109</sup> 14 FAM 436.1, "Form OF-108, Daily Vehicle Use Record."

<sup>110</sup> DS, Armored Vehicle Program Guide Book, "Maintenance."

<sup>111</sup> 14 FAH-1 H-813, "Operation of Motor Vehicles."

<sup>112</sup> OIG used the PSI requirement provided by the armorer for each vehicle. If the air pressure was within 10 PSI of the requirement, OIG considered this acceptable in light of external factors, such as local weather conditions.

<sup>113</sup> DS, Armored Vehicle Program Guide Book, "Maintenance."

safety issue and can become a serious maintenance issue.” According to a Department cable, under-inflated tires on armored vehicles can cause extensive heat buildup and steel belt or tread separation, which can cause a blowout.<sup>114</sup> Further, incorrect tire air pressure may induce premature tire failure, putting passengers at risk of becoming stranded in a hostile environment or injured in an accident. In addition, incorrect tire air pressure may result in additional maintenance costs.

### *Armored Vehicles Had Significant Ballistic Glass Delamination*

The Armored Vehicle Program Guide Book states, “just as important as daily and monthly maintenance is, proper care must also be given to the ballistic glass.”<sup>115</sup> Because the inside of the window is a specially designed polymer, proper care will extend the life of the glass and help prevent unnecessary damage. Further, more armored vehicles are sidelined for glass issues than any other single problem. Any repairs associated with removing or installing ballistic glass must be made by DS/PSP/DEAV armored vehicle technicians.<sup>116</sup> Different types of damage can occur to ballistic glass as a result of prolonged exposure to sunlight. These include delamination (“bubbling” of the glass), ghosting (discoloration of the glass that affects visibility), and cracks.

During the audit, OIG physically inspected the ballistic glass for signs of delamination and other damage. OIG found 32 (28 percent) of 116 armored vehicles with significant ballistic glass delamination on the front windshield. For example, the windshields on three armored vehicles at Embassy Port-au-Prince were damaged, requiring the vehicles to be placed out of service. Figures 7 and 8 provide examples of delamination and ghosting at Embassy Port-au-Prince. Embassy Abuja also had two armored vehicles that had to be placed out of service because of ballistic glass issues.



**Figure 7:** Armored vehicle at Embassy Port-au-Prince with significant ballistic glass delamination, including bubbling.  
**Source:** OIG photograph taken at Embassy Port-au-Prince on February 23, 2016.

<sup>114</sup> Cable 2008 STATE 78047 “Security/Safety Concerning the Use of Armored Vehicles,” July 21, 2008.

<sup>115</sup> Ballistic glass is bullet resistant glass used in armored vehicles to protect the occupants of the vehicle.

<sup>116</sup> DS, Armored Vehicle Program Guide Book, “Maintenance.”



**Figure 8:** Armored vehicle at Embassy Port-au-Prince with significant ballistic glass delamination, including ghosting. **Source:** OIG photograph taken at Embassy Port-au-Prince on February 23, 2016.

Overseas posts had armored vehicles with significant ballistic glass delamination and were not always able to obtain replacement glass in a timely manner. DS/PSP/DEAV officials stated if a post needs ballistic glass, it can take approximately 4 months to make; these officials also noted that the highest maintenance backlog was for glass. DS/PSP/DEAV officials also stated that each company makes the glass in its own way, so the Department cannot substitute one company's glass for another. DS/PSP/DEAV estimated that it takes about 7 months from the time post requests replacement glass until the technician arrives at post to install it.<sup>117</sup> In March 2016, OIG received a copy of the DS/PSP/DEAV proposed glass initiative intended to reduce the wait time on glass to 90 days. Specifically, DS/PSP/DEAV proposed to maintain a stock inventory of glass and to increase staffing. This initiative had not been approved as of June 2016.



**Figure 9:** Armored vehicle canopies at Embassy Port-au-Prince. **Source:** OIG photograph taken at Embassy Port-au-Prince on February 23, 2016.

In addition, the posts did not always have enough shelter for armored vehicles to keep them out of direct sunlight. DS/PSP/DEAV guidelines state that "armored vehicles should be parked out of direct sunlight whenever possible."<sup>118</sup> However, not all posts had enough shelter for all vehicles, and OIG found that shelter for armored vehicles at overseas posts includes different types of structures, such as canopies and garages. Two of the six posts audited stored armored vehicles in parking structures. However, the other four posts

<sup>117</sup> DS/PSP/DEAV, Glass Ordering and Installation Initiative, "Introduction."

<sup>118</sup> DS, Armored Vehicle Program Guide Book, "Maintenance".

audited did not have permanent, roofed structures that could be used for the armored vehicles. For example, Embassy Port-au-Prince had some canopies in place for a portion of their armored vehicle fleet, as shown in Figure 9,<sup>119</sup> but it was not sufficient to cover them all of them.

As a result of the significant ballistic glass delamination identified at posts, driver's vision can be hindered and can render the armored vehicle inoperable.

### *Preventative Maintenance Not Always Performed at Appropriate Intervals*

The FAH states that "preventive maintenance actions are those precautionary steps undertaken to forestall mechanical breakdowns."<sup>120</sup> The Armored Vehicle Program Guide Book states that "preventative maintenance should be conducted every 5,000 miles/8,300 kilometers or every 3 months, whichever occurs first," and specifies what preventative maintenance should entail. Specifically, the Armored Vehicle Guide Book instructs posts to:

- Change the engine oil and filter;
- Check engine coolant level;
- Check hoses for cracks or wear;
- Check fluid levels (power steering, engine coolant, transmission, and differential);
- Lubricate all chassis lubrication points;
- Check all belts, and replace as necessary;
- Examine battery tie down and cables;
- Inspect vehicle for damage;
- Inspect all tires and replace as necessary;
- Inspect brakes and alignment, and replace or adjust as necessary.<sup>121</sup>

To determine whether armored vehicles had routinely scheduled preventative maintenance, OIG reviewed maintenance records for 120 vehicles, including labor and part receipts, Form DS-1777,<sup>122</sup> and Form DS-1778.<sup>123</sup> OIG analyzed how often preventative maintenance was performed (by length of time and number of miles). OIG found that armored vehicles at post did not always have routinely scheduled maintenance performed. Specifically, OIG found 115 of 120 (96 percent) of the armored vehicles inspected did not meet these requirements. For example, Embassy Nairobi had an armored vehicle that was driven more than 15,000 kilometers without any documented preventative maintenance. In addition, Embassy Nairobi did not have any preventative maintenance records for some of its armored vehicles. Further, driving conditions at Embassy Port-au-Prince are extremely poor, and the added stress of armor can cause these vehicles to have frequent mechanical problems. OIG found 50 percent (10 out of 20) of the

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<sup>119</sup> In February 2016, Embassy Port-au-Prince began construction of additional vehicle canopies to cover all of the armored vehicles.

<sup>120</sup> 14 FAH-1 H-819.1, "Preventative Maintenance."

<sup>121</sup> DS, Armored Vehicle Program Guide Book, "Maintenance."

<sup>122</sup> Form DS-1777, "Vehicle Maintenance/Repair Work Order."

<sup>123</sup> Form DS-1778, "Vehicle Repair Cost Records."

armored vehicles sampled at Embassy Port-au-Prince did not receive documented preventative maintenance for more than a year.

Overseas posts did not always perform preventative maintenance on armored vehicles at appropriate intervals in part because they did not employ a mechanism to determine when preventative maintenance was due to be performed. The FAH states that “[all] posts are required to maintain good oversight and control on the use of U.S. Government vehicles and maintenance supplies, and to collect repair and maintenance data for management and reporting purposes.”<sup>124</sup> However, most motor pool supervisors stated that they were not scheduling or tracking preventative maintenance for armored vehicles and would have to physically look at records to determine when maintenance was needed. In addition, two posts were not using the maintenance module within FMIS<sup>125</sup> to maintain electronic maintenance records, making it even more difficult to schedule and track preventative maintenance. Further, the RSO and GSO may not be receiving adequate training regarding the special maintenance requirements for armored vehicles. For example, an RSO stated he did not receive any training regarding the armored vehicle program during his time as RSO and expressed his belief that DS should provide maintenance training if RSOs at posts are required to be involved in the process.

The lack of regular preventative maintenance can degrade the longevity and performance capabilities of armored vehicles, creating safety concerns and wasting taxpayer money. According to the Armored Vehicle Program Guide Book, “If the guidelines [related to preventative maintenance] are followed, the amount of unscheduled maintenance and repair of armored vehicle assets should decrease and subsequently increase the longevity of these vehicles before requiring replacement or disposal.”<sup>126</sup>

### *Oversight of Mechanics Did Not Always Occur*

OIG found that posts did not always have an embassy employee observe a local mechanic while maintenance work was being performed on the armored vehicles, as required by 12 FAM 386. For example, Embassy Tel Aviv officials stated it was not reasonable for an embassy employee to stay with the armored vehicle when being serviced, especially when the service could take several days. Embassy Amman officials stated, “they don’t have enough armored vehicle drivers, so they cannot leave someone to observe the maintenance work.” In June 2016, DS/PSP/DEAV officials stated the sections of the FAM and the FAH related to this topic were being reviewed and will likely change to add some flexibility when overnight storage of an armored vehicle is required.

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<sup>124</sup> 14 FAH-1 H-813, “Operation of Motor Vehicles.”

<sup>125</sup> FMIS is the Department’s centralized fleet management system that enables posts to manage vehicle maintenance and fuel consumption, dispatch vehicles for official Government business, maintain motor pool employee records, track vehicle title and registration activity, and provide standard reports on all associated costs and fleet utilization metrics.

<sup>126</sup> DS, Armored Vehicle Program Guide Book, “Maintenance.”

### *Physical Deficiencies and Lack of Preventative Maintenance Result in Safety Risks*

As a result of all the maintenance deficiencies identified by OIG, armored vehicles at overseas posts may not be mission ready which could jeopardize the safety and security of personnel in the vehicle. As stated in the Armored Vehicle Program Guide Book, "Armored vehicle assets have extremely high initial costs and it is imperative to ensure each vehicle receives the proper care and preventative maintenance in order to extend its usefulness."<sup>127</sup>

**Recommendation 26:** OIG recommends that the Bureau of Administration develop guidance for posts to require that responsible officials at overseas posts periodically check that motor pool personnel are performing the daily and weekly routine checks of armored vehicles.

**Management Response:** A/LM stated that "guidance already exists in 14 FAM Subchapter 436.1 and 14 FAH-1 Exhibit H-814.1. Both FMIS and non-FMIS posts are required to complete the Driver's Daily and Weekly Preventative Maintenance Checklist as part of OF-108." A/LM further stated that "A/LM and [DS/PSP/DEAV] will work to update the driver checklist and 12 FAM."

**OIG Reply:** Based on A/LM's planned actions to update the driver checklist and 12 FAM, OIG considers this recommendation resolved, pending further action. The FAM (14 FAM 436.1) states that, for non-FMIS posts, the "the motor vehicle accountable officer as defined in 14 FAM 431.2, paragraph b, must periodically review Form OF-108 for each vehicle. Specifically, the [motor vehicle accountable officer] must check for the accuracy of odometer readings, ensure that a preventative maintenance check was conducted, ensure that all required signatures are obtained by the senior ranking official riding in the vehicle and, the driver, and ensure that there is no unreported vehicle damage." The FAH (14 FAH-1 Exhibit H-814.1) moreover explains how the Form OF-108 should be filled out, including various "Motor Pool Supervisor Actions." These actions include reviewing fuel consumption and verifying the accuracy of computations. Although this guidance was in place during OIG's audit fieldwork, OIG found that the Driver's Daily and Weekly Preventative Maintenance Checklists were not consistently completed. Therefore, additional measures are needed to ensure appropriate oversight. These measures should include: 1) an update to the FAM to require that all posts (both FMIS and non-FMIS) have periodic checks performed by the motor vehicle accountable officer, and 2) an update to the form to include a signature line for responsible personnel. This recommendation will be closed when OIG receives and accepts documentation demonstrating that A/LM has updated the FAM guidance as described.

**Recommendation 27:** OIG recommends that the Bureau of Administration update the Foreign Affairs Manual to include a requirement for all overseas posts to develop and implement a mission policy to ensure that armored vehicles receive the required preventative maintenance.

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<sup>127</sup> Ibid.

**Management Response:** A/LM stated that it believes "14 FAM Subchapter 436.1 and 14 FAH-1 Exhibit 814.1 provides comprehensive guidance for posts on the subject of preventative maintenance for all vehicles. As an alternative proposal to requiring posts to develop and implement a separate mission policy which targeted only a portion of the fleet, A/LM is reviewing 14 FAM guidance to ensure clarity that it encompasses armored vehicles. In addition, A/LM will work with [DS/PSP/DEAV] to ensure that all armored vehicles receive the required preventative maintenance by utilization of the OF-108 for daily checks and continued use of FMIS for maintenance tracking."

**OIG Reply:** Based on A/LM's plan to work with DS to ensure all armored vehicles receive required maintenance, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating there has been an update to requirements to ensure that armored vehicles receive required preventative maintenance.

**Recommendation 28:** OIG recommends that the Bureau of Diplomatic Security develop and implement guidance for overseas posts on the construction and use of shelters for armored vehicles.

**Management Response:** DS concurred with the recommendation, stating that it "will ensure language regarding the benefits of covered armored vehicle storage is highlighted in updated guidance." DS also stated that, because of differences in "post-specific available space, building materials, climate and construction practices," it relies "on post personnel with knowledge of local construction to relay information on the best practices for construction of storage shelters for vehicles."

**OIG Reply:** Based on DS concurrence with the recommendation and planned actions, OIG considers the recommendation resolved, pending further action. OIG recognizes that post-specific differences affect construction of shelters for storing armored vehicles. However, DS/PSP/DEAV is well-positioned to develop a resource for RSOs and GSOs to use when they must decide how best to build and utilize vehicle shelters at post. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has developed guidance for overseas posts on the construction and use of shelters for armored vehicles.

**Recommendation 29:** OIG recommends that the Bureau of Diplomatic Security develop and implement an action plan to decrease the amount of time it takes to procure ballistic glass for installation in armored vehicles.

**Management Response:** DS concurred with the recommendation, stating that "glass order metrics are actively tracked through...weekly reporting. DS/PSP/DEAV...developed a Glass Ordering and Installation initiative specifically targeting shortened delivery times."

**OIG Reply:** Based on documentation provided by DS that demonstrates it has developed and implemented an action plan to decrease the amount of time it takes to procure ballistic glass, OIG considers this recommendation closed. Specifically, the action plan provided by DS states that its goal is to “reduce timeline of the ordering and installation process from 219 days to 90 days” by reducing the vendor order fulfillment phase and the installation planning phase. DS/PSP/DEAV has begun to implement the plan by hiring new personnel and expanding the replacement capacity. To fully implement the plan, DS/PSP/DEAV also needs approval to pre-purchase \$1.3 million in armored vehicle glass and hire an additional installation team.

**Recommendation 30:** OIG recommends that Embassy Port-Au-Prince immediately begin using the Fleet Management Information System to record and track maintenance performed on official vehicles at post.

**Management Response:** Embassy Port-au-Prince concurred with the recommendation, stating that “post motor pool staff began using FMIS to record and track maintenance on official vehicles in the summer of 2016.”

