

United States Government
Department of Energy
memorandum

DATE: February 1, 1996

REPLY TO
ATTN TO: IG-1

SUBJECT: INFORMATION: "Special Audit Report on the Department of Energy's Arms and Military-Type Equipment"

TO: The Secretary

BACKGROUND:

The Department of Energy is responsible for over 50 major facilities across the United States, many of which use and store nuclear and other sensitive materials. The Department maintains a large inventory of arms and military-type equipment to use in protecting its nuclear weapons, materials, facilities, and classified information against theft, sabotage, espionage, and terrorist activity. The Department's inventory of arms and military-type equipment included handguns, rifles, submachine guns, grenade launchers, light anti-tank weapons, howitzers, tanks, and armored vehicles.

DISCUSSION:

Our review showed that 9 of 10 Departmental sites had more arms (handguns, rifles, and other special firearms) on hand than appeared necessary to support their missions. The sites had accumulated so many arms that they put large stocks of unused weapons into storage. Two sites had enough arms to equip each security officer on and off duty with over five weapons.

Overall, this property was not always accounted for on site inventory lists, complete inventory listings were not always available, some property could not be located or had incorrect nomenclatures and serial numbers, and property was not recorded and tracked in the inventory lists because they were defined as nonfunctional. Furthermore, the review showed that documentation to support property disposals was not always available and correct, sites retained weapons that went unused for years but were not identified for disposal, and armored personnel carriers were excessed to military museums and other locations without documentation that demilitarization responsibilities were transferred.

The Department allowed arms and military-type equipment to be loaned and borrowed for extended periods of time even though it had established specific policies prohibiting this practice. Most of the loans of arms exceeded 1-year in

length or were for unspecified periods of time. In addition, timely reviews of the loans and borrowed property were not performed.

The Offices of Nonproliferation and National Security and Procurement and Assistance Management concurred with the recommendations and are taking action to resolve the issues addressed in the report.

(Signed)

John C. Layton
Inspector General

Attachment

cc: Deputy Secretary
Acting Under Secretary

U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL

SPECIAL AUDIT REPORT ON THE DEPARTMENT OF ENERGY'S
ARMS AND MILITARY-TYPE EQUIPMENT

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Your comments would be appreciated and can be provided on the Customer Response Form attached to the report.

This report can be obtained from the

U.S. Department of Energy
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Report No. DOE/IG-0385
Date Issued: February 1, 1996

Capital Regional Audit Office
Germantown, MD 20874

U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL

SPECIAL AUDIT REPORT ON THE DEPARTMENT OF ENERGY'S
ARMS AND MILITARY-TYPE EQUIPMENT

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U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL
OFFICE OF AUDIT SERVICES

SPECIAL AUDIT REPORT ON THE DEPARTMENT OF ENERGY'S
ARMS AND MILITARY-TYPE EQUIPMENT

Report Number: DOE/IG-0385

EXECUTIVE DIGEST

The Department of Energy (Department) is responsible for over 50 major facilities across the United States, many of which use and store nuclear and other sensitive materials. The Department maintains a large inventory of arms and military-type equipment for use in protecting its nuclear weapons, materials, facilities, and classified information against theft, sabotage, espionage, and terrorist activity. In May 1995, the Office of Inspector General, working with the Department, recovered eight armored personnel carriers that were being offered for sale after the Department had donated them to a privately owned "military museum," ostensibly for display purposes. Based on this incident, we performed a review of the Department's controls over arms and military-type equipment in its possession.

Our review showed that the Department needed to improve its management and control over its inventory of arms and military-type equipment. Specifically, the Department had more arms (handguns, rifles, and other special firearms) on hand than what appeared necessary to support its missions, inventory was not always accurately accounted for on property listings, documentation to support disposal actions was not always available and correct, and the Department did not always follow property management regulations regarding loaned and borrowed property.

The Office of Nonproliferation and National Security agreed to conduct a needs study and identify unneeded arms and equipment for excess or destruction. The Office of Procurement and Assistance Management agreed with the recommendations to conduct and reconcile inventories of weapons and military-type equipment, use descriptive property nomenclatures that includes demilitarization codes, comply with excessing and disposing policies and procedures, and establish a formal memorandum of agreement to transfer unneeded property to an approved disposal site.

