



OFFICE OF INSPECTOR GENERAL

U.S. Department of Energy

INSPECTION REPORT

DOE-OIG-18-36

June 2018

**SECURITY ALLEGATIONS AT A
WESTERN AREA POWER
ADMINISTRATION SITE**



Department of Energy
Washington, DC 20585

June 26, 2018

MEMORANDUM FOR THE ADMINISTRATOR, WESTERN AREA POWER
ADMINISTRATION

Michelle Anderson

FROM: Michelle Anderson
Deputy Inspector General
for Audits and Inspections
Office of Inspector General

SUBJECT: INFORMATION: Inspection Report on “Security Allegations at a
Western Area Power Administration Site”

BACKGROUND

Western Area Power Administration (Western) is one of four power marketing administrations within the Department of Energy whose role is to market and transmit electricity from multi-use water projects. Western’s transmission system encompasses 15 states and is operated and maintained from 4 regional offices. Western’s Office of Security and Emergency Management is responsible for physical security at Western’s facilities, and in March 2015, Western approved an acquisition plan to standardize all of Western’s security guard services under one contract. In June 2016, a contractor was awarded the contract to provide armed guard security services for all Western sites. In August 2016, the contractor began performing security services at a Western site.

The Office of Inspector General received two hotline complaints with multiple allegations related to security at a Western site. For the purposes of our review, we summarized the details of the complaints into 15 allegations that were applicable to either the contractor or Western. Given the significance of the allegations, we initiated this inspection to determine the facts and circumstances surrounding multiple allegations related to security at a Western site.

RESULTS OF INSPECTION

Of the 15 allegations, 2 were substantiated with impact, 3 were substantiated or partially substantiated with no impact, and the other 10 were not substantiated:

- Substantiated with impact. We substantiated one allegation related to cameras and one related to evacuation drills. We found that some of the cameras used to monitor facilities within one of Western’s regions had very poor visibility, especially at night.

We also found that Western officials had not conducted evacuation drills at the Western site. Western officials were in the process of correcting issues with the cameras and fully implementing an Emergency Management Program.

- Substantiated with no impact. In general, the contractor was complying with contract requirements related to two allegations regarding searches and visitor escort procedures. On a third allegation, we found no evidence to suggest that the physical security of the office used to monitor facilities was a cause for concern.
- Not substantiated. We could not substantiate 3 of the 10 allegations because we could not find evidence to support allegations that guards were informally told to ignore entry procedures, that the contractor's manpower violated the contract, nor that there were issues with how the contract was awarded. We did not substantiate the other seven allegations because we found evidence that refuted allegations related to the qualifications of security guards, equipment provided by the contractor, and support from Western officials.

A summary of the allegations is in Attachment 2. In addition, during the performance of our inspection, we identified other matters that warrant management's attention. Specifically, we found that the contractor did not or may not have met other contract requirements. For example, the contractor had not ensured that security guards received all training as required and may not have performed services during the days and hours specified in the contract. For ease of understanding, we separated our findings into a section applicable to the contractor and another applicable to Western.

Contractor

Although we substantiated or partially substantiated two allegations regarding the contractor's performance on the security contract, we found that, for these allegations, the contractor was generally complying with contract requirements. We also either did not or could not substantiate seven other allegations applicable to the contractor. However, we identified several issues, unrelated to the allegations, where the contractor did not or may not have met contract requirements that warrant management's attention.

Performance

We substantiated, with no impact, the allegation that security guards were not required to perform searches of vehicles, personnel, or cargo, and that vehicles were allowed into the facility without escorts. We found that the contractor was complying with contract requirements, which did not require such routine services. Security guard requirements were defined in the contract, as well as the Post Orders that contained general and specific duties to be performed at each duty location (post). Based on our review of those requirements and an interview with a Contracting Officer's Representative (COR), we found that although screening duties such as checking briefcases, searching vehicles, and conducting a pat-down of personnel for weapons may be required during an emergency or elevated security-level, these duties were not part of the

security guards' routine responsibilities. In addition, neither the contract nor the Post Orders required an escort for vehicles while on site. Therefore, while we substantiated the allegation, we found no impact because the contractor was complying with contract requirements.

Additionally, we partially substantiated, with no impact, the allegation that visitor escort procedures were not followed and that it was a normal occurrence for visitors to wander around the facility unescorted. Although we noted one incident where a security guard did not follow visitor escort procedures, we did not find evidence that this was a normal occurrence. Post Orders stated that the employee or division receiving a visitor is required to provide an escort for the visitor. The Post Orders also required security guards to direct all visitors to the main lobby to meet the escort. However, a security guard allowed the contractor's quality control inspector unescorted access to the site's main building. The inspector documented the incident in a quality control report, and the security guard was instructed to review the Post Orders to ensure escort procedures were understood.