**OIG Reply:** OIG considers this recommendation closed. Specifically, OIG reviewed FMIS records for the sample of armored vehicles selected during the audit and found that 80 percent of the armored vehicles had associated maintenance records recorded in FMIS.

**Recommendation 31:** OIG recommends that Embassy Abuja immediately begin using the Fleet Management Information System to record and track maintenance performed on official vehicles at post.

**Management Response:** Embassy Abuja concurred with the recommendation, stating that it “began corrective action earlier this year.” Specifically, “post hired a data entry clerk who is responsible for using FMIS to record and track work orders on all official vehicles.” Post also “invited an ILMS team to review current practices and provide on-site training to improve FMIS operations.” Additionally, Embassy Abuja provided a copy of the new data entry clerk’s position description, training materials provided by the ILMS team, and updated statistics showing FMIS usage.

**OIG Reply:** Based on documentation provided by Embassy Abuja that demonstrates its use of FMIS, OIG considers this recommendation closed. Additionally, OIG reviewed FMIS records for the sample of armored vehicles selected during the audit and found that 80 percent of the armored vehicles had associated maintenance records recorded in FMIS.

**Recommendation 32:** OIG recommends that the Bureau of Diplomatic Security update the current armored vehicle policy to define specifically what types of maintenance must be performed under an embassy employee’s observation.

**Management Response:** DS concurred with the recommendation, stating that “DS/PSP/DEAV and [the Bureau of Diplomatic Security, Policy and Planning Division] are currently drafting new FAH language for OSPB approval.”

**OIG Reply:** Based on the DS concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that the FAH language has been updated to define specifically what types of maintenance must be performed under an embassy employee’s observation.

**Recommendation 33:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a process to ensure that appropriate Regional Security Office and General Service Office personnel receive training, including periodic refresher training, regarding the maintenance requirements for armored vehicles.

**Management Response:** DS concurred with the recommendation stating that training is already provided through various RSO and GSO courses, several of which it lists, and that it “will partner with A/LM to develop and implement additional training materials focusing on the maintenance of armored vehicles.”

**OIG Reply:** Based on the DS concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. Although OIG recognizes that various RSO and GSO courses exist, the findings presented in this audit demonstrate additional training is needed to address maintenance deficiencies. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has developed and implemented additional training materials focusing on the maintenance of armored vehicles.

## **Finding F: Armored Vehicles Were Not Always Disposed of or Transferred in Accordance With Department Policies**

OIG found that armored vehicles were not always disposed of or transferred in accordance with FAM and FAH standards. For example, armored vehicles were not always destroyed in accordance with the FAM, and some disposals occurred without a required cleared American witness. OIG determined that this occurred in part because the FAM and the Armored Vehicle Program Guide Book provide insufficient details on the disposal process. More specifically, these sources lack clarity on the required forms that should be used to document the disposal or transfer, lack guidance on the manner in which to dispose of the vehicles, and lack guidance on when to dispose of the vehicles at all. RSOs and GSOs expressed confusion and uncertainty about the armored vehicle disposal and transfer processes at all six posts audited. OIG also found a lack of guidance on how to transfer armored vehicles between U.S. Government agencies. The failure to develop clear disposal and transfer procedures increases the risk that armored vehicles will be improperly disposed of or misappropriated.

### *Armored Vehicles Disposal and Transfer Requirements*

The FAM states that armored vehicles must be disposed of via explosive demolition, crushing, burning, disassembly (with sections no larger than 2 square feet), or burial on U.S. Government-controlled land. Any of these disposal options must be done in the presence of a cleared American.<sup>128</sup> Armored vehicles “may not be sold, donated, or transferred to persons, governments, or organizations outside of the U.S. Government.”<sup>129</sup> In regard to the disposal process, the FAM states that “the RSO must coordinate disposal with [A/LM/OPS/SL/MV], [DS/PSP/DEAV], and the [GSO],” as well as other agencies at post.<sup>130</sup> The FAM also assigns disposal responsibility for all vehicles to the GSO.<sup>131</sup>

### *Armored Vehicles Were Not Always Disposed of in Accordance With Department Regulations*

OIG found that the Department’s armored vehicles were not always disposed of in accordance with Department policies. Specifically, OIG found that domestic disposals lacked supporting documentation and were not always witnessed by a cleared American. In addition, OIG found that overseas armored vehicle disposals were not appropriately coordinated or approved and that the actual destruction may not have always been sufficient to meet Department guidance.

### *Domestic Armored Vehicle Disposal Process*

Domestic disposals can involve armored vehicles utilized by domestic DS offices,<sup>132</sup> armored vehicles that are destroyed after ballistic testing, and armored vehicles returned from overseas posts to be destroyed. As of June 2016, DS/PSP/DEAV did not have a contract in place to destroy armored vehicles domestically.<sup>133</sup> Typically, DS/PSP/DEAV sends the armored vehicle to one company for removal of the battery, oil, Freon, and other fluids. That entity will then sell the vehicle to a junkyard, where it will be destroyed and sold for scrap metal. Because of the lack of a contract, any proceeds from selling the armored vehicles as scrap metal are usually returned to the company rather than the Department. Although the means of disposal (crushing) complies with FAM requirements, the Department did not have a cleared employee witness the

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<sup>128</sup> The “Definitions of Diplomatic Security Terms” in 12 FAM 091 describes a “Cleared U.S. Citizen” as: a citizen of the United States who has undergone a background investigation by an authorized U.S. Government Agency and been issued a Confidential, Secret, or Top Secret security clearance in accordance with Executive Orders 12968 and 10450 and implementing guidelines and standards published in 32 CFR 147. Abroad: Cleared U.S. citizens are required to have, at a minimum, Secret-level clearances.

<sup>129</sup> 12 FAM 388.

<sup>130</sup> Ibid.

<sup>131</sup> 14 FAM 431.2-4, “Motor Vehicle Accountable Officer,” states that the Motor Vehicle Administrative Officer (usually the GSO) must ensure that vehicle disposal is in accordance with applicable regulations and that the proceeds of sale are deposited in accordance with instructions provided by the owning agency.

<sup>132</sup> These domestic offices include the DS training facility, DS domestic field offices, and the Dignitary Protection Division.

<sup>133</sup> DS/PSP/DEAV officials indicated that they were aware of the problems posed by the lack of a disposal contract and are working to put a contract in place.

destruction of armored vehicles domestically. The lack of a witness to the disposal means that there is no verification of the destruction. These deficiencies occurred, in part, because neither the FAM nor the Armored Vehicle Program Guide Book specifically address domestic armored vehicle disposals and because DS failed to implement bureau specific guidance.

### *Overseas Armored Vehicle Disposal Process*

OIG witnessed armored vehicle disposals at four posts and visited armored vehicle disposal facilities at five posts and found that posts were generally using vendors to dispose of the vehicles. However, OIG identified significant inconsistencies in the process. Specifically:

- Embassy Port-au-Prince – Armored vehicles were destroyed at a local junkyard for approximately \$87 per vehicle. OIG found a lack of coordination with the responsible parties in arranging the disposal. Specifically, the RSO was not made aware of the GSO's plans to destroy armored vehicles. Additionally, OIG was not able to verify that the armored vehicle was destroyed sufficiently, as the vehicle was not fully crushed at the end of the disposal, and OIG witnessed questionable safety practices.<sup>134</sup>

- Embassy Bogota – Armored vehicles were destroyed at a local destruction facility free of charge, and post received some proceeds from the sale of scrap metal. Figure 10 shows an example of an armored vehicle being crushed.



**Figure 10:** End result of armored vehicle disposal in Bogota, Colombia.

**Source:** OIG photograph taken in Bogota, March 2016.

- Embassy Amman – Because no facility in the country had the ability to dispose of armored vehicles, Embassy Amman made arrangements with the Department of Defense to ship the vehicles back to the United States for disposal.
- Embassy Tel Aviv – Armored vehicles were destroyed at a local destruction facility free of charge.
- Embassy Nairobi – Post officials expressed confusion about documenting the disposal process and had not conducted a disposal for the preceding 2 years because they could

<sup>134</sup> Please refer to OIG's Management Assistance Report, "Health and Safety Concerns Identified Related to Armored Vehicle Disposals" AUD-SI-17-20, January 17, 2017.

not find a vendor to destroy the vehicle. When they did find a vendor to dispose of the vehicles, it cost approximately \$2,500 per vehicle, and the vendor had never performed an armored vehicle disposal before. The process took place during a 2-day period at the GSO warehouse with questionable contractor safety practices.<sup>135</sup>

- Embassy Abuja – Post had not conducted a disposal for the preceding 3 years because it could not find a vendor to perform the destruction. Once it did find a vendor, the post was charged approximately \$2,700 per vehicle. The process took place during a 2-day period at a local mechanic shop with questionable safety practices.<sup>136</sup>

OIG found that RSOs and GSOs were confused and uncertain about the armored vehicle disposal process and that the “coordination” required by the FAM and FAH and the methods to dispose of the vehicle varied. Specifically, the RSOs at two of the six posts audited told OIG that they were largely uninvolved in the disposal process or they felt that they had not been adequately consulted on the disposal decision. Rather, the decision and accompanying paperwork had been completed by the Motor Pool in conjunction with A/LM/SL/OPS/MV. For example, at Embassy Port-au-Prince, OIG found a lack of coordination with the responsible parties related to the disposal of an armored vehicle. Specifically, the RSO was not made aware of the GSO’s plans to destroy armored vehicles, even though the FAM states that the RSO is responsible for “coordinating” the disposal action.<sup>137</sup>

OIG found that the confusion over the armored vehicle process was due, in part, to lack of clarity in the FAM on disposal methods and a lack of implementing guidance in the Armored Vehicle Program Guide Book. Specifically, OIG determined the FAM does not provide specific guidance on what the chosen disposal method should entail. For instance, at one post, officials commented to OIG that it would be helpful if the FAM could be updated to clarify the requirement to disassemble vehicles into pieces no larger than 2 feet and whether it is intended to include the whole armored vehicle or just the armored parts. During a 2016 review performed of the armored vehicle disposal process by a contractor (Mercury Associates), the contractor also found that the FAM provides guidance on **what** should happen, but it does not describe the process of **how** it should happen.<sup>138</sup>

Three of the six posts audited had post-specific guidance to implement the FAM standards for armored vehicle disposals. Two posts provided post-specific information on disposals, such as what to photograph to document the destruction and identifying items that should be removed in advance from the armored vehicle. This extra guidance is helpful in avoiding possible internal control problems in the destruction process. However, two of the posts’ guidelines also included information that conflicted with Department guidance. For example, the two posts’ guidelines

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<sup>135</sup> Ibid.

<sup>136</sup> Ibid.

<sup>137</sup> 12 FAM 388 a.

<sup>138</sup> Mercury Associates conducted a 2016 best practices review to evaluate and identify opportunities to improve policies and operations concerning the disposal of armored vehicles abroad. The contract was initiated by A/LM/PMP.

incorrectly stated that the vehicles could be disposed of by burial at sea. One post also failed to assign the RSO with the primary responsibility for coordinating the disposal.



**Figure 11:** End result of armored vehicle disposal in Port-au-Prince, Haiti, showing intact armor.

**Source:** OIG photograph taken in Port-au-Prince, February 2016.

At one post (Embassy Port-au-Prince), OIG was unable to confirm that the vendor complied with the FAM requirement either to disassemble the vehicle into sections no larger than two square feet or to crush the vehicle.<sup>139</sup> Specifically, OIG observed the destruction of a vehicle and noted that it was not fully crushed at the end of the disposal, as shown in Figure 11. Officials from Embassy Port-au-Prince stated that they were also not sure that the demolition of vehicles was sufficient but believed that their disposal arrangement was permissible according to the FAM, which states that “Posts must dispose of armored vehicles on the basis of local conditions and restrictions.”<sup>140</sup>

Finally, RSOs and GSOs expressed their belief that they are not provided with adequate training in this area. Two RSOs stated that the armored vehicle program is only covered once in the Basic Regional Security Officer training, but not in follow-up training. GSO Motor Pool training on armored vehicles is also limited, and, in some cases, it is not included at all. For example, one Motor Pool official stated that the Motor Pool training in Bangkok, Thailand, did not include information on armored vehicles. A DS/PSP/DEAV official stated that training on the disposal process is included in Basic Regional Security Officer, RSO Office Management Specialist, and GSO classes provided by DS/PSP/DEAV.

### *Documenting Domestic and Overseas Disposals and Transfers*

OIG found that DS/PSP/DEAV and the six posts audited did not consistently document disposals and transfers of armored vehicles. OIG found that overseas posts and DS utilize a variety of forms dictated by certain sections of the FAM, the FAH, the Armored Vehicle Program Guide Book, and by GSA, as shown in Table 10.

<sup>139</sup> 12 FAM 388.

<sup>140</sup> 12 FAM 388 a.

**Table 10: Summary of Disposal and Transfer Forms Applicable to Armored Vehicles**

<b>FAM Requirement</b>	<b>FAH Requirement</b>	<b>Armored Vehicle Program Guide Book</b>	<b>Actual Practice Employed<sup>a</sup></b>
<b>Form Name 1: DS-1559 – Authorization for Disposal of Vehicle</b>			
14 FAM 439.1 states that either DS-1559 or DS-132 should be completed as a part of disposal documentation.	No requirement identified.	Prior to disposal action, post should request DS coordinate issuance of the DS-1559 from A/LM/OPS/SL/MV for all disposals.	Overseas posts: use form to record disposal of DS funded armored vehicles only.  Domestic units: Use form for all armored vehicle disposals.
<b>Form Name 2: DS-132 – Property Disposal Authorization and Survey Report</b>			
14 FAM 439.1 states that either DS-132 or DS-1559 should be completed as a part of disposal documentation.	14 FAH-1 H-413.2-3 states that the DS-132 is used for documenting the disposal of property no longer needed, but 14 FAH-1 H-713.1 provides unclear guidance regarding the DS-132's applicability to motor vehicles.	When a disposal action is complete, the DS-132 should be completed and returned to A/LM/OPS/SL/MV.	Overseas posts: Use form to record the disposal of ICASS armored vehicles.  Domestic units: No usage identified
<b>Form Name 3: DS-584 – Property Transactions</b>			
No requirement identified.	14 FAH-1 H-413.2-2 states that DS-584 is used for documenting the relocation/redistribution of personal property within the Department.	No requirement identified.	Domestic units: Form is sometimes used for domestic transfer of armored vehicles.
<b>Form Name 4: SF-120 – Report of Excess Personal Property<sup>b</sup></b>			
No requirement identified.	No requirement identified.	No requirement identified.	Domestic units: Form is sometimes used for domestic transfer of armored vehicles.
<b>Form Name 5: SF-122 – Transfer Order to Excess Personal Property<sup>c</sup></b>			
FAM Requirement 14 FAM 415.1-2 states that SF-122 must be used to transfer residential furniture between agencies, but does not address transfer of vehicles.	14 FAH-1 H-413.2-2 states that SF-122 is used to record transfers of property between Federal agencies.	No requirement identified.	Domestic units: Form is sometimes used for domestic transfer of armored vehicles.

<sup>a</sup> This column represents how OIG found that overseas posts and DS were using the forms for armored vehicle disposals and transfers.