_____(Signed)_____
Office of Inspector General

INTRODUCTION

The Department of Energy is responsible for over 50 major facilities across the United States, many of which use and store nuclear and other sensitive materials. The Department maintains a large inventory of arms (the terms arms, firearms, and weapons are used interchangeably throughout the report) and military-type equipment to use in protecting its nuclear weapons, materials, facilities, and classified information against theft, sabotage, espionage, and terrorist activity. The Department's inventory of arms and military-type equipment included handguns, rifles, submachine guns, grenade launchers, light anti-tank weapons, howitzers, tanks, and armored vehicles. While most of the arms were acquired for security, much of the heavier military equipment (tanks, howitzers and light anti-tank weapons) was acquired from the Department of Defense and generally used for research and development.

These types of arms and equipment are susceptible to misuse because of their sensitivity. For example, in May 1995, the Office of Inspector General, based on information provided by the Department, was able to recover eight armored personnel carriers that were being offered for sale after the Department donated them to a private "military museum," ostensibly for display purposes. In another instance reported in the media, a private museum sold donated military-type equipment to the public. Newspaper articles have reported that the U.S. military has sold weapons without diligently investigating the planned use for the purchases.

PURPOSE OF REVIEW

Based on the activities associated with the recent recovery of the eight armored personnel carriers, we performed a review of the Department's controls over arms and military-type equipment in its possession. Our objectives were to determine whether (1) the quantity of arms and military-type equipment on hand was justified by mission needs, (2) inventory listings of arms were accurate, (3) property disposals were properly controlled and executed, and (4) loans and borrowed equipment were appropriate and accounted for accurately. The purpose of this report is to summarize the most significant issues identified and point out where the Department needs stronger controls over its inventory of arms and military-type property.

SCOPE AND METHODOLOGY

Our review was conducted at 10 Departmental locations: Savannah River Operations Office; Pantex Plant; Sandia National Laboratory; Central Training Academy (CTA); Los Alamos National Laboratory; Nevada Test Site; Richland Operations Office; Oak Ridge National Laboratory; Idaho National Engineering Laboratory; and Pinellas Area Office from May 8 through June 30, 1995. We were assisted during our review by the Offices of Inspections and Investigations. The review focused on:

- o Justifications sites used to support the number of weapons and other equipment carried in their inventories;
- o Controls used to maintain inventories of arms and military-type property;
- o Documentation of property disposal actions (sales, excesses, donations, destructions); and
- o Controls over equipment loaned and borrowed.

We interviewed Departmental and contractor personnel and reviewed Federal and Departmental regulations and property inventories. We compared beginning and ending site inventory balances for Fiscal Years 1990 through 1995 to determine any differences. Also, we verified that property on current inventory lists was on hand. Finally, we reviewed documentation, when available, that recorded Departmental action in disposing of arms and military-type equipment.

The review was conducted in accordance with generally accepted Government auditing standards for performance audits except that our analysis of causes and effects for the issues described was limited in scope. We included tests of internal controls necessary to satisfy the objectives of the review.

We discussed the issues with the Director, Office of Nonproliferation and National Security on October 3, 1995, and with the Deputy Assistant Secretary for Procurement and Assistance Management on December 6, 1995.

OBSERVATIONS AND CONCLUSIONS

The review showed that the Department needed to improve management control over its inventory of arms and military-type equipment. Four significant issues were identified involving either the need for key decisions or improvements in internal controls and are summarized below. More specific details are discussed in Part II of this report.

Our review showed that 9 of 10 Departmental sites (Pinellas did not have weapons onsite) had more arms (handguns, rifles, and other special firearms) on hand than appeared necessary to support their missions. The sites had accumulated so many arms that they put large stocks of unused weapons into storage. Two sites had enough arms to equip each security officer on and off duty with over five weapons.

Overall, property was not always accounted for on site inventory lists, complete inventory listings were not always available, some property could not be located or had incorrect nomenclatures and serial numbers, and property was not recorded and tracked in the inventory lists because it was defined as nonfunctional. Furthermore, the review showed that (1) documentation to support property disposals was not always

available and correct, (2) sites retained weapons that went unused for years but were not identified for disposal, and (3) armored personnel carriers were excessed to military museums and other locations without documentation that demilitarization responsibilities were transferred.