Other Matters

During the course of our inspection, we identified several issues, unrelated to the allegations, where the contractor did not or may not have met other contract requirements. Specifically, we found:

- Four guards who transitioned from the previous security contract carried less-than-lethal weapons, a baton and oleoresin capicum (OC) spray, while on duty for over 4 months without completing the required training. The contract required that current certifications for lethal and less-than-lethal training must be completed prior to commencement of any contract work. As part of less-than-lethal training, the contract required 8 hours of combined training for the baton and OC spray that included procedures for carrying and drawing these weapons. Contractor officials told us that the training was not completed because they had received a waiver for the less-than-lethal training requirements. However, we found that although contractor officials requested and the Contracting Officer (CO) approved a waiver for certain training, the waiver did not include lethal and less-than-lethal training. In fact, the contractor's email that requested the waiver stated that all lethal and less-than-lethal training for the guards transitioning from the previous security contract would be accomplished by August 31, 2016. However, the less-than-lethal training for these guards was not completed until January 2017.
- The contractor may not have performed security guard services at each post during the days and hours specified in the contract. We reviewed timesheets and invoices from August 30, 2016, to December 31, 2016, and found variations with the number of hours required by the contract. Specifically, we found 19 days where the hours of service on the security guards' timesheets were different than the hours required by the contract. We also found that, on all five of the invoices we reviewed, the hours that the contractor billed varied from the hours required by the contract. Contractor officials informed us the variations in the hours were primarily caused by timekeeping mistakes, such as including hours for training, holidays, and back pay, as well as missing, incomplete, and

incorrect timesheets. After we brought the variations to the contractor's attention in July 2017, contractor officials outlined a plan to the CO to ensure accurate invoicing and timesheet accounting. In addition, the contractor completed a review of timesheets and payroll data, and as a result, the contractor sent Western a refund for almost \$1,900 in October 2017. The contractor further told the CO that every future invoice would include a spreadsheet that clearly shows the number of hours that should be invoiced by post and day of the week.

- Four instances when security guards exceeded the contractual limitation that no employee shall provide more than 12 hours of combined service in any 24-hour period unless the work periods are separated by an 8-hour non-duty period. Contractor officials told us that the guards and supervisors were not aware of the 12-hour service limit and would ensure it was being followed in the future.
- The contractor did not maintain complete certification files on site for all employees as required by the contract. We found that the files at the Western site did not contain all of the required information, such as proof of education, suitability letters, or all of the training certifications. During our review, contractor officials sent us some of the missing training certifications and stated that complete files were available at contractor headquarters, but the on-site files were missing some items. We did not conduct a further review to ensure the on-site files contained all items that were previously missing.

Contributing Factor

We found that the CO and the CORs did not perform effective oversight to ensure the contractor met all contract requirements and was only billing Western for hours defined in the contract. Specifically, we found that there was some confusion between the Western-wide COR and a site-specific COR because they were delegated the same duties by the CO. For example, the Western-wide COR told us that it is the site-specific COR's responsibility to review and approve the monthly invoices for that site; however, the site-specific COR told us that all invoices had been reviewed and signed by the Western-wide COR. We found that the five invoices we reviewed were signed by the Western-wide COR, who told us that the invoices would have been discussed with the site-specific COR before they were signed. After we identified this issue, Western officials told us that COR duties had been reviewed and clarified by the CO. Further, Western is in the process of delegating all COR duties to region-specific CORs and clearly delineating those duties.

Western

We substantiated, with impact, one allegation related to Western's cameras and one related to evacuation drills. We also substantiated, with no impact, one allegation related to the security office used to monitor facilities. In addition, we did not substantiate three other allegations applicable to Western.

Cameras

We substantiated the allegation that some of the cameras used to monitor facilities within one of Western's regions had very poor visibility, especially at night. During our interviews, several security guards raised concerns about the cameras. Some of the concerns included cameras not always in working order, cameras with blind spots, and cameras that did not provide the necessary visibility. The camera issues with the region continued because Western did not ensure that plans to correct physical security issues were approved and completed in a timely manner. Specifically, although a similar issue was identified in a Physical Security and Risk Assessment in October 2014, the required Physical Security and Remediation Plan to correct the issue was not approved until April 2016, nearly 18 months later. In addition, Western officials told us that equipment was being updated throughout the regions based on a prioritization schedule with a contract that was awarded in 2017 and that the estimated completion date to repair or replace cameras that were not fully operational was September 2018.