<sup>b</sup> The GSA website states the SF-120 is used to report excess property to GSA.

<sup>c</sup> The GSA website states the SF-122 is used to report personal property worth \$10,000 or less available for direct transfer.

**Source:** OIG generated from FAM and FAH requirements and OIG observations during audit fieldwork.

Domestically, OIG found a general lack of documentation associated with armored vehicle disposals. Specifically, during our domestic inventory and our review of transfers of armored vehicles to other agencies, OIG identified a number of instances in which there was little or no documentation for disposals. When disposal documentation was produced, it was sometimes more than 1 year after the disposal took place, negating the purpose of the disposal pre-approval process.

Officials at the six posts audited reported confusion about which forms should be used to document completed disposals. Post officials stated that they ultimately used whichever form A/LM/OPS/SL/MV told them to use; however, this guidance differed based on the assigned desk officer. Four post officials indicated that they had been told by A/LM/OPS/SL/MV desk officers that Form DS-1559 was for program armored vehicles and Form DS-132 was for ICASS armored vehicles.

OIG also identified deficiencies in documenting transfers of armored vehicles domestically and at overseas posts. Armored vehicles may be transferred between agencies for a number of reasons, but generally they are transferred when the armored vehicle fits another agency's needs better than those of the original purchaser. OIG found that two posts had failed to document three armored vehicles that they had transferred from other agencies. Domestically, OIG found that a number of armored vehicles were transferred from the Department to other agencies (as detailed in Finding B). Both domestically and overseas, armored vehicles were transferred to and from the Department without documentation. Some individuals interviewed at posts stated they had asked the agencies transferring vehicles to the Department to provide a memorandum for the local file documenting the transfer in absence of identifiable guidance.

These deficiencies occurred, in part, because the Department does not provide specific guidance on documenting armored vehicle disposals and transfers. Specifically, OIG determined that the Department forms used for motor vehicle disposal do not have specific armored vehicle information. For instance, the Armored Vehicle Program Guide Book states that DS/PSP/DEAV should coordinate the issuance of a DS-1559 with A/LM/OPS/SL/MV. However, OIG found that the DS-1559 form does not have a place for DS/PSP/DEAV to sign or otherwise verify approval, nor does it have any place on the form to verify the local method of destruction. The Armored Vehicle Program Guide Book further states that the DS-132 should be completed after the disposal. However, the DS-132 also lacks specific fields to note disposal information.

The lack of documented transfers also occurred because the FAM<sup>141</sup> did not detail how armored vehicles can be transferred to other government agencies as a form of disposal. One section of the FAM states that vehicles can be transferred with the approval of A/LM/OPS/SL/MV and DS (if is a program vehicle).<sup>142</sup> However, this FAM section only addresses transferring vehicles into the Department rather than out of it, and neither set of FAM chapters addresses how to document a transfer. As a result, these vehicles may not be appropriately accounted for in the Department's inventory records. OIG identified examples of this at two of the six overseas posts visited during fieldwork.

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<sup>141</sup> 12 FAM 388b, states that armored vehicles may be transferred to other U.S. Government agencies provided that the receiving agency agrees to properly dispose of the vehicle.

<sup>142</sup> 14 FAM 438.4-5, "Transfer."

### *Implications of a Failed Armored Vehicle Disposal Process*

The failure to develop clear disposal standards creates safety issues for persons carrying out the disposal method and an increased risk of fraud, waste, and abuse. The lack of implementing guidance for documenting specific methods of disposal poses life safety concerns for both the disposal firms and the cleared American witnesses who are present during the disposal. Additionally, without guidance on the proper paperwork or approvals required, the risk of misappropriating armored vehicles increases. Further, without proper documentation for disposals, vehicles may not be appropriately accounted for in the Department's inventory system or accounting system.

**Recommendation 34:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a specific policy and implementing guidance on the process for overseas armored vehicle disposal, which should include an update to the required forms and clear instructions on the appropriate forms to be used to document the disposal, post Regional Security Officer approval, and Bureau of Diplomatic Security approval of the method of destruction.

**Management Response:** DS concurred with the recommendation, stating that "A/LM, DS/PSP/DEAV, and Motor Vehicle Branch are moving forward with assessing the feasibility of merging the DS-1559 and the DS-132 to streamline the disposal process for the Department." DS further stated that the bureaus are "working together to automate the disposal form in ILMS."

**OIG Reply:** Based on DS concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS, A/LM, and the Motor Vehicle Branch have developed and implemented a specific policy and implementing guidance on the process for overseas armored vehicle disposals, including an update to the required forms and clear instructions on the appropriate forms to be used to document the disposal as well as approval by the post RSO and DS regarding the method of destruction.

**Recommendation 35:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a specific policy and implementing guidance on the process for domestic armored vehicle disposal, which should include an update to the required forms and clear instructions on the appropriate forms to be used to document the disposal, Bureau of Diplomatic Security approval of the method of destruction, and a requirement for a cleared employee witness.

**Management Response:** DS concurred with the recommendation, stating that "A/LM, DS/PSP/DEAV, and [the] Motor Vehicle Branch are moving forward with assessing the feasibility of merging the DS-1559 and the DS-132 to streamline the disposal process for the Department." It further stated that "DS/PSP/DEAV, in conjunction with the [Bureau of Administration], drafted a new internal [Armored Vehicle] Destruction Process in an

effort to clarify the process for DS/PSP/DEAV employees." DS also provided a document titled "Internal Armored Vehicle Destruction Process," which was signed by the DS/PSP/DEAV Division Chief and the [Bureau of Diplomatic Security, Office of Management Services] Office Director in December 2016.

**OIG Reply:** Based on documentation provided by DS that demonstrates it has implemented a specific policy and implementing guidance on the process for domestic armored vehicle disposal, OIG considers this recommendation closed. Specifically, DS provided detailed guidance on the process for domestic armored vehicle disposals and clear instructions on the appropriate forms to be used to document the disposal, including the requirement for a cleared U.S. citizen witness. OIG will track compliance with updating the disposal forms via Recommendation 34.

**Recommendation 36:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a specific policy and implementing guidance on the process for overseas and domestic armored vehicle transfers to another agency, which should include an update to the required forms and clear instruction on the appropriate forms to be used to document the disposal, required approvals, and instructions for recording the transfers in the Integrated Logistics Management System.

**Management Response:** DS concurred with the recommendation, stating that it will "work with A/LM to streamline policies in 14 FAM and 14 FAH." DS further stated that "guidance currently exists in 14 FAM 415.1-2 Property Transferred by Other U.S. Agencies."

**OIG Reply:** Based on the DS concurrence with the recommendation and planned actions, OIG considers this recommendation resolved, pending further action. Although OIG recognizes that guidance already exists concerning the transfer of property between government agencies, that guidance is not consistent, leaving post officials confused on the correct manner in which to transfer armored vehicles. (See Table 10) OIG observed multiple instances during site visits in which overseas posts did not record transfers of armored vehicles between agencies because officials were not aware of the process to do so. Therefore, this recommendation will be closed when OIG receives and accepts documentation demonstrating that DS and A/LM have developed and implemented specific and consistent guidance on the process for overseas and domestic armored vehicle transfers to another agency, including an update to the required forms and clear instruction on the appropriate forms to be used to document the disposal, required approvals, and instructions for recording the transfers in ILMS.

**Recommendation 37:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a process to ensure that all Regional Security Office personnel receive training, including periodic refresher training, regarding the disposal requirements for armored vehicles.

**Management Response:** DS did not concur with the recommendation, stating that “these requirements are topics covered in Basic Special Agent training, Basic Regional Security Officer training, and Regional Security Officer In-service.”

**OIG Reply:** OIG considers this recommendation unresolved. Because DS is the armored vehicle program manager, others at post look to the RSO for advice in performing armored vehicle disposals; accordingly, the RSO must have adequate knowledge of the subject matter. During audit fieldwork, however, several RSO personnel stated that they did not have sufficient training in the area of armored vehicle disposal. Although armored vehicle disposal is covered in various RSO training courses, this training should be enhanced to provide RSO personnel with more in-depth instruction regarding the manner in which armored vehicles must be disposed. The instruction should include, for example, a detailed “How To” for each of the five armored vehicle disposal methods. Further, the instruction should include guidance on how to initiate an armored vehicle disposal and what to look for while witnessing the armored vehicle disposal. This recommendation will be considered resolved when DS provides an action plan for addressing the recommendation or provides an acceptable alternative that fulfills the intent of the recommendation. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS developed and implemented a process to ensure that all RSO personnel receive training, including periodic refresher training, regarding the disposal requirements for armored vehicles.

**Recommendation 38:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a process to ensure that all General Services Office personnel receive training, including periodic refresher training, regarding the disposal requirements for armored vehicles.

**Management Response:** DS neither agreed nor disagreed with the recommendation, stating “DS believes this recommendation should read “[Bureau of Administration], in coordination with DS.”” DS further stated “training should be reserved for GSO’s employees such as the fleet manager, disposal officer or motor pool supervisors” and “DS will work with A/LM to review training materials regarding disposal of armored and unarmored vehicles.”

**OIG Reply:** Based on the DS response, OIG considers this recommendation unresolved. OIG disagrees that the recommendation should be redirected to the Bureau of Administration because DS is the armored vehicle program manager and should direct all training efforts related to armored vehicle disposals. OIG’s observations at several overseas posts make clear that there is a general lack of knowledge by both RSO and GSO personnel concerning armored vehicle disposals. Post personnel who coordinate armored vehicle disposal efforts require detailed training for each of the five armored vehicle disposal methods, including how to initiate an armored vehicle disposal and what to look for while witnessing the armored vehicle disposal. Additionally, post personnel need guidance on how to procure an armored vehicle disposal vendor and the forms that should be completed throughout the disposal process. This recommendation will be

considered resolved when DS provides an action plan to address the recommendation or provides an acceptable alternative that fulfills the intent of the recommendation. This recommendation will be closed when OIG receives and accepts documentation demonstrating that DS has developed and implemented a process to ensure that all GSO personnel receive training, including periodic refresher training, regarding the disposal requirements for armored vehicles.

## RECOMMENDATIONS

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**Recommendation 1:** OIG recommends that the Bureau of Diplomatic Security develop and implement a detailed armored vehicle program plan, with clear goals and obtainable objectives. The program plan should implement internal controls within all facets of the armored vehicle program, and define areas of authority and responsibility.

**Recommendation 2:** OIG recommends that the Bureau of Diplomatic Security establish and fill a program manager position who, in conjunction with security personnel, will manage the Department's armored vehicle fleet. Specifically, this person should be an experienced program manager who has an expert knowledge of internal controls and vehicle fleet management experience.

**Recommendation 3:** OIG recommends that the Bureau of Diplomatic Security develop an action plan to implement and track a restructuring of the armored vehicle program. The action plan must have measurable goals and milestones, and include the development of detailed processes, policies, and procedures on the operations of the office and program.

**Recommendation 4:** OIG recommends that the Bureau of Diplomatic Security develop and implement a strategy to address records management deficiencies related to the armored vehicle program.

**Recommendation 5:** OIG recommends that the Bureau of Diplomatic Security develop a methodology to determine the recommended number of armored vehicles needed at overseas posts. This guidance should provide baselines established using a variety of factors, such as the number of individuals under Chief of Mission authority and local threat ratings.

**Recommendation 6:** OIG recommends that the Bureau of Diplomatic Security develop and implement a process to periodically perform an independent validation of the adequacy of each post's armored vehicle fleet size.

**Recommendation 7:** OIG recommends that the Bureau of Diplomatic Security develop and implement a process to ensure that the Emergency Action Committee at each overseas post is conducting the annual fleet assessment in accordance with Department requirements.

**Recommendation 8:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a methodology to facilitate the armored vehicle request process. The methodology should include metrics relating to response times, fulfillment of requests, and status updates for the requesting post or bureau.

**Recommendation 9:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a centralized tool to track requests for armored vehicles. This tool should be able to maintain a complete list of requests and the status of the efforts to fulfill the requests.

**Recommendation 10:** OIG recommends that the Bureau of Diplomatic Security develop, document, and implement a formal process for allocating armored vehicles to posts based upon need, request date, and threat levels.

**Recommendation 11:** OIG recommends that the Bureau of Diplomatic Security develop a utilization plan for the entire armored vehicle fleet that currently resides at domestic storage facilities, in order to prevent the unnecessary expenditure of funds, as that of the \$24.9 million in costs wasted as a result of unused armored vehicles. The utilization plan should include estimated costs for repairing all armored vehicles that are currently not operational.

**Recommendation 12:** OIG recommends that the Bureau of Diplomatic Security develop and implement policy and procedures for the transfer of armored vehicles to other U.S. Government agencies, in order to prevent unnecessary expenditure of funds, as that of the \$26.4 million in armored vehicles transferred to other U.S. government agencies at no cost. The policy should provide guidance to ensure that, to the extent possible, the Department receives reimbursement for the transfer of unused armored vehicles.

**Recommendation 13:** OIG recommends that the Bureau of Diplomatic Security determine the location or disposition of the five vehicles that OIG could not locate during its April 2016 physical inventory and adjust its inventory records accordingly.

**Recommendation 14:** OIG recommends that the Bureau of Diplomatic Security implement bureau-specific policies and procedures for conducting an annual physical inventory of armored vehicles, including a documented reconciliation process.

**Recommendation 15:** OIG recommends that the Bureau of Administration, in coordination with the Bureau of Diplomatic Security, complete and implement the module in the Fleet Management Information System that will enable the Bureau of Diplomatic Security to track and record the maintenance costs associated with all domestically located armored vehicles.

**Recommendation 16:** OIG recommends that the Bureau of Diplomatic Security establish a system that documents requests for repair and maintenance of armored vehicles that are not "in service" and captures the data necessary for updating maintenance records until the Fleet Management Information System module is implemented (Recommendation 14).

**Recommendation 17:** OIG recommends that the Bureau of Administration update the Foreign Affairs Manual and the Foreign Affairs Handbook to require the use of the Fleet Management Information System for all armored vehicles.

**Recommendation 18:** OIG recommends that the Bureau of Diplomatic Security, in conjunction with the Overseas Security Policy Board, update the Foreign Affairs Handbook to include a policy that mandates the use of armored vehicles that meet Overseas Security Policy Board standards for all individuals under Chief of Mission authority.

**Recommendation 19:** OIG recommends that the Assistant Secretary, Bureau of Diplomatic Security, provide guidance to each Chief of Mission underscoring the mandate that all personnel

under Chief of Mission authority must use only armored vehicles that meet Overseas Security Policy Board standards.

**Recommendation 20:** OIG recommends that the Bureau of Diplomatic Security, in conjunction with the Overseas Security Policy Board, develop an action plan to modify or replace the non-Overseas Security Policy Board standard armored vehicles currently in use at overseas posts so that the vehicles meet Overseas Security Policy Board standards.

**Recommendation 21:** OIG recommends that the Bureau of Diplomatic Security develop and implement a policy requiring Regional Security Officers to perform and document a review of all armored vehicles arriving at post, regardless of agency, to ensure that each one meets Overseas Security Policy Board standards.

**Recommendation 22:** OIG recommends that the Bureau of Diplomatic Security develop and provide training for all Regional Security Officers related to identifying whether armored vehicles meet required standards.

