

Office of Evaluations



## Background and Purpose of Evaluation

Physical security of FDIC facilities is important to achieving the Corporation's mission. Recent turmoil in the financial services industry and the FDIC's increasing role in resolving the banking crises heighten the need to ensure that FDIC employees and facilities are adequately protected. The FDIC relies on private sector guard services at headquarters and regional office locations to protect FDIC employees, property, and the general public. In January 2006, the FDIC consolidated security guard services into a single contract. In November 2007, the FDIC awarded a 7-year, \$74.6 million guard services contract to provide nationwide physical security services.

The Division of Administration's (DOA) Security and Emergency Preparedness Section (SEPS) is responsible for providing security services for the protection of FDIC personnel, property, and facilities.

Our evaluation objective was to evaluate the extent to which the Corporation has administered guard services in a manner that balances security needs and efficiency and implemented adequate controls over access to FDIC facilities.

## The FDIC's Guard Services Contract and Controls Over Access to Facilities

### Results of Evaluation

The FDIC is administering its nationwide security guard services contract consistent with contract cost and performance expectations and is meeting the contract's objective of protecting FDIC employees and FDIC property. Based on our observations, the contract security guards were generally attentive and acted in a professional and courteous manner.

In 2007, the FDIC procured an independent physical security assessment of its headquarters facilities. The resulting Security Assessment Report concluded that the FDIC had implemented a well-planned security program. The assessment also made a number of recommendations related to physical security procedures and staffing. The FDIC has addressed or is studying several of those recommendations.

We concluded that FDIC had negotiated contract labor rates for guard services that were lower than most offered under the GSA schedule.

Notwithstanding, we identified areas where the FDIC could further strengthen security or could reduce guard services cost without sacrificing security.

### Recommendations and Management Response

We made five recommendations for DOA's consideration. Management concurred or partially concurred with 4 of the 5 recommendations and offered an acceptable explanation for not concurring with the one remaining recommendation. We will include a range of \$2.1 million to \$5.2 million as funds put to better use in our *Semiannual Report to the Congress* associated with one recommendation to improve the efficiency of guard services. However, management indicated that it may not fully achieve these potential savings because of the costs involved in mitigating any increased risk that results from implementing the recommendation.

We will also be communicating several matters that were not specifically related to the objective of our review in separate correspondence to management for its attention and consideration.

Because this report may contain proprietary information and addresses issues associated with physical security, we do not intend to make public release of the specific contents.

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