A prior Office of Inspector General audit report identified similar camera issues. Our report on the *Followup on Western Area Power Administration's Critical Asset Protection* (DOE-OIG-16-11, April 2016) found that Western had not always repaired or replaced malfunctioning, inoperable, or degraded security equipment, including cameras, or addressed recommended physical security measures identified in risk assessments. The audit report included recommendations that Western establish corrective action plans to ensure physical security measures identified in risk assessments were addressed and that Western create a formal funding plan and process to ensure recommended physical security measures were prioritized and funded. Although Western concurred with these recommendations and had implemented corrective action plans (remediation plans), Western was working to finalize a sustainable funding plan and process to ensure recommended physical security measures are prioritized and funded with an expected completion date of June 2018.

Evacuation Drills

We substantiated the allegation that Western officials had not conducted evacuation drills at the Western site. Several site personnel told us that they had not been through an evacuation drill. However, annual evacuation exercises were required. Specifically, 41 CFR 102, *Federal Management Regulation*, and Department Order 151.1D, *Comprehensive Emergency Management System*, required evacuation exercises at least annually. We noted that in April 2017, the Western site conducted an evacuation drill and completed an after-action report that stated personnel had not been through a drill in nearly 2 years.

A site official told us that evacuation drills had not been conducted because it was not clear who was responsible for scheduling and conducting the drills. However, Western's internal policy, WAPA O 151.1, *Emergency Management Program*, issued in January 2016, required Western managers to annually conduct and document evacuation drills for the facilities under their supervision. Western's policy also stated that Western's Emergency Management Program Manager within the Office of Security and Emergency Management was responsible for

monitoring occupant emergency activities at Western facilities. The Program Manager told us that Western is still in the infancy stages of its Emergency Management Program and will continue to work toward a multi-year testing, training, and exercise program that will have better tracking and monitoring.

Security Office

Additionally, although we substantiated the allegation that the office used by security guards to monitor local and remote facilities had little security, we found no evidence that the building's physical security was a cause for concern. The complainant acknowledged that there was a security guard inside the office but told us that the building itself had no real security because the exterior office door was not solid and there was no camera outside. However, we noted that the building was continuously occupied by an armed security guard behind a locked door and was within the secured facility. Western conducts physical security risk assessments at all of its facilities on a reoccurring cycle that includes a review of facility protection. A risk assessment was conducted at this site in October 2014, which did not identify any concerns with the physical security of the office used by security guards to monitor local and remote facilities. Western officials told us that the next risk assessment for this site is scheduled for 2018.

Improvement Opportunities

Without improvements, the contractor may not be providing the expected level of security to protect Western's people and property as defined in the contract by the Office of Security and Emergency Management. In addition, Western may be paying for services it did not receive.

The contractor was in the process of putting procedures and checks in place to ensure that payroll and invoices are correct. In addition, Western officials told us that measures had been taken to improve the administration of the contract, and Western officials were in the process of completing physical security enhancements and fully implementing its Emergency Management Program. Completing these improvements along with the recommendations included in our report could reduce Western's risk, safeguard ratepayer interests, and help protect its people and property.

RECOMMENDATIONS

To address the issues identified in our report, we recommend that the Administrator for the Western Area Power Administration ensure:

1. The contractor completes the plan it outlined to the CO for accurate invoicing and timesheet accounting.
2. The CO and CORs perform effective oversight of the security guard services contract to confirm that contract requirements, such as training, hours of service, and file maintenance, are met.
3. The CO clearly describes the responsibilities delegated to each of the CORs.

4. Plans to correct physical security issues are approved and completed in a timely manner.
5. Western's Emergency Management Program is fully implemented to make sure that the Western site manager conducts and documents annual evacuation drills as required.

MANAGEMENT RESPONSE

Management concurred with the report recommendations and stated that all corrective actions had been completed. Management stated that, as a result of this inspection, all of the initial order invoices had been reviewed, leading to a refund being issued to Western. As a result of the reviews, invoicing standards had been communicated between Western and the contractor. Management also noted that the statement of work was modified to ensure contract requirements were necessary and clearly identified, and oversight for security guard services was being performed by the respective COs and CORs in accordance with the awarded contract and task order(s). In addition, management stated that the CO had delegated responsibilities to each of the CORs, as well as discussed the expectations to ensure the requirements of the awarded contract and task orders were met. Management also indicated that Western instituted a process to perform regular facility evaluations that will drive corrective action planning and budgeting. Further, management stated that Western's Office of Security and Emergency Management had partnered with the regional site manager to identify, equip, and train new floor wardens to facilitate compliance with the annual evacuation drill requirement; evacuation drills occurred at the Western site office in February and May 2018, with two other drills planned for August and November 2018; and moving forward, the site office will continue with a quarterly evacuation drill schedule. Management's comments are included in Attachment 4.