**Recommendation 23:** OIG recommends that Embassy Bogota institute a policy to restrict the use of Level B armored vehicles to only those areas that do not require armored vehicles for travel.

**Recommendation 24:** OIG recommends that the Bureau of International Narcotics and Law Enforcement Affairs develop and implement a process to ensure that Bureau of International Narcotics and Law Enforcement Affairs personnel at overseas posts procure armored vehicles that meet Overseas Security Policy Board standards for armoring, if these vehicles will be used to transport individuals under Chief of Mission authority.

**Recommendation 25:** OIG recommends that the Bureau of International Narcotics and Law Enforcement Affairs develop and implement a methodology to identify all Bureau of International Narcotics and Law Enforcement Affairs armored vehicles at overseas posts that do not meet Overseas Security Policy Board standards for armoring and develop and implement a process to either limit the use of these vehicles or to replace or modify the vehicles so that they comply with standards.

**Recommendation 26:** OIG recommends that the Bureau of Administration develop guidance for posts to require that responsible officials at overseas posts periodically check that motor pool personnel are performing the daily and weekly routine checks of armored vehicles.

**Recommendation 27:** OIG recommends that the Bureau of Administration update the Foreign Affairs Manual to include a requirement for all overseas posts to develop and implement a mission policy to ensure that armored vehicles receive the required preventative maintenance.

**Recommendation 28:** OIG recommends that the Bureau of Diplomatic Security develop and implement guidance for overseas posts on the construction and use of shelters for armored vehicles.

**Recommendation 29:** OIG recommends that the Bureau of Diplomatic Security develop and implement an action plan to decrease the amount of time it takes to procure ballistic glass for installation in armored vehicles.

**Recommendation 30:** OIG recommends that Embassy Port-Au-Prince immediately begin using the Fleet Management Information System to record and track maintenance performed on official vehicles at post.

**Recommendation 31:** OIG recommends that Embassy Abuja immediately begin using the Fleet Management Information System to record and track maintenance performed on official vehicles at post.

**Recommendation 32:** OIG recommends that the Bureau of Diplomatic Security update the current armored vehicle policy to define specifically what types of maintenance must be performed under an embassy employee's observation.

**Recommendation 33:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a process to ensure that appropriate Regional Security Office and General Service Office personnel receive training, including periodic refresher training, regarding the maintenance requirements for armored vehicles.

**Recommendation 34:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a specific policy and implementing guidance on the process for overseas armored vehicle disposal, which should include an update to the required forms and clear instructions on the appropriate forms to be used to document the disposal, post Regional Security Officer approval, and Bureau of Diplomatic Security approval of the method of destruction.

**Recommendation 35:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a specific policy and implementing guidance on the process for domestic armored vehicle disposal, which should include an update to the required forms and clear instructions on the appropriate forms to be used to document the disposal, Bureau of Diplomatic Security approval of the method of destruction, and a requirement for a cleared employee witness.

**Recommendation 36:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a specific policy and implementing guidance on the process for overseas and domestic armored vehicle transfers to another agency, which should include an update to the required forms and clear instruction on the appropriate forms to be used to document the disposal, required approvals, and instructions for recording the transfers in the Integrated Logistics Management System.

**Recommendation 37:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a process to ensure that all Regional Security Office personnel receive training, including periodic refresher training, regarding the disposal requirements for armored vehicles.

**Recommendation 38:** OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a process to ensure that all General Services Office personnel receive training, including periodic refresher training, regarding the disposal requirements for armored vehicles.

## APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

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The Office of Inspector General (OIG) conducted this audit to determine whether the Bureau of Diplomatic Security (DS) effectively administered the armored vehicle program in accordance with Department of State (Department) policies and guidelines; allocated armored vehicles to meet posts' needs; and maintained accountability over armored vehicles stored domestically. OIG also assessed whether posts utilized armored vehicles that met required standards, sufficiently maintained armored vehicles, and whether the Department disposed of and transferred armored vehicles in accordance with Department policies.

The Office of Audits conducted this audit from January to June 2016. Audit work was performed in the Washington, DC, metropolitan area; Embassy Port-au-Prince, Haiti; Embassy Bogota, Colombia; Embassy Amman, Jordan; Embassy Tel Aviv, Israel; Embassy Nairobi, Kenya; and Embassy Abuja, Nigeria. 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 objectives. OIG believes that the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report.

To obtain background information, including criteria, OIG researched and reviewed Federal laws and regulations as well as policies relating to the DS armored vehicle program, such as the Foreign Affairs Manual (FAM) and the Foreign Affairs Handbook (FAH). OIG also communicated with key personnel, including individuals from Bureau of Diplomatic Security, Office of Physical Security Programs, Defensive Equipment and Armored Vehicle Division (DS/PSP/DEAV), and the Bureau of Administration, Office of Logistics Management (A/LM).

Domestically, OIG interviewed individuals from various bureaus, including DS, A/LM, and the Bureau of International Narcotics and Law Enforcement (INL). OIG also reviewed and analyzed hard copy files, such as post armored vehicle request files, and disposal documentation obtained from the Integrated Logistic Management System (ILMS). At overseas posts, OIG interviewed various post personnel, such as Regional Security Office (RSO) staff, General Services Office (GSO) staff, and Financial Management Office staff. OIG also reviewed and analyzed hard copy files such as daily vehicle use sheets, maintenance documentation, and disposal documentation. Further, we performed physical vehicle inspections at all six posts visited and conducted observations of armored vehicle disposals at four of the posts. We also performed physical inventories of armored vehicles domestically and at the six overseas posts.

In June 2016, OIG requested that GSOs and RSOs at 255 posts complete a survey regarding various facets of the armored vehicle program, including obtaining, maintaining, using, and disposing of armored vehicles. OIG sent out 468 surveys to recipients and received 239 responses (51 percent), representing feedback from 193 (76 percent) overseas posts. This information was incorporated into the Audit Results section of this report, when appropriate, and a summary of the survey results are presented in Appendix B.

## Prior Reports

OIG identified 18 prior OIG audit and inspection reports<sup>1</sup> issued between November 2010 and July 2016 that related to the armored vehicle program. These reports contained a total of 21 recommendations that covered armored vehicle training, redistribution, vehicle covers, data integrity, driver's licenses, policy updates, disposal, Emergency Action Committee (EAC) meetings, maintenance, and life cycle management plans. Nineteen of the recommendations made in the prior reports have been resolved or closed and implemented. However, as of October 2016, two recommendations remained unresolved, related to the transfer of 26 armored vehicles from Embassy Tripoli to Embassy Tunis. Details relating to three of the most relevant reports are presented below.

### ***Management Assistance Report: Armored Vehicle Training (ISP-16-17, April 2016)***

OIG found that from January 2010 to September 2015, operators of armored vehicles at U.S. missions overseas were involved in 773 mishaps, almost 60 percent of which were deemed preventable. Twelve of the mishaps resulted in 13 fatalities. Other consequences included hospitalizations and a total of \$4,550,483 in property damage, of which 85 percent—\$3,883,816—was to the U.S. Government vehicles themselves. Mishap reports recommended driver training in 10 of the 12 mishaps involving fatalities. The Department provides specialized operator training that includes handling armored vehicle dynamics,<sup>2</sup> but it is mandatory only for drivers of Chiefs of Mission and Principal Officers, none of whom were involved in the 12 fatal mishaps. OIG recommended that the Department establish a mandatory training requirement on armored vehicle safe-driving techniques for all overseas professional chauffeurs and incidental drivers who operate such vehicles.

### ***Management Assistance Report: Embassy Tripoli Armored Vehicles Available for Redistribution and Use (AUD-MERO-15-28, May 2015)***

OIG identified 26 Embassy Tripoli vehicles stored at Embassy Tunis that had been used to evacuate Embassy Tripoli personnel. Embassy Tunis and Embassy Tripoli had no plans for using, maintaining, or redistributing Embassy Tripoli's vehicles. In the absence of a plan for the use of the vehicles and the lack of an established timeframe for returning to Embassy Tripoli, the Department is at risk of losing the value and use of the 26 armored vehicles. The report stated that the Department could avoid spending approximately \$5 million by redistributing the existing 26 vehicles to other overseas posts that need them. OIG recommended that Embassy Tripoli transfer its property rights to the 26 vehicles to Embassy Tunis, and that Embassy Tunis, in coordination with the Bureau of Near Eastern Affairs and DS, develop and implement a plan to redistribute and use the vehicles.

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<sup>1</sup> One of the prior reports was an audit report, and 17 were inspection reports.

<sup>2</sup> The Armored Vehicle Program Guide Book recognizes that safe operation of an armored vehicle requires addressing safety concerns stemming from their increased weight. Armored vehicles cannot stop as quickly as unarmored vehicles, so braking distances must be increased to a minimum of four car lengths, even at low speeds. Drivers must allow for greater reaction time for turning and maneuvering and avoid hard or unnecessary turns.

*Inspection of Bureau of Diplomatic Security/Countermeasures Directorate (ISP-I-11-06, November 2010)*

Through previous onsite embassy inspections, OIG determined that, in many instances, armored vehicles that exceeded their 5-year life span and that embassies determined could not be repaired were not destroyed per 12 FAM 388 requirements. Proper disposal was not accomplished "due to a lack of embassy funds, lack of means for destruction, a post's apathy or indifference, or any combination of these reasons." According to the report, keeping idle, out-of-service armored vehicles warehoused at embassies can lead to inventory discrepancies among A/LM, DS, and the embassy. These differences affect the security and integrity of the armored vehicle program. OIG recommended that DS, in coordination with A/LM, establish a system whereby posts shall dispose of armored vehicles in accordance with prescribed disposal requirements.

### **Work Related to Internal Controls**

OIG performed steps to assess the adequacy of internal controls related to the areas audited. For example, OIG reviewed the Armored Vehicle Program Guide Book for an overview of the armored vehicle program. In addition, OIG reviewed relevant FAM and FAH chapters on both the armored vehicle program and official use of motor vehicles. OIG also met with DS/PSP/DEAV officials and other OIG offices, including the Office of Inspections and the Office of Investigations, to obtain background information. Further, OIG reviewed government-wide criteria, including General Services Administration Bulletins<sup>3</sup> and the United States Code<sup>4</sup> on motor vehicle usage. OIG used this information to develop procedures to test controls over armored vehicles during the audit and to develop a better understanding of the processes within DS/PSP/DEAV. We found a lack of internal controls within DS/PSP/DEAV, and therefore we were not able to test internal controls domestically. At the overseas posts, the team tested internal controls related to the request, use, maintenance, and disposal of armored vehicles. For example, we reviewed disposal documentation to determine if all disposals were properly approved. OIG's conclusions are presented in the Audit Results section of this report.

### **Use of Computer-Processed Data**

In the course of this audit, OIG utilized electronically processed data from the Integrated Logistics Management System (ILMS); the Fleet Management Information System (FMIS); and the Post Administrative Software Suite Post Personnel System, commonly referred to as WebPass.

#### ***Integrated Logistics Management System***

According to the Department, ILMS is the backbone of the Department's logistics infrastructure and provides for the requisition, procurement, distribution, transportation, receipt, asset management, and tracking of goods and services domestically and overseas. OIG obtained access to ILMS to review records associated with the Department's armored vehicles. OIG assessed the reliability of ILMS data by

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<sup>3</sup> General Services Administration Bulletin's FMR B-30, "Vehicle Allocation Methodology for Agency Fleets," dated August 22, 2011, and FMR B-15, "Requirements for Management Information Systems in Federal Vehicle Fleets," dated September 21, 2007.

<sup>4</sup> Title 31, United States Code, § 1344, "Passenger Carrier Use."

reviewing existing information about the data, interviewing officials knowledgeable about the data, and comparing the number of armored vehicles obtained from ILMS to the number of armored vehicles on a list provided by post and the number of armored vehicles found during OIG's physical inventory at post. Specifically, OIG reviewed the "ILMS User Account Access Guide" to obtain an understanding of ILMS and attended an ILMS training session provided by A/LM. In addition, OIG accessed ILMS and downloaded the number of armored vehicles at each post that was selected for review, and requested that the post provide a full inventory of all armored vehicles. OIG then conducted a physical inventory of Department armored vehicles at post to assess the accuracy of the data obtained from ILMS and post. OIG found that armored vehicle information was not always input accurately into ILMS and that the data fields were not always accurate or complete. However, the discrepancies identified were not significant, and OIG determined that the data was sufficiently reliable for the purposes of this report.

### ***Fleet Management Information System***

The Department's FMIS tracks the vehicle utilization of the fleet for all in-service Department vehicles and captures key operational information essential to identifying, collecting, and analyzing all costs involved with the operation of motor vehicles. OIG obtained access to FMIS to review maintenance records associated with the armored vehicles selected for detailed inspection at post. OIG assessed the reliability of FMIS data by reviewing existing information about the data, comparing the data to hardcopy maintenance records, and interviewing officials knowledgeable about the data. Specifically, OIG reviewed the FMIS Recommended Operating Procedures for Overseas Posts and the ILMS User Account Access Guide to obtain an understanding of FMIS. In addition, OIG accessed FMIS and downloaded the maintenance records for armored vehicles at post that were selected for a detailed physical inspection. OIG compared some of these records to the hardcopy maintenance files and found that posts did not always use FMIS, maintenance records were not always input into FMIS, and data fields were not always accurate or complete. Further, OIG followed up with motor pool supervisors at post to discuss items that came to its attention during the review of maintenance records. Although FMIS data by itself was not always reliable, OIG believes that the data used in conjunction with hardcopy maintenance records and testimonial evidence provided by motor pool supervisors provide a reasonable basis for determining the deficiencies identified in the Audit Results section of this report.

### ***Post Administrative Software Suite Post Personnel System***

WebPass is the Department's official human resources information management system used by U.S. missions worldwide to capture position and employee data for U.S. Government overseas employee positions under Chief of Mission authority. WebPass provides current information rather than a point-in-time snapshot. On December 15, 2015, OIG pulled the data for posts with more than 20 armored vehicles. For this subset, OIG obtained the number of Department personnel and dependents from WebPass for each post in order to analyze the number of armored vehicles per person at overseas posts. OIG did not assess the accuracy or completeness of this data because it was used as supplemental information and to assist in the judgmental selection of overseas post for OIG fieldwork.

## Detailed Sampling Methodology

The objectives of the sampling process were to select a sample of overseas posts for site visits; select a sample of armored vehicles for physical inspection at overseas posts; and select a sample of disposals for review at overseas posts. OIG employed a non-statistical sampling method known as judgmental sampling to carry out its audit fieldwork. Specifically, OIG selected a judgmental sample of overseas posts to perform site visits and determine how posts were administering the armored vehicle program. To make this determination, OIG selected a judgmental sample of armored vehicles that OIG physically inspected to determine the extent to which armored vehicles were appropriately maintained and used. OIG also selected a judgmental sample of recent armored vehicle disposals to determine the extent to which overseas posts had appropriately disposed of armored vehicles.