The Department allowed arms and military-type equipment to be loaned and borrowed for extended periods of time even though it had established specific policies prohibiting this practice. Most of the loans of arms exceeded 1-year in length or were for unspecified periods of time. In addition, timely reviews of the loans and borrowed property were not performed.

The Offices of Nonproliferation and National Security and Procurement and Assistance Management concurred with the recommendations and are taking action to resolve the issues addressed in the report.

PART II

ISSUES AND RECOMMENDATIONS

ISSUES

Controls and accurate inventory records are necessary to ensure that arms and military-type equipment are protected and properly managed. Although the Department has made significant advancements in this area, further improvements were needed to ensure that sites maintain adequate control over their inventories of weapons and military-type equipment. These improvements, at the minimum, should require that the sites limit the arms and military equipment on hand to amounts needed; inventories are accurate and complete; disposal actions are fully documented; and that loans of property and borrowed equipment are documented, justified, and approved. Furthermore, we encourage the Department to identify and correct similar problems that may exist at other sites not included in our review.

DETAILS OF ISSUES

PERSONAL PROPERTY MANAGEMENT

Department property includes, as defined by the Departmental Property Management Regulation, Chapter 109, property which is government-owned, rented, or leased from commercial sources by and in the custody of the Department or its designated contractors. The regulation requires:

- o Development and maintenance of complete and accurate inventory control and accountability record systems; and
- o Identification of property excess to the needs of the organization and the reporting of this property to the General Services Administration for transfer, donation, or disposal; and disposition of surplus property (if to non-federal organizations) by

sale, abandonment, or destruction, and proper care and securing of property to include storage and handling.

EQUIPPING PROTECTIVE FORCES

DOE Order 5632.7A, Protective Force Program, requires that Departmental protective forces be equipped to effectively, efficiently, and safely perform routine and emergency duties at DOE facilities. It also requires that each armed security officer be assigned, as a minimum, a handgun and ammunition. Furthermore, the Order states that spare weapons shall be in sufficient numbers to provide for the replacement of malfunctioning firearms and to provide firearms to personnel responding according to approved site response and contingency plans. A security representative at DOE Headquarters informed us that the sites should use their Vulnerability Assessments and the Design Basis Threat Policy to determine the quantities of weapons and ammunition needed to perform routine security and emergency duties.

ARMS AND MILITARY-TYPE EQUIPMENT

The Department did not effectively manage and control its inventory of arms and military-type equipment. Specifically, our review showed that (1) sites maintained more arms in their inventories than appeared necessary to support their missions, (2) property was not accurately accounted for and controlled, (3) property disposal procedures needed improvement, and (4) property management regulations for loaned and borrowed property were not followed.

Arms Requirements

Nine of the ten sites (Pinellas did not have weapons onsite) had more arms (handguns, rifles, and other special firearms) on hand than appeared necessary to support their missions. Sites had accumulated so many arms that they put large stocks of unused weapons into storage. Weapons in long-term storage can be made available for special contingencies and are not necessarily excess. Our finding in this area is illustrated in the following schedule which shows the number of armed security officers, the number of weapons on hand, and the number of weapons stored for five of the sites.

SITE	NO. OF ARMED OFFICERS	WEAPONS ON HAND	WEAPONS IN STORAGE	PERCEN T STORED
Central Training Academy	0	843	843	100
Nevada	141	779	566	73
Oak Ridge	348	1,207	724	60
Los Alamos	277	1,293	650	50

Savannah River	604	1,555	236	15
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Appendix A shows the number and type of weapons the nine sites have in their inventories. Appendix B shows the number of weapons on hand for all 10 sites compared to the number of armed security officers.

We recognize that arms are needed for special contingencies and for replacement of malfunctioning weapons. Also, we considered that all sites do not have the same mission. For example, the Central Training Academy's (CTA) mission is to train Department and contractor personnel in safeguards and security. However, the CTA maintained 843 weapons in inventory. A CTA official stated that the weapons were used primarily for training purposes. The official also stated that the inventory of weapons was needed because the Department has not standardized weapons at the sites and CTA wanted the opportunity to train each security officer on their own type of weapon. However, only 2 of the 102 courses offered required the use of the CTA firearms that are made available to course participants. It is recognized that, at all sites, weapons can be made available for special contingencies and that long-term storage is not synonymous with excess.