AUDITOR COMMENTS

Management comments and corrective actions were responsive to our recommendations.

Attachments

cc: Deputy Secretary
Chief of Staff
Under Secretary of Energy

OBJECTIVE, SCOPE, AND METHODOLOGY

OBJECTIVE

We conducted this inspection to determine the facts and circumstances surrounding multiple allegations related to security at a Western Area Power Administration (Western) site.

SCOPE

This inspection was performed between December 2016 and June 2018 at a Western site and Western's Headquarters office in Lakewood, Colorado. We summarized two complaints received by our hotline into 15 specific allegations that were applicable to either the security contractor or Western. When evaluating allegations applicable to the contractor, we limited our work to determining whether the contractor met the requirements of its contract. An allegation of retaliation related to a wage-rate case filed with the Department of Labor was outside the scope of our review. The inspection was conducted under Office of Inspector General project number A17DN018.

METHODOLOGY

To accomplish our inspection objective, we:

- Reviewed applicable laws, regulations, policies, and procedures pertaining to the issues included in the allegations, as well as corresponding contract requirements, such as Contracting Officer and Contracting Officer's Representative responsibilities, safeguards to avoid conflict of interest, property management, safeguards and security, and emergency management requirements;
- Reviewed prior reports issued by the Office of Inspector General and the Government Accountability Office;
- Evaluated the award and administration of the Western-wide security guard contract that was specifically related to the site's security guard services;
- Reviewed and analyzed the contractor's payroll records, supporting timesheets, and invoices; and
- Interviewed 9 of the 11 security guards employed at the Western site in December 2016 and key Western officials associated with the site's security contract, such as the Contracting Officer, Contracting Officer's Representatives, Federal security specialists, and the Western site's Regional Manager and Administrative Officer.

We conducted this allegation-based inspection in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. Those standards require that we plan and perform the inspection to obtain sufficient, appropriate

evidence to provide a reasonable basis for our conclusions and observations based on our inspection objective. We believe the evidence obtained provided a reasonable basis for our conclusions and observations based on our inspection objective. Accordingly, the inspection included tests of controls and compliance with laws and regulations to the extent necessary to satisfy the inspection objective. Because our review was limited, it would not necessarily have disclosed all internal control deficiencies that may have existed at the time of our inspection. Additionally, due to the narrow scope of the allegations, we did not assess implementation of the *GPRRA Modernization Act of 2010*. Finally, we relied on computer-based data, to some extent, to satisfy our objective. We conducted a limited reliability assessment of computer-processed data relevant to our inspection objective and deemed the data to be sufficiently reliable.

Management waived an exit conference on June 13, 2018.

SUMMARY OF ALLEGATIONS

The Office of Inspector General received two hotline complaints with various allegations related to security at a Western Area Power Administration (Western) site. For the purposes of our review, we summarized the details of the complaints into 15 allegations that were applicable to either the contractor or Western.

Allegations Applicable to the Contractor		
Although we substantiated or partially substantiated two allegations applicable to the contractor, we found that, for these allegations, the contractor was generally complying with contract requirements.		
Summary of Allegations	Substantiated (Y/N)	Impact (Y/N)
Security guards were not required to perform searches.	<u>Y</u>	N
Visitor escort procedures were not followed.	<u>Y</u>	N
Guards were informally told to ignore entry procedures.	N	N
Security guards were not qualified for the position.	N	N
Security guards were hired without the right experience.	N	N
Equipment the security guards had was inadequate.	N	N
Security guards did not have the right equipment.	N	N
Each guard should have a rifle, and rifle storage degraded response time.	N	N
Contractor did not have the proper manpower.	N	N
Allegations Applicable to Western		
We substantiated two allegations with an impact, substantiated one allegation with no impact, and did not substantiate three additional allegations applicable to Western.		
Summary of Allegations	Substantiated (Y/N)	Impact (Y/N)
Western's cameras used by security guards to monitor facilities had very poor visibility, especially at night.	<u>Y</u>	<u>Y</u>
Evacuation drills had not been conducted.	<u>Y</u>	<u>Y</u>
The office used by security guards to monitor facilities had little security.	<u>Y</u>	N
Western sites required more highly qualified security officers.	N	N
There were issues with how the contractor got the contract.	N	N
Security guards were not getting proper support from the Contracting Officer's Representative.	N	N

PRIOR REPORTS

Audit report on [*Followup on Western Area Power Administration's Critical Asset Protection*](#) (DOE-OIG-16-11, April 2016). The audit found that although Western Area Power Administration had initiated efforts to improve physical security and protection for its critical assets, significant issues still existed. Specifically, the audit found that Western Area Power Administration had not always established adequate physical security measures and practices for its critical assets, addressed physical security measures recommended in prior risk assessments, and conducted performance testing to ensure that security measures for physical assets were performing as designed.