### *Overseas Post Selection Methodology*

OIG performed an analysis that compared the number of armored vehicles at each post to the number of Department personnel and dependents at post and the post’s 2015 Security Environment Threat List (SETL) ratings. OIG used this analysis to select posts for audit fieldwork. As shown in Table A.1, specifically, OIG selected five posts that appeared to have a low number of armored vehicles per person (Embassy Bogota, Embassy Nairobi, Embassy Abuja, Embassy Tel Aviv, and Embassy Amman) and one post that appeared to have a higher number of armored vehicles per person (Embassy Port-au-Prince). OIG also took into account the number of armored vehicle units, regional distribution, and recent audit or inspection coverage when selecting sites.

**Table A.1: Summary of Posts Selected for Audit Fieldwork**

Post	Armored Vehicles	Number of Department Personnel and Dependents	High Threat Post	Number of Personnel Per Armored Vehicle
Embassy Port-au-Prince	76	125	No	1.64
Embassy Bogota	106	826	No	7.79
Embassy Nairobi	37	468	Yes	12.65
Embassy Abuja	84	304	Yes	4.05
Embassy Tel Aviv	24	524	No	21.83
Embassy Amman	32	920	Yes	28.75

Source: Generated by OIG from data obtained from the Department.

### *Armored Vehicle Selection Methodology for Physical Inspection at Overseas Post*

Once OIG selected overseas posts for audit fieldwork, it requested and obtained the total number of armored vehicles at each post. OIG obtained a listing of the Department’s armored vehicles at each post and then judgmentally selected four armored vehicles from each of the following categories to ensure that OIG was assessing a cross section of armored vehicles at each post:

- Model Year – Selected to ensure a range of model years was reviewed.

- Make – Selected to ensure vehicles from a range of car manufacturers was reviewed (Chevrolet, Cadillac, Ford, Toyota, Jeep, BMW, Nissan, Mercedes).
- Model – Selected to ensure a range of vehicle models was reviewed (sedan, truck, sports utility vehicle, van).
- Armoring – Selected to ensure each armoring level was reviewed, if possible (Levels B, C, and D).
- Office/Funding Source – Selected to ensure various vehicles funded by different offices or funding sources were reviewed (DS, International Cooperative Administrative Support Services (ICASS), INL, the Marine Security Guard Program, and Bureau of Overseas Buildings Operations).

OIG judgmentally selected a total of 20 armored vehicles at each post for a more detailed physical inspection. OIG reviewed fewer than 20 armored vehicles or selected other armored vehicles to review at each post when the armored vehicles selected for inspection were not available,<sup>5</sup> as shown in Table A.2.

**Table A.2: Number of Armored Vehicles Inspected at Overseas Posts**

Post	Number of Armored Vehicles Selected for Review	Number of Armored Vehicles Inspected
Embassy Port-au-Prince	20	18
Embassy Bogota	20	19
Embassy Nairobi	20	20
Embassy Abuja	20	19
Embassy Tel Aviv	20	20
Embassy Amman	20	20

Source: OIG generated based on vehicle inspections conducted by OIG at audited posts.

### *Armored Vehicle Disposal Selection Methodology at Overseas Posts*

OIG requested and obtained the total number of armored vehicle disposals at each post from September 2013 to January 2016. OIG identified the Department’s armored vehicle disposals at each post and then judgmentally selected two armored vehicle disposals from each of the following categories:

- Model Year – Selected to ensure a range of model years was reviewed.
- Make – Selected to ensure vehicles from a range of car manufacturers was reviewed (Chevrolet, Cadillac, Ford, Toyota, Jeep, BMW, Nissan, Mercedes).
- Model – Selected to ensure a range of vehicle models was reviewed (sedan, truck, sports utility vehicle, van).
- Disposal Date – Selected to ensure disposals of vehicles from different dates were chosen for review (2013 through 2016).

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<sup>5</sup> Some armored vehicles were not available because they were in use at external locations, receiving repairs, or awaiting disposal.

- Office/Funding Source – Selected to ensure various vehicles funded by different offices or funding sources were reviewed (DS, ICASS, INL, the Marine Security Guard Program, and Bureau of Overseas Buildings Operations).

OIG judgmentally selected a total of 10 armored vehicle disposals at each post for a more detailed review of the disposal records. However, OIG reviewed fewer than 10 armored vehicle disposals at each post when there were fewer than 10 disposals conducted during the audit fieldwork period, as shown in Table A.3.

**Table A.3: Number of Armored Vehicle Disposals Reviewed and Observed at Overseas Posts**

Post	Number of Armored Vehicle Disposals Reviewed	Number of Armored Vehicle Disposals Observed
Embassy Port-au-Prince	10	1
Embassy Bogota	10	1
Embassy Nairobi	0	1 <sup>a</sup>
Embassy Abuja	1	1
Embassy Tel Aviv	8	0
Embassy Amman	10	0

**Source:** OIG generated based on vehicle deposal observations at audited posts.

<sup>a</sup> OIG observed the first on-site disposal in over three years, and the paperwork was not ready at the time.

## APPENDIX B: SUMMARY OF RESPONSES TO ARMORED VEHICLE SURVEY

To obtain feedback about how the armored vehicle program functions at overseas posts, OIG surveyed embassies and consulates regarding various facets of the armored vehicle program. The survey was sent to the General Services Officer and the Regional Security Officer at 255 overseas posts, because these individuals generally have responsibilities related to the armored vehicle program. OIG received 239 responses (51 percent) out of 468 surveys sent, representing feedback from 193 (76 percent) of 255 overseas posts surveyed. Table B.1 provides a summary of responses to the survey.

**Table B.1: Summary of Responses to a Post Survey on Armored Vehicles**

Item	% Responses to Questions	Number of Responses
<b>Overall Number of Responses</b>		<b>239</b>
<b>Questions:</b>		
<b>Does your post have armored Vehicles?</b>		<b>238</b>
Yes	98.3	234
No	1.7	4
<b>How many Department of State funded armored vehicles are currently at your post?</b>		<b>230</b>
Total	4124	
<b>As of May 25, 2016, given the current security environment at post, would you say post...:</b>		<b>234</b>
Has more vehicles than are needed to support its mission	5.1	12
Has enough vehicles to support its mission	83.8	196
Does not have enough armored vehicles to support its mission	11.1	26
<b>Percentage of armored vehicles at your post that are operational and meet OSPB standards</b>		<b>233</b>
All (100 percent)	52.4	122
Almost all (80 – 90 percent)	25.8	60
Most (60 – 70 percent)	9.9	23
Some (40 – 50 percent)	4.3	10
A few (20 – 30 percent)	0.9	2
None or just a couple (0 – 10 percent)	0.0	0
I am not sure what the OSPB standards are.	6.9	16
<b>How does your post determine whether there is an adequate number of armored vehicles?</b>		<b>233</b>

The EAC performs an annual armored vehicle fleet assessment	27.9	65
The RSO determines	39.5	92
There is no process or procedure used	8.6	20
Other	19.7	46
I do not know how my post makes this determination.	4.3	10
<b>Does your post need new or replacement armored vehicles?</b>		<b>235</b>
Yes	46.0	108
No	49.4	116
Not sure	4.7	11
<b>Has your post requested any armored vehicles that have not yet been fulfilled?</b>		<b>234</b>
Yes	24.8	58
No	75.2	176
<b>Number of Vehicles Post Requested</b>		<b>84</b>
Cadillac	10	10
BMW	16	14
Chrysler 300	0	0
Nissan Patrol	0	0
Toyota Land Cruiser	105	22
Toyota Hilux	59	3
Mercedes Sprinter Van	20	8
Chevrolet Express Van	40	12
Chevrolet Suburban	95	11
Chevrolet Caprice	0	0
Other	105	4
<b>Totals:</b>	<b>450</b>	
<b>Anticipated funding source for requested armored vehicles:</b>		<b>58</b>
Base vehicle and armoring funded by DS.		39
Base vehicle funded by ICASS, armoring funded by DS.		7
Base vehicle funded by A/LM/MV, armoring funded by DS.		2
Other		5
Don't know.		11
<b>Who at post made the requests?</b>		<b>59</b>
RSO/ARSO		47
GSO/AGSO		17
Management Officer		3
Motor Pool Supervisor		3
Other		10

Don't know	2
<b>Does your post face any challenges, restrictions, or other issues with the host country's government with respect to armored vehicles?</b>	<b>150</b>
The host country's government imposes a restriction on the number of armored vehicles allowed in a country at one time.	16
The host country's government imposes restrictions on the types of vehicles allowed in the country.	32
The host country's government imposes restrictions on the manner in which armored vehicles are disposed of.	41
Other	106

**Source:** OIG generated based on an analysis of responses to OIG's armored vehicle survey.

## APPENDIX C: ARMORED VEHICLE INSPECTION CHECKLIST

OIG judgmentally selected armored vehicles at each post visited during overseas fieldwork to physically inspect for deficiencies. To determine what kind of condition armored vehicles were in at post, OIG developed an armored vehicle checklist with consultation from the Bureau of Diplomatic Security, Office of Physical Security Programs, Defensive Equipment and Armored Vehicle Division (DS/PSP/DEAV), as shown in Figure C.1.

**Figure C.1: Armored Vehicle Post Inspection Checklist**

**OIG AV INSPECTION SHEET**

<b>Post:</b>	<input type="text"/>	<b>Sample #:</b>	<input type="text"/>	<b>BU:</b>	<input type="text"/>
<b>VIN #:</b>	<input type="text"/>	<b>Plate #:</b>	<input type="text"/>	<b>Armor:</b>	<input type="text"/>
<b>Make:</b>	<input type="text"/>	<b>Model:</b>	<input type="text"/>	<b>Year:</b>	<input type="text"/>
<b>In Service:</b>	<input type="text"/>	<b>Mileage:</b>	<input type="text"/>		
<b>Armor Condition:</b>	<input type="text"/>	<b>Vehicle Condition:</b>	<input type="text"/>		

	Item	Y	N	N/A	Notes/Explanation
1	Windshield:				
2	Side Lites:				
3	Back Lite:				
4	Doors:				
5	Tires:				
	a. Pressure				
	b. Type & Size				
	c. Condition				
6	Seat Back/Swing Door:				
7	Run Flats:				
8	Pillars:				
9	Exhaust Screen:				
10	Door Locks:				
11	Locking Gas Cap:				
12	Armor Sticker:				
13	Fuel Cutoff Switch:				

**OTHER NOTES:**

**Source:** OIG developed with consultation from the Bureau of Diplomatic Security, Office of Physical Security Programs, Defensive Equipment and Armored Vehicle Division (DS/PSP/DEAV).

Table C.1 provides a description of items reviewed by OIG during its physical inspection of selected vehicles.

**Table C.1: Armored Vehicle Post Inspection Checklist Explanations**

Item	Explanation
1 Windshield	Ensure that there are no items applied to the inside surface of the ballistic glass. This includes decals, a Global Positioning System, DriveCam, and toll transponders. Examine the windshield for indications of cracking, ghosting, delamination, and any other damage or deterioration.
2 Side Windows	Examine glass on each of the side windows on the right and left side of the vehicle for indications of cracking, ghosting, delamination, and any other damage or deterioration.
3 Back Windows	Examine glass on the back of the vehicle for indications of cracking, ghosting, delamination, and any other damage or deterioration.
4 Doors	Check each passenger door, as well as the rear door(s), for proper alignment and operation.
6 Tires (Size and Type)	Visually inspect wheels and tires (including spare) to ensure tightness of lug nuts. Check tire type and size to ensure that they are appropriate, as compared to the vehicle manual. Measure tire pressure to determine if the tires are at the correct pounds per square inch (as indicated on the armoring company sticker or Department guidelines).
7 Seat Back/Swing Door	Sedans - Check seat back for armor installed (usually viewable from the trunk area, most likely will have to remove carpet panels to view). Sport Utility Vehicles - Check swing door for proper alignment and operation.
8 Run Flats	On a sample basis, test tires to determine if run flats are installed.
9 Pillars	Examine all pillars for signs of obvious damage or deterioration.
10 Exhaust Screen	Check for exhaust screen (A wire mesh will be installed and welded across or inside of the tail pipe(s) to prevent the insertion of items larger than 9 mm in diameter).
11 Door Locks	Ensure that posi-lock is in the on position. Additionally, if it is a General Motors vehicle, check to ensure that the auto lock and unlock function has been programmed.
12 Locking Gas Cap	Check gas cap to ensure that the lock is functioning.
13 Armor Sticker	Ensure that appropriate stickers indicating Maximum Gross Vehicle Weight are applied to the driver side door.

**Source:** OIG developed with consultation from with Bureau of Diplomatic Security, Office of Physical Security Programs, Defensive Equipment and Armored Vehicle Division (DS/PSP/DEAV).

## APPENDIX D: BUREAU OF DIPLOMATIC SECURITY RESPONSE

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United States Department of State

Washington, D.C. 20520

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December 22, 2016

### INFORMATION MEMO TO INSPECTOR GENERAL LINICK - OIG

FROM: DS – Gregory B. Starr

DEC 22 2016

SUBJECT: Bureau of Diplomatic Security response to the Office of Inspector General (OIG) Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program – AUD-SI-17-XX, November 2016

Below is the Bureau of Diplomatic Security's response to findings, as well as recommendations [#1-#38] of the subject report.

#### **DS Response to Audit Highlights and Finding A (recommendations 1-4):**

(U) DS disagrees with the introductory statement of the report in which "OIG found DS did not effectively administer the armored vehicle program..." Throughout recent years, there are abundant examples of armored vehicles deployed by Diplomatic Security being instrumental in saving the lives of our diplomats serving overseas. DS' armored vehicle fleet has successfully withstood: improvised explosive devices, small arms fire, RPG strikes, as well as mob assaults with rocks and clubs. Uniformly, these vehicles have provided the necessary protection to safeguard our personnel serving in some of the most dangerous environs in the world. Commensurately, there are not abundant of examples of our people being injured or killed due to attacks against unarmored vehicles. These simple facts underscore the fundamental efficacy of this program.

(U) DS also believes that while the report spotlights several administrative shortcomings within the program, the report is unbalanced in that it offers no mention of the efforts underway during the inspection between both DS and A/LM to bolster the fleet management and maintenance regimes utilized globally to support the armored vehicle fleet. Nor does the report make any effort to represent the uncertain circumstances (related to long-term planning for Afghanistan-Iraq-Pakistan (AIP)) within the Department that led to an unprecedented, large surplus of armored vehicles in our domestic inventory. DS worked diligently to reallocate those excess vehicles within its global requirements, and then sought to distribute

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those vehicles to other government agencies with pressing needs when some of those vehicles were determined to be in excess of our requirements. This reallocation was done in full compliance with federal property guidelines. DS considers this effective use of taxpayer dollars, not a waste of \$53 million, as portrayed by the OIG.

(U) DS disagrees with the OIG statement that “DS unnecessarily expended at least \$51.3 million on unneeded or unused armored vehicles.” DS purchased 239 excess armored vehicles from DoD for approximately \$1.6 million. Although not all vehicles exceeded and transferred from DS to other agencies came from this purchase, it clearly made a significant impact on DS excess levels.

(U) As such, these vehicles exceeded DS’ global need and were excessed in accordance with all applicable regulations. The Defensive Equipment and Armored Vehicle Division (DS/PSP/DEAV) held approximately 375 armored vehicles from orders placed by Iraq and Afghanistan during the DoD/DOS transition, which they determined were no longer needed once operations at these locations were considerably downsized. Many of these vehicles were of non-standard configuration (i.e., “Tactical Pursuit” or “VIP”).

**(U) Recommendation #1:** *OIG recommends that the Bureau of Diplomatic Security develop and implement a detailed armored vehicle program plan, with clear goals and obtainable objectives. The program plan should implement internal controls within all facets of the armored vehicle program, and define areas of authority and responsibility.*

**(U) DS Response #1 (12/20/2016):** DS concurs with this recommendation.

(U) DS/PSP/DEAV developed and implemented a detailed Armored Vehicle Branch program plan. This plan contains measurable goals, which include additional procedures and Integrated Logistics Management Systems (ILMS) system enhancements that will be developed over time. Measurable goals 7 and 8 include the implementation of automating the Armored Vehicle (AV) Government Technical Monitor (GTM) inspection process as well as finalizing an application-based inventory tool. These obtainable objectives will allow AV to operate more efficiently and cohesively as an organization (see Tab 1).

**(U) Recommendation #2:** *OIG recommends that the Bureau of Diplomatic Security establish and fill a program manager position, who, in conjunction with security personnel, will manage the Department’s armored vehicle fleet.*

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*Specifically, this person should be an experienced program manager who has an expert knowledge of internal controls and vehicle fleet management experience.*

**(U) DS Response #2 (12/20/2016):** DS concurs with this recommendation.

(U) The AV Branch currently has an Armored Vehicle Program Manager position, which is encumbered by an employee who is absent due to a long-term illness. DS is working with HR to identify a solution given the long-term nature of the existing employee's status. DS is also reviewing overall DS/PSP/DEAV staffing levels to ensure the optimal organizational structure is achieved. A/LM is working with DS/PSP/DEAV to provide a temporary, contracted employee for this role that meets the necessary requirements, until a suitable replacement is identified and has been trained on the vehicle procedures and operations.

**(U) Recommendation #3:** *OIG recommends that the Bureau of Diplomatic Security develop an action plan to implement and track a restructuring of the armored vehicle program. The action plan must have measurable goals and milestones, and include the development of detailed processes, policies, and procedures on the operations of the office and program.*

**(U) DS Response #3 (12/20/2016):** DS concurs with this recommendation. (See Tab 2)

**(U) Recommendation #4:** *OIG recommends that the Bureau of Diplomatic Security develop and implement a strategy to address records management deficiencies related to the armored vehicle program.*

**(U) DS Response #4 (12/20/2016):** DS has implemented a strategy to address records management.

(U) DS/PSP/DEAV uses ILMS and Fleet Management Information System (FMIS), specifically the ILMS Asset Management and FMIS Maintenance modules, to ensure accurate and timely recording of all activities associated with armored vehicles. Official usage of these modules began in 2016 and is part of the transition phase to better capture armored vehicle program data. DS continues to partner with A/LM to improve the quality and usability of the AV-related ILMS and FMIS modules.

**DS Response to Finding B (recommendations #5-#12):**

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(U) As highlighted by OIG, DS sent two cables to posts reporting the presence of excess vehicles and taking requests for their issuance. Many of the posts requested vehicle models and configurations that were not available. The first paragraph of page 18 states, “according to DS/PSP/DEAV officials, 27 posts requested vehicles. Two years later, as of February 2016, DS/PSP/DEAV had completed 33 percent of the orders (9 of 27).” Based on the 2014 excess AV cable (REFTEL 14 STATE 75528), DS/PSP/DEAV records indicate they received excess cable requests from 70 Posts who requested 208 vehicles. Five posts canceled their requests totaling 48 vehicles. DS/PSP/DEAV shipped 116 vehicles, which left requests totaling 44 vehicles unfilled. As this was a one-time opportunity for posts to request additional “excess” armored vehicles, requests for vehicles which were unavailable or which exceeded available stock could not be fulfilled.

(U) Regarding statement number 1 at the bottom of page 19, “Embassy Riyadh offered to “trade” the armored vans for unarmored Suburbans that it had previously purchased and received from a source other than DS/PSP/DEAV.” DS/PSP/DEAV was contacted by the U.S. Embassy Riyadh, which articulated a specific and urgent need for armored vans. DS/PSP/DEAV received cable 16 RIYADH 1418 offering five recently purchased ICASS base units in exchange for the five armored DS vans DEAV had in its inventory. This transaction was in concurrence with A/LM/OPS/SL/MV and was done to facilitate a quick response to post requests.

**(U) Recommendation #5:** *OIG recommends that the Bureau of Diplomatic Security develop and implement policy and procedures for the transfer of armored vehicles to other U.S. Government agencies, in order to prevent unnecessary expenditure of funds, as that of the \$26.4 million in armored vehicles transferred to other U.S. government agencies at no cost. The policy should provide guidance to ensure that the Department receives reimbursement for the transfer of unused armored vehicles.*

**(U)DS Response #5 (12/20/2016):** DS does not concur with this recommendation.

(U) DS/PSP/DEAV cannot charge other federal agencies for transferring excess property. This is prohibited under 41 CFR 102-36 Disposition of Excess Personal Property.

**(U) Recommendation #6:** *OIG recommends that the Bureau of Diplomatic Security develop a methodology to determine the recommended number of armored vehicle needed at overseas posts. This guidance should provide baselines*

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*established using a variety of factors, such as the number of individuals under Chief of Mission authority and local threat ratings.*

**(U) DS Response #6 (12/20/2016):** DS does not concur with this recommendation.

(U) Due to the widely divergent requirements encountered overseas, such as host nation threats, laws, available parking resources, etc., post Emergency Action Committees (EACs) remain the best source of post-specific guidance regarding the appropriate size of Embassy AV fleets. EACs are made up of multi-agency section heads who meet regularly at embassies worldwide. DS recognizes open communications with each post EAC is important, and will seek opportunities such as 16 State 58638 to increase communication and ensure 12 FAM 383 requirements are met and transferred to the Department. Based on 12 FAH-6 H-522.3b, "Post's EAC must meet at least annually to discuss the armored vehicle program and requirements." DS/PSP/DEAV is working with the International Programs Directorate (DS/IP) to collate annual post AV Fleet Assessments on a new RSO SharePoint repository. DS/PSP/DEAV and A/LM are working on ways to implement the Target Fleet Size Report, which indicates the number of vehicles that should be recommended based on inputs collected annually through the Motor Vehicle Survey (MVS) and the Vehicle Allocation Methodology (VAM), in accordance with GSA Bulletin FMR-30. However, each post presents unique security challenges that must be evaluated separately.

**(U) Recommendation #7:** *OIG recommends that the Bureau of Diplomatic Security develop and implement a process to periodically perform an independent validation of the adequacy of each post's armored vehicle fleet size.*

**(U) DS Response #7 (12/20/2016):** DS does not concur with this recommendation.

(U) DS cannot independently validate the adequacy of each post's AV fleet without consultation with post. However, DS will ensure that posts are conducting annual EAC meetings to discuss the adequacy of their armored vehicle fleet. DS will update the Post Security Programs Review to allow reviewers to verify that posts are conducting annual EAC discussions that cover Post's armored vehicle fleet needs and update the Security Policy and Procedure (SPPC), to enable RSOs to be knowledgeable and compliant with the annual requirement.

**(U) Recommendation #8:** *OIG recommends that the Bureau of Diplomatic Security develop and implement a process to ensure that the Emergency Action*

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*Committee at each overseas post is conducting the annual fleet assessment in accordance with Department requirements.*

**(U) DS Response #8 (12/20/2016):** DS concurs with this recommendation.

(U) Based on 12 FAH-6 H-522.3b, (U) “Post’s EAC must meet at least annually to discuss the armored vehicle program and requirements.” DS/PSP/DEAV is working with the International Programs Directorate (DS/IP) and the High Threat Programs Directorate (DS/HTP) to collate annual post AV Fleet assessments on a new RSO SharePoint repository. This is scheduled to be operational early calendar year 2017.

**(U) Recommendation #9:** *OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a methodology to facilitate the armored vehicle request process. The methodology should include metrics relating to response times, fulfillment of requests, and status updates for the requesting post or bureau.*

**(U) DS Response #9 (12/20/2016):** DS concurs with this recommendation.

(U) The Acquisition and Disposal subcommittee agreed to make updates to the Motor Vehicle Acquisition Module in ILMS to incorporate acquisition processes and metrics for INL, DS/PSP/DEAV, and OBO. DS is a stakeholder within the Department’s Fleet Management Council (FMC) and participates in the Acquisition and Disposal subcommittee where different stakeholders from A/LM, A/OPR, LM, INL, OBO, and regional bureaus participate to discuss improvement of the acquisition process for armored and unarmored vehicles. The subcommittee agreed to make updates to the Motor Vehicle Acquisition Module in ILMS to incorporate acquisition processes and metrics for INL, DEAV, and OBO.

**(U) Recommendation #10:** *OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a centralized tool to track requests for armored vehicles. This tool should be able to maintain a complete list of requests and the status of the efforts to fulfill the requests.*

**(U) DS Response #10 (12/20/2016):** DS concurs with this recommendation.

(U) See recommendation response #9.

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**(U) Recommendation #11:** *OIG recommends that the Bureau of Diplomatic Security develop, document, and implement a formal process for allocating armored vehicles to posts based upon need, request date, and threat levels.*

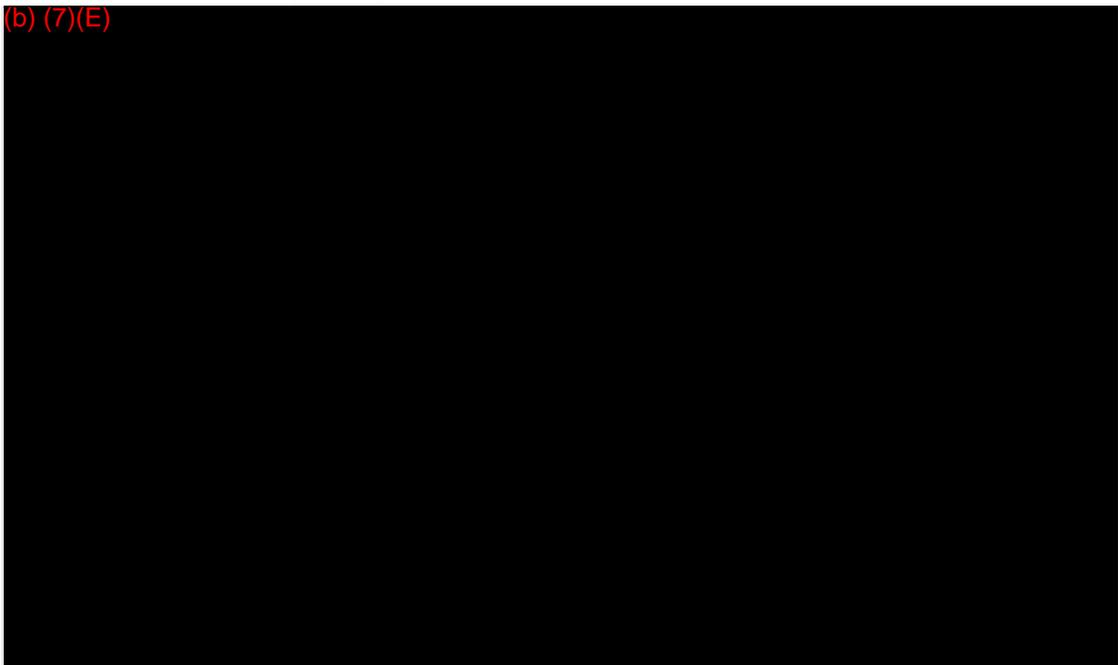
**(U) DS Response #11 (12/20/2016):** DS concurs with this recommendation.

(U) In early 2016, DS developed a detailed plan on addressing unscheduled or unanticipated requirements for armored vehicles. This contingency vehicle plan will include a stock of vehicles necessary to fulfill such requests in a timely manner. DS also developed a detailed plan and purchase schedule to address the lifecycle replacement of the Department's AV fleet (see Tab 5).

**(U) Recommendation #12:** *OIG recommends that the Bureau of Diplomatic Security develop a utilization plan for the entire armored vehicle fleet that currently resides at domestic storage facilities, in order to prevent the unnecessary expenditure of funds, as that of the \$24.9 million in costs wasted as a result of unused armored vehicles. The utilization plan should include estimated costs for repairing all armored vehicles that are currently not operational.*

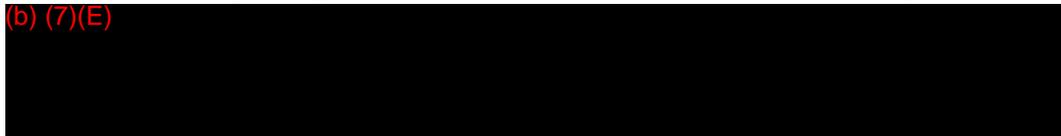
**(U) DS Response #12 (12/20/2016):** DS does not concur with this recommendation.

(b) (7)(E)



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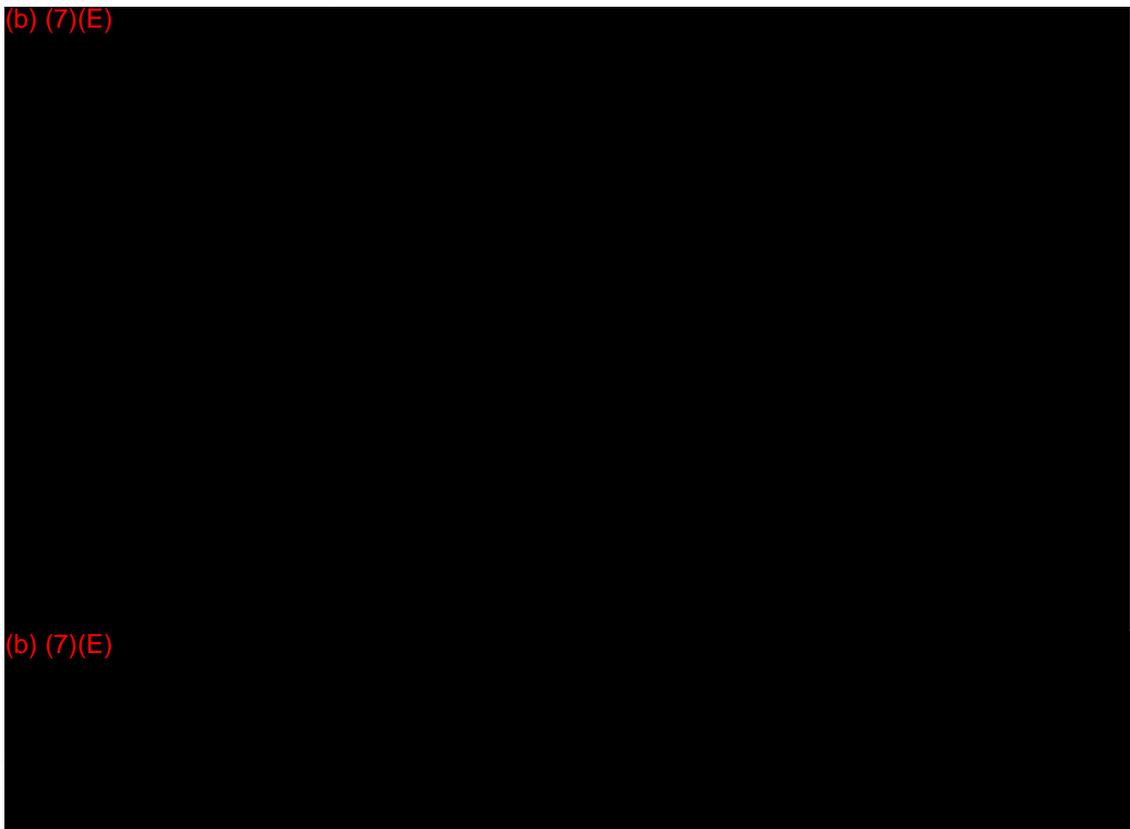
(b) (7)(E)



**(U) Recommendation #13:** *OIG recommends that the Bureau of Diplomatic Security determine the location or disposition of the five vehicles that OIG could not locate during its April 2016 physical inventory and adjust its inventory records accordingly.*

**(U) DS Response #13 (12/20/2016):** DS concurs with this recommendation.

(b) (7)(E)



(b) (7)(E)

**(U) Recommendation #14:** *OIG recommends that the Bureau of Diplomatic Security implement bureau-specific policies and procedures for conducting an annual physical inventory of armored vehicles, including a documented reconciliation process.*

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**(U) DS Response #14 (12/20/2016):** DS concurs with this recommendation.