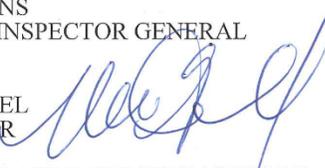
MANAGEMENT COMMENTS



Department of Energy
 Western Area Power Administration
 P.O. Box 281213
 Lakewood, CO 80228-8213

JUN 11 2018

MEMORANDUM FOR MICHELLE ANDERSON
 DEPUTY INSPECTOR GENERAL FOR AUDITS
 AND INSPECTIONS
 OFFICE OF THE INSPECTOR GENERAL

FROM: MARK A. GABRIEL
 ADMINISTRATOR 

SUBJECT: RESPONSE TO DRAFT INSPECTION REPORT:
 "SECURITY ALLEGATIONS AT A WESTERN AREA
 POWER ADMINISTRATION SITE"

The Western Area Power Administration (WAPA) appreciates the opportunity to review and comment on the Office of Inspector General's draft inspection report. Protecting WAPA's assets and personnel through the effective utilization of contract guard forces is a key part of WAPA's overall physical security program, an effort which continues to rank amongst our highest priorities. In recent years we have expanded the use of guards in our critical facilities, and anticipate a continuation and expansion of this effort. Our commitment to protecting these critical assets is fundamental to the continuous improvement of our physical security and reflects the importance of protecting our Nation's power grid.

Since 2013, WAPA has taken numerous steps to improve its physical security program. We have instituted regular facility security assessments and used the results to drive Physical Security Remediation Plans as well as identifying financial and other resource requirements. We have issued a Blanket Purchasing Agreement with a \$25 million ceiling for physical security tasks, allowing rapid contracting response where needed. In addition, we have implemented the planning and review processes from NERC CIP-014, the North American Electrical Reliability Corporation Critical Infrastructure Protection Standard that addresses physical security protections. WAPA has provided responses to each recommendation below.

Recommendation 1 – Ensure the contractor completes the plan it outlined to the Contracting Officer (CO) for accurate invoicing and timesheet accounting.

Management Response: Concur. As a result of this inspection, all of the initial order invoices have been reviewed, leading to a refund being issued to WAPA. As a result of the reviews, invoicing standards have been communicated between WAPA and the contractor.

Estimated Completion date: Completed.

Recommendation 2 – Ensure the CO and Contracting Officers’ Representatives (COR) perform effective oversight of the security guard services contract to confirm that contract requirements, such as training, hours of service, and file maintenance, are met.

Management Response: Concur. As a result of this inspection, the statement of work was modified to ensure contract requirements are necessary and clearly identified. Oversight for security guard services is being performed by the respective COs and CORs in accordance with the awarded contract and task order(s).

Estimated Completion date: Completed.

Recommendation 3 – Ensure the CO clearly describes the responsibilities delegated to each of the CORs.

Management Response: Concur. The CO delegated (in writing) the responsibilities to each of the CORs, as well as discussed the expectations to ensure the requirements of the awarded contract and task orders are met.

Estimated Completion date: Completed.

Recommendation 4 – Ensure plans to correct physical security issues are approved and completed in a timely manner.

Management Response: Concur. WAPA has instituted a process whereby regular facility evaluations are performed, the results of which drive corrective action planning and budgeting. Senior WAPA management are fully in alignment with this process.

Estimated Completion date: Completed.

Recommendation 5 – Ensure WAPA’s Emergency Management Program is fully implemented to make sure that the WAPA site manager conducts and documents annual evacuation drills as required.

Management Response: Concur. WAPA’s Office of Security and Emergency Management (OSEM) has partnered with the regional site manager to identify, equip and train new floor wardens in order to facilitate compliance with the annual evacuation drill requirement. To date, two evacuation drills have occurred at the WAPA site office (one on February 15, 2018 and the other on May 2, 2018), with two other drills planned for August and November 2018. Moving forward, OSEM and the site office will continue with a quarterly evacuation drill schedule.

Estimated Completion date: Completed.

If you have any questions, please contact Jim Ball, Vice President of Information Technology – Cyber Security at 720-962-7572.

cc: J. Ball, A2100, Lakewood, CO

FEEDBACK

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