(U) DS has been working with A Bureau for two years to improve the AV inventory process. Currently, DS/PSP/DEAV and A/LM are developing an annual inventory mobile application (Tab 4), which we estimate to be complete August 2017. The mobile application (Tab 4) will allow DS/PSP/DEAV users to travel to various domestic locations and complete an automated annual inventory that can send real-time results back for integration and reconciliation within ILMS.

**(U) Recommendation #15:** *OIG recommends that the Bureau of Administration, in coordination with the Bureau of Diplomatic Security, complete and implement the module in the Fleet Management Information System that will enable the Bureau of Diplomatic Security to track and record the maintenance costs associated with all domestically-located armored vehicles.*

**(U) A and DS Response #15 (12/20/2016):** A/LM and DS concur with this recommendation.

(U) DS partnered with A/LM to develop and complete an enhancement that updated domestic vehicles with a status of “Received (Not in Service)” to become active in FMIS. This update allows maintenance work orders to be created and tracked on those vehicles. This enhancement went live in July 2016, and is actively being used by DS/PSP/DEAV to capture data for maintenance of domestically-located armored vehicles.

(U) DS/PSP/DEAV is currently in the process of developing a mobile maintenance application that technicians will be able to utilize from any location to track, update, create, and complete maintenance work orders. These changes will sync real-time with FMIS and ILMS to update vehicle records and ensure compliance with all maintenance mandates. DS estimates this application will be complete in 2017.

**(U) Recommendation #16:** *OIG recommends that the Bureau of Diplomatic Security establish a system that documents requests for repair and maintenance of armored vehicles that are not “in service” and captures the data necessary for updating maintenance records until the Fleet Management Information System module is implemented (Recommendation #14).*

**(U) DS Response #16 (12/20/2016):** DS concurs with this recommendation.

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(U) DS/PSP/DEAV began the use of FMIS July 2016 and now records all maintenance of domestic vehicles within this database. See recommendation response 15.

**(U) DS Response to Findings D (recommendations #18-#25):**

(b) (7)(E)

A large black rectangular redaction box covers the majority of the page content. The text "(b) (7)(E)" is written in red at the top left corner of this redacted area.

**(U) Recommendation #18:** *OIG recommends that the Bureau of Diplomatic Security, in conjunction with the Overseas Security Policy Board, update the Foreign Affairs Handbook to include a policy that mandates the use of armored vehicles that meet Overseas Security Policy Board standards for all individuals under Chief of Mission authority.*

**(U) DS Response #18 (12/20/2016):** DS concurs with this recommendation.

(U) DS/PSP/DEAV and the Policy and Planning Division (DS/MGT/PPD) are currently drafting new FAH language for OSPB approval.

**(U) Recommendation #19:** *OIG recommends that the Assistant Secretary, Bureau of Diplomatic Security, provide guidance to each Chief of Mission underscoring the mandate that all personnel under Chief of Mission authority must use only armored vehicles that meet Overseas Security Policy Board standards.*

**(U) DS Response #19 (12/20/2016):** DS concurs with this recommendation.

**(U) Recommendation #20:** *OIG recommends that the Bureau of Diplomatic Security, in conjunction with the Overseas Security Policy Board, develop an action plan to modify or replace the non-Overseas Security Policy Board standard armored vehicles currently in use at overseas posts so that the vehicles meet Overseas Security Policy Board standards.*

**(U) DS Response #20 (12/20/2016):** DS concurs with this recommendation.

(U) DS will discuss this topic with the OSPB working group.

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**(U) Recommendation #21:** *OIG recommends that the Bureau of Diplomatic Security develop and implement a policy requiring Regional Security Officers to perform and document a review of all armored vehicles arriving at post, regardless of agency, to ensure that each one meets Overseas Security Policy Board standards.*

**(U) DS Response #21(12/20/2016):** DS does not concur with this recommendation.

(U) DS will clarify the policy; however, DS disagrees this responsibility should rest solely with the RSO. OSPB-compliance should be determined prior to the vehicle arriving to post and involves the requesting agency and GSO.

**(U) Recommendation #22:** *OIG recommends that the Bureau of Diplomatic Security develop and provide training for all Regional Security Officers related to identifying whether armored vehicles meet required standards.*

**(U) DS Response #22 (12/20/2016):** DS does not concur with this recommendation.

(U) RSOs cannot inspect vehicles at post to determine whether they are OSPB compliant. Prior to post accepting AVs from other USG partners, EACs must be provided sufficient vehicle information from other agencies to ensure the vehicle meets requirements.

**(U) Recommendation #28:** *OIG recommends that the Bureau of Diplomatic Security develop and implement guidance for overseas posts on the construction and use of shelters for armored vehicles.*

**(U) DS Response #28 (12/20/2016):** DS concurs with this recommendation.

(U) Due to differences in post-specific available space, building materials, climate and construction practices, the construction of shelters varies greatly from post to post. DS relies on post personnel with knowledge of local construction to relay information on the best practices for construction of storage shelters for vehicles. OBO currently adds covered vehicle storage to new construction initiatives.

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(U) DS will ensure language regarding the benefits of covered armored vehicle storage is highlighted in updated guidance; however, in some cases covered armored vehicle storage will not be viable.

**(U) Recommendation #29:** *OIG recommends that the Bureau of Diplomatic Security develop and implement an action plan to decrease the amount of time it takes to procure ballistic glass for installation in armored vehicles.*

**(U) DS Response #29 (12/20/2016):** DS concurs with this recommendation.

(U) Glass order metrics are actively tracked through QPRs and weekly reporting. DS/PSP/DEAV, in conjunction with GDIT, developed a Glass Ordering and Installation initiative specifically targeting shortened delivery times (see Tab 10).

**(U) Recommendation #32:** *OIG recommends that the Bureau of Diplomatic Security update the current armored vehicle policy to define specifically what types of maintenance must be performed under an embassy employee's observation.*

**(U) DS Response #32 (12/20/2016):** DS concurs with this recommendation.

(U) DS/PSP/DEAV and DS/MGT/PPD are currently drafting new FAH language for OSBP approval.

**(U) Recommendation #33:** *OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a process to ensure that appropriate Regional Security Office and General Service Office personnel receive training, including periodic refresher training, regarding the maintenance requirements for armored vehicles.*

**(U) DS Response #33 (12/20/2016):** DS concurs with this recommendation.

(U) In addition to guidance found in recent AV-specific telegrams (REFTEL 16 STATE 58638 (Tab 11) and 16 STATE 110872 (Tab 6)), DS/PSP/DEAV offers AV-specific information to Department employees in Basic Special Agent training, Basic Regional Security Officer training, and Regional Security Officer In-service. A Bureau specifically briefed the importance of maintenance and tire inspections/safety at the 2016 GSO Conference held in Cape Town. DS/PSP/DEAV will partner with A/LM to develop and implement additional training materials focusing on the maintenance of armored vehicles. A/LM

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provides regional and remote training to users. Two of the courses below (PA 257 and PA 520) specifically dedicate portions of their training to armored vehicles:

**(A) Motor Vehicle Program Training**

**1. PA 264 Motor Pool Training:**

<http://reg.fsi.state.gov/CourseCatalog.aspx?EventId=PA264>

**2. PA 257 - Automotive Technical Training - Basic:**

*\*\* Recommended Prep for PA 520*

<http://reg.fsi.state.gov/CourseCatalog.aspx?EventId=PA257>

**3. PA 419 - Motor Pool Management Overseas:**

*\*\* Required Pre-requisite for PA 519 \*\**

<http://reg.fsi.state.gov/CourseCatalog.aspx?EventId=PA419>

**4. PA 519: Advanced Motor Vehicle Management Overseas**

<http://reg.fsi.state.gov/CourseCatalog.aspx?EventId=PA519>

**5. PA 520: Advanced Vehicle Diagnostic Training**

<http://reg.fsi.state.gov/CourseCatalog.aspx?EventId=PA52>

**(B) Motor Vehicle Related Training**

Classes below are not owned nor conducted by the MV Program.  
Use the links for more information about each course.

**1. Smith System Safe Driving Training:**

<http://obo.m.state.sbu/ops/shem/Pages/SafeDrivingProgram.aspx>

**2. Defensive Driving Fundamentals:**

<http://reg.fsi.state.gov/CourseCatalog.aspx?EventId=ESHAHA25>

**3. SAH0417 - Defensive Driving:**

<http://reg.fsi.state.gov/CourseCatalog.aspx?EventId=SAH0417>

**4. Defensive Driving: Truck Safety:**

<http://fsilearncenter.state.gov/learn/learn.aspx?sessionid=3-6358CADB-C688-4F6D-B34A-A2689D8F06E7&lcid=178516&courseid=172415&chapter=1&page=1>

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**5. Introduction to Fleet Management Information System (FMIS):**

[http://ilmsprapps.washdc.state.sbu:90/tutorials/Content/FMIS\\_PROD/toc0.html](http://ilmsprapps.washdc.state.sbu:90/tutorials/Content/FMIS_PROD/toc0.html)

**6. ILMS Online Tutorials:**

[http://ilmsprapps.washdc.state.sbu:90/tutorials/Content/AM\\_PROD/toc0.html](http://ilmsprapps.washdc.state.sbu:90/tutorials/Content/AM_PROD/toc0.html)

**7. Motor Vehicle Safety Management Program (MVSMP):**

<http://obo.m.state.sbu/ops/shem/Pages/MVSMP.aspx>

**(U) Recommendation #34:** *OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a specific policy and implementing guidance on the process for overseas armored vehicle disposal, which should include an update to the required forms and clear instructions on the appropriate forms to be used to document the disposal, post Regional Security Officer approval, and Bureau of Diplomatic Security approval of the method of destruction.*

**(U) DS Response #34 (12/20/2016):** DS concurs with this recommendation.

(U) A/LM, DS/PSP/DEAV, and Motor Vehicle Branch are moving forward with assessing the feasibility of merging the DS-1559 and the DS-132 to streamline the disposal process for the Department. DS and A/LM are working together to automate the disposal form in ILMS.

**(U) Recommendation #35:** *OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a specific policy and implementing guidance on the process for domestic armored vehicle disposal, which should include an update to the required forms and clear instructions on the appropriate forms to be used to document the disposal, Bureau of Diplomatic Security approval of the method of destruction, and a requirement for a cleared employee witness.*

**(U) DS Response #35 (12/20/2016):** DS concurs with this recommendation.

(U) A/LM, DS/PSP/DEAV and MVB are moving forward with assessing the feasibility of merging the DS-1559 and the DS-132 to streamline the disposal process for the Department. DS and A/LM are working together to automate the disposal form in ILMS.

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(U) DS/PSP/DEAV, in conjunction with A Bureau, drafted a new internal AV Destruction Process in an effort to clarify the process for DS/PSP/DEAV employees (see Tab 3).

**(U) Recommendation #36:** *OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a specific policy and implementing guidance on the process for overseas and domestic armored vehicle transfers to another agency, which should include an update to the required forms and clear instruction on the appropriate forms to be used to document the disposal, required approvals, and instructions for recording the transfers in the Integrated Logistics Management System.*

**(U) DS Response #36 (12/20/2016):** DS concurs with this recommendation.

(U) DS will work with A/LM to streamline policies in 14 FAM and 14FAH. Guidance currently exists in 14 FAM 415.1-2 Property Transferred by Other U.S. Agencies.

**(U) Recommendation #37:** *OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a process to ensure that all Regional Security Office personnel receive training, including periodic refresher training, regarding the disposal requirements for armored vehicles.*

**(U) DS Response #37 (12/20/2016):** DS does not concur with this recommendation.

(U) These requirements are topics covered in Basic Special Agent training, Basic Regional Security Officer training, and Regional Security Officer In-service. A/LM will provide direction on the disposal process and system actions that must be taken for armored vehicles within ILMS. DS will partner with A/LM to ensure that all areas of policy are covered.

**(U) Recommendation #38:** *OIG recommends that the Bureau of Diplomatic Security, in coordination with the Bureau of Administration, develop and implement a process to ensure that all General Services Office personnel receive training, including periodic refresher training, regarding the disposal requirements for armored vehicles.*

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**(U) DS Response #38 (12/20/2016):** DS believes this recommendation should read “A Bureau, in coordination with DS.”

(U) Training should be reserved for GSO’s employees such as the fleet manager, disposal officer or motor pool supervisors. DS will work with A/LM to review training materials regarding disposal of armored and unarmored vehicles. Please see response to recommendation #37. Additionally, A/LM provides ILMS regional training, FMIS refresher training, webinars, and onsite support to GSO’s. DS/PSP/DEAV also presents armored vehicle destruction information to GSOs rotating through the DS/PSP/DEAV facility prior to their departure.

Attachments:

- Tab 1 – DSPTS – FY17 AV Program Plan
- Tab 2 – DS/PSP/DEAV reorg DRAFT
- Tab 3 – Internal AV Domestic Destruction Process
- Tab 4 –AV Maintenance Mobile
- Tab 5 – C Fleet Contingency Concept [pending approval]
- Tab 6 – 16 STATE 110872
- Tab 7 – Military Interdepartmental Purchase Request
- Tab 8 – Certificate of Destruction Vehicle 1
- Tab 9 – Vehicle Transfer to USMS
- Tab 10 – AV glass initiative
- Tab 11 – 16 STATE 58638

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Approved: DS – Gregory B. Starr ()

Analyst: DS/MGT/PPD – MPorter, ext. 5-2734

Drafted: DS/PSP/DEAV – BBishop

Cleared: DS/DSS – B. Miller (ok)  
DS/EX – S. Dietz (ok)  
DS/EX/MGT – B. Black, Acting (ok)  
DS/MGT/PPD – Y. Haloski, Acting (ok)  
DS/MGT/PPD – P. Ginsburg, Acting (ok)  
DS/C – W. Ashbery (ok)  
DS/C/PSP – P. Gibbons (ok)  
DS/PSP/DEAV – D. Wutrich (ok)  
DS/IP – C. Schurman (ok)  
DS/HTP – T. Riley (ok)

## APPENDIX E: BUREAU OF ADMINISTRATION RESPONSE

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United States Department of State

Washington, D.C. 20520

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December 14, 2016

**MEMORANDUM**

TO: OIG/AUD – Norman P. Brown

FROM: A/LM – Jennifer A. McIntyre

SUBJECT: Draft Report on *Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program*

Thank you for the opportunity to respond to the subject draft report and recommendations 15, 17, 26 and 27 assigned to the Bureau of Administration, Office of Logistics Management (A/LM).

**Recommendation 15:** OIG recommends that the Bureau of Administration, in coordination with the Bureau of Diplomatic Security, complete and implement the module in the Fleet Management Information System that will enable the Bureau of Diplomatic Security to track and record the maintenance costs associated with all domestically-located armored vehicles.

**Management Response to Draft Report:** A/LM concurs with the recommendation. The Bureau of Diplomatic Security (DS), Countermeasures Directorate, Defensive Equipment and Armored Vehicles (DEAV) Division partnered with A/LM to develop and complete an enhancement that updated domestic vehicles with a status of “Received (Not in Service)” to become active in the Fleet Management Information System (FMIS). This update allows maintenance work orders to be created and tracked on those vehicles. This enhancement went live during July 2016, and is actively being used by DEAV to capture data for maintenance of domestically-located armored vehicles.

DEAV is currently in the process of developing a mobile maintenance application that technicians will be able to utilize from any location to track, update, create, and complete maintenance work orders. These changes will sync real-time with FMIS and the Integrated Logistics Management System (ILMS) to update vehicle records and ensure compliance with all maintenance mandates. DEAV estimates this application will be completed by the end of calendar year 2017.

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**Recommendation 17:** OIG recommends that the Bureau of Administration update the Foreign Affairs Manual and the Foreign Affairs Handbook to require the use of the Fleet Management Information System for all armored vehicles.

**Management Response to Draft Report:** A/LM concurs with the recommendation. A/LM has drafted revisions to Chapter 14 of the Foreign Affairs Manual (FAM) and Chapter 14 of the Foreign Affairs Handbook (FAH) to be in compliance with all Executive Orders and General Services Administration (GSA) bulletins. Additionally, cables and direct communications were sent out to all posts regarding compliance with these mandates and for the use of FMIS. The revised 14 FAM and 14 FAH sections will be reviewed to ensure clarity that it encompasses armored vehicles.

**Recommendation 26:** OIG recommends that the Bureau of Administration develop guidance for posts to require that responsible officials at overseas posts periodically check that motor pool personnel are performing the daily and weekly routine checks of armored vehicles.

**Management Response to Draft Report:** A/LM notes that guidance already exists in 14 FAM Subchapter 436.1 and 14 FAH-1 Exhibit H-814.1. Both FMIS and non-FMIS posts are required to complete the Driver's Daily and Weekly Preventative Maintenance Checklist as part of OF-108. A/LM and DEAV will work to update the driver checklist and 12 FAM.

**Recommendation 27:** OIG recommends that the Bureau of Administration update the Foreign Affairs Manual to include a requirement for all overseas posts to develop and implement a mission policy to ensure that armored vehicles receive the required preventative maintenance.

**Management Response to Draft Report:** A/LM believes 14 FAM Subchapter 436.1 and 14 FAH-1 Exhibit H-814.1 provides comprehensive guidance for posts on the subject of preventative maintenance for all vehicles. As an alternative proposal to requiring posts to develop and implement a separate mission policy which targeted only a portion of the fleet, A/LM is reviewing 14 FAM guidance to ensure clarity that it encompasses armored vehicles. In addition, A/LM will work with DEAV to ensure that all armored vehicles receive the required preventative maintenance by utilization of the OF-108 for daily checks and continued use of FMIS for maintenance tracking. Currently, FMIS preventative maintenance reminders are provided to users when they access the maintenance work order

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module. Reminders pertaining to additional maintenance checks, oil changes, and other preventative measures can also be configured within the module.

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## APPENDIX F: BUREAU OF INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT RESPONSE

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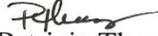
United States Department of State

Washington, D.C. 20520

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December 5, 2016

**MEMORANDUM FOR OIG ASSISTANT INSPECTOR GENERAL  
NORMAN P. BROWN**

FROM:  INL – Patricia Thomas, Acting Executive Director

SUBJECT: INL Response to the Draft Report, “Audit of the Bureau of Diplomatic Security’s Administration of the Armed Vehicle Program” (AUD-SI-17-XX, November 2016)

The Bureau of International Narcotics and Law Enforcement Affairs (INL) welcomes the opportunity to provide official comments on this draft report and offers additional technical clarifications. We also welcome the opportunity to discuss them at your earliest convenience and request their consideration prior to publication.

Given the lack of standardization regarding security requirements for vehicular movements, INL acknowledges that this topic is complex. INL recognizes that the use of foreign assistance armored vehicles at posts can vary, depending on several factors, including: (1) host country security conditions; (2) procured purpose, if, for example, done so as foreign assistance to the host government under the authority of the Foreign Assistance Act (FAA); (3) use by foreign assistance implementers, which also fall under FAA authorities; and (4) individual post RSO policy. A key distinction is that armored vehicles cannot be armored to meet Overseas Security Policy Board (OSPB) standards, if the vehicles are intended to be donated using foreign assistance. This distinction is not made in the draft report. Per 14 FAM 430, INL is not authorized to provide OSPB-armored vehicles to non-U.S. government entities.

Moreover, INL complies with Chief of Mission (COM) authorities and RSO policy, and the bureau contributes to ICASS purchases of armored vehicles for fleet use. In addition, there are occasions where, due to the large scale of INL’s operations at post, INL is requested to directly fund its own COM armored vehicles, which are procured in coordination with the Bureau of Diplomatic

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Security, Office of Physical Security Programs, Defensive Equipment and Armored Vehicle Division (DS/PSP/DEAV), in compliance with OSPB standards. These vehicles are then absorbed into the motor pool, presumably allocated to only INL use. Therefore, the bureau defers to and supports the post RSO process and decisions for using vehicles for any COM personnel movements, since INL remains committed to keeping U.S. Government employees under COM authority and their dependents safe. INL continues to utilize and adhere to our existing processes, which ensure that all vehicles that will be procured for use by COM personnel meet OSPB standards for armoring.

INL raises concerns with some of the statements that misconstrue the facts because key distinctions about the purpose of INL armored vehicles and our oversight activities are not included in the report. As mentioned previously, INL and its implementers procure armored vehicles under the FAA for foreign assistance purposes; and per 14 FAM 430, INL is not authorized to provide OSPB-armored vehicles to non-U.S. government entities. Moreover, all INL vehicle purchases must have written approval from INL's Office of Resource Management (INL/RM) at headquarters, before a vehicle can be purchased. Procedures and documents are outlined on INL/RM's "How to" SharePoint site. Within the past few weeks, INL coordinated with DEAV and INL personnel at posts to identify and resolve the disposition of all armored vehicles that are listed as belonging to INL (both program, and INL COM vehicles). INL has complied and will continue to comply with RSO directives at posts regarding the transportation of COM personnel. These omissions impact a number of statements in the current draft report.

Regarding the statement on page 31 of the draft report, *"Further, INL employees at post had elected to purchase some armored vehicles for use at post from a local vendor. As a result, U.S. Government employees under COM authority and their dependents may be put at risk when traveling in armored vehicles that do not provide adequate protection or in which the armor has been improperly installed."* It should be clarified that the subject vehicles were absorbed by the INL section from our ICITAP/OPDAT implementers, which were appropriately procured and were for implementer FAA purposes. INL will further review their current status based on the OIG example, as detailed in the draft report, to ensure that the two remaining vehicles in our possession are appropriately handled and will advise the RSO since the RSO governs all COM movements.

Additionally, an inaccuracy arises from an oversimplification described on page 34 of the draft report which reads, *"Some of the armored vehicles that did not comply*

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*with OSPB standards were acquired by INL, which has a large presence at Embassy Bogota. Historically, INL procurement officials in Bogota, Colombia independently purchased armored vehicles that did not meet OSPB standards from Colombian vendors. According to INL, Resource Management representatives, officials at INL Headquarters do not provide oversight of INL's overseas vehicle fleets. INL officials at Embassy Bogota have stopped independently purchasing armored vehicles; however, INL continues to utilize armored vehicles that do not meet OSPB standards.* As previously mentioned, the subject vehicles were appropriately purchased by our ICITAP/OPDAT implementers and were done so for foreign assistance program purposes. Therefore, the vehicles were precluded from complying with OSPB standards. INL is committed to ensuring their proper disposition and is following up a second time on our previous reconciliation activity based on this draft report. Secondly, as previously mentioned, INL has an oversight process outlined on our headquarters SharePoint site for which any COM armored vehicle purchases must comply with OSPB standards.

Therefore, INL respectfully requests that these technical clarifications be incorporated into the body of the final report. Additionally, INL offers the following responses to recommendations 24 and 25 in the November 2016 OIG draft:

**Recommendation 24:** OIG recommends that the Bureau of International Narcotics and Law Enforcement Affairs develop and implement a process to ensure that Bureau of International Narcotics and Law Enforcement Affairs personnel at overseas posts procure armored vehicles that meet Overseas Security Policy Board standards for armoring, if these vehicles will be used to transport individuals under Chief of Mission authority.

**INL Response (December 2016):** INL concurs and has an established process that all vehicles procured for use by Chief of Mission (COM) personnel meet the Overseas Security Policy Board (OSPB) standards for armoring. All INL vehicle purchases must have written approval from INL's Office of Resource Management (INL/RM)<sup>1</sup> at headquarters, before a vehicle can be purchased. Procedures and documents are outlined on INL/RM's "How to" SharePoint site. Within the approval document, the requester must outline how this vehicle will be used, what funding will be used to make the purchase, and the type of vehicle to be purchased. If the request is for an armored vehicle that will be for COM personnel use and

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<sup>1</sup> These activities are in reference to INL's Office of Resource Management, Division of Grants, Acquisitions and Procurement Policy (INL/RM/GAPP), specifically.

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which does not meet the OSPB standards, INL/RM will be able to identify and reject the request. INL/RM will then direct the requestor to resubmit via the proper channels to ensure that vehicles get the correct type of armoring according to their use. Once COM vehicles are purchased and arrive in country, use is controlled by the RSO and is governed by 14 FAM 430.

**Recommendation 25:** OIG recommends that the Bureau of International Narcotics and Law Enforcement Affairs develop and implement a methodology to identify all Bureau of International Narcotics and Law Enforcement Affairs armored vehicles at overseas posts that do not meet Overseas Security Policy Board standards for armoring, and develop and implement a process to either limit the use of these vehicles or to replace or modify the vehicles so that they comply with standards.

**INL Response (December 2016):** INL concurs and took steps to comply with this recommendation. INL-procured armored vehicles fall into two primary categories: (1) those that are “program” vehicles purchased with the intent to donate them to the host nation under the authority of the Foreign Assistance Act (FAA), or (2) INL vehicles purchased for COM movements at post. INL coordinated with DEAV and INL personnel at posts to identify and resolve the disposition of all armored vehicles that are listed as belonging to INL (both program, and INL COM vehicles). To our knowledge, all vehicles were appropriately reconciled. INL will continue to comply with RSO directives at post for transportation of COM personnel.

## APPENDIX G: EMBASSY ABUJA RESPONSE

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*Ambassador of the United States of America  
Abuja, Nigeria*

November 25, 2016

Mr. Norman P. Brown  
Assistant Inspector General for Audits  
U.S. Department of State  
Office of Inspector General  
1700 N. Moore Street  
Arlington, VA 22209

Dear Mr. Brown:

I am in receipt of your letter dated November 18, 2016. Embassy Abuja reviewed the OIG report including Recommendation 31 and wish to offer the following response.

Embassy Abuja accepts the recommendation and began corrective action earlier this year. In June 2016, Post hired a data entry clerk who is responsible for using the Fleet Management Information System (FMIS) to record and track work orders on all official vehicles. In addition, Post invited an ILMS team to review current practices and provide on-site training to improve FMIS operations. Post began recording accurate data in the summer of 2016 and as a result, in FY 16, Post was able to track \$88,000 spent on official vehicle maintenance and input maintenance data for 57% of its motor vehicle fleet. Post is now tracking maintenance on all official vehicles in FMIS and continues the data cleanup process to ensure accurate records of all USG vehicles.

I hope this addresses your concerns. Please let me know if you require any additional information or clarification.

Sincerely,



W. Stuart Symington

## APPENDIX H: EMBASSY BOGOTA RESPONSE

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EMBASSY OF THE  
UNITED STATES OF AMERICA  
OFFICE OF THE AMBASSADOR

Bogotá, D.C.  
November 28, 2016

Mr. Norman P. Brown  
Assistant Inspector General for Audits  
Office of Inspector General

Dear Mr. Brown:

We have received the Office of Inspector General's draft report, Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program. We understand the report was prepared under the Inspector General's continuing responsibility to assist management through independent reviews of the Department of State and Broadcasting Board of Governors operations.

Embassy Bogotá is in agreement with Recommendation 23 and will adjust motor pool operations accordingly.

Embassy Bogotá appreciates the cooperation and assistance your staff provided during this audit.

Sincerely,

A handwritten signature in blue ink, appearing to be "Kevin Whitaker", with a long horizontal flourish extending to the right.

Kevin Whitaker

## APPENDIX I: EMBASSY PORT-AU-PRINCE RESPONSE

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*Embassy of the United States of America*

December 27, 2016

Mr. Norman P. Brown  
Assistant Inspector General  
for Audits  
Office of Inspector General  
Department of State  
Washington DC 20520

Dear Mr. Brown:

Thank you for the opportunity to comment on the Office of Inspector General (OIG) draft report *Audit of the Bureau of Diplomatic Security's Administration of the Armored Vehicle Program*, and particularly Recommendation 30, addressed to Embassy Port-au-Prince.

Recommendation 30: OIG recommends that Embassy Port-au-Prince immediately begin using the Fleet Management Information System to record and track maintenance performed on official vehicles at post.

Post Response: Post concurs with the recommendation. Post motor pool staff began using FMIS to record and track maintenance on official vehicles in the summer of 2016.

Sincerely,

A handwritten signature in black ink that reads "Brian Shukan".

Brian W. Shukan  
Chargé d'Affaires, a.i.

## ABBREVIATIONS

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A/LM/OPS/SL/MV	Bureau of Administration, Office of Logistics Management, Office of Logistics Operations, Secure Logistics Division, Motor Vehicles Branch
COM	Chief of Mission
DS	Bureau of Diplomatic Security
DS/PSP/DEAV	Bureau of Diplomatic Security, Office of Physical Security Programs, Defensive Equipment and Armored Vehicle Division
EAC	Emergency Action Committee
FAH	Foreign Affairs Handbook
FAM	Foreign Affairs Manual
FMIS	Fleet Management Information System
GAO	Government Accountability Office
GSA	General Services Administration
GSO	General Services Officer
ICASS	International Cooperative Administrative Support Services
ILMS	Integrated Logistics Management System
INL	Bureau of International Narcotics and Law Enforcement
OIG	Office of Inspector General
OSPB	Overseas Security Policy Board
PO	Principal Officer
PSI	pound per square inch
RSO	Regional Security Officer
SETL	Security Environmental Threat List

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