Controls Over Inventories

Overall, 9 of the 10 sites could not ensure that arms and military-type equipment on hand were accounted for and adequately controlled. Specifically, the review showed that

- o Sites had not accounted for all property on their inventory lists and complete inventory listings were not always available; and
- o Some property could not be located, had incorrect nomenclatures and serial numbers, or was not recorded and tracked in the inventory lists because they were defined as inoperable.

The following discusses some of the inventory problems identified at the sites reviewed. Appendices A and C show the number of arms and military-type equipment on hand.

Oak Ridge. According to Oak Ridge's vehicle tracking system inventories, they were responsible for 10 armored vehicles. However, Oak Ridge could only account for seven vehicles. Three armored vehicles, which were to be cannibalized for parts, could neither be physically located nor was there documentation to determine how the vehicles were disposed of. Site officials were unable attempting to locate the vehicles or documentation during the review, but provided documentation showing the location of two vehicles after the draft report was issued.

Other significant problems identified were (1) when weapons were transferred from one site facility to another, the facility

that transferred the property relied on the gaining facility to inventory the item without a reconciliation; (2) about 50 weapons that were recorded on the 1993 inventory were not recorded on the 1994 inventory (site property personnel later located the weapons at another site facility during our review); and (3) officials were unable to determine the locations and disposition of 16 weapons which had been transferred offsite. However, with regard to the 16 weapons, we were able to find them at three different locations during our review.

Idaho. Property personnel were unable to locate one armored vehicle or documentation that supported its disposal. According to inventory records at Idaho, two armored vehicles were recorded as on hand. However, only one could be accounted for. The site was unable to provide documentation that would have shown the disposition of the other armored vehicle and was trying to determine its status.

Los Alamos. The property inventory database system used by the site contained incorrect item nomenclatures, model and serial numbers, and locations. Six items listed as guns were actually radar, paint, or gas guns. Also, one item labeled as a vehicle tanker was a M-60 tank and a rifle was actually an 8-inch naval gun. Other examples of inventory errors and inconsistencies were rifles that had incorrect model and serial numbers along with inventory locations that did not match the actual locations. Moreover, during our observations around the site, we found a 20 mm machine gun that was not entered on the database inventory listing.

Savannah River. Inventory problems noted at this site ranged from loss of ammunition to removing items from the inventory because they were nonfunctional. Site documentation showed that in 1993 about 4,000 rounds of ammunition were lost and not recovered. In addition, interviews with site security contractor personnel disclosed that nonfunctional weapons were removed from inventory and not tracked. Not tracking the nonfunctional arms makes the items more susceptible to loss or misappropriation. However, Savannah River recently changed their inventory procedures and now tracks nonfunctional weapons in their inventory.

Property Disposals

Department property disposals are addressed in Title 41, Code of Federal Regulations (CFR), Chapters 101 and 109. The regulations describe how the Department identifies and approves disposals of excess property by sales, donations, and destruction. Also, the regulations describe how demilitarization responsibilities will be handled before property disposals are made. Demilitarization actions and responsibilities are important since they are designed to eliminate the lethal nature of arms and military-type equipment.

Overall, the Department needed to make sure its property disposal procedures were followed. For example:

- o Documentation to support Department approval and disposition of property disposals was not always available and when available, contained errors;

- o Sites were unable to provide copies of documents that showed the excessed property demilitarization codes;

- o Site inventory did not contain references to the supporting shipping documents for disposal of property; and

- o One site maintained weapons that went unused for years but were not identified for disposal.

The following discusses examples of how the Department handled some of its property disposals during the period 1990 to 1995.

Richland. Documentation to support weapons disposals was not always available. Richland could not locate disposition documents for a rifle that was supposedly destroyed in 1993 during the review, but provided that information after the draft report was issued. . Further, eight fast attack vehicles were donated to a military museum in 1992. Richland was unable to provide copies of documents that showed the demilitarization codes that were to accompany the transferred vehicles.

Savannah River. Savannah River excessed ammunition to a Federal agency in 1993. Documentation showed discrepancies in the amount shipped; transfer documents showed 253,336 rounds while the excess list showed 237,912 rounds. The discrepancies were not resolved during our review. Also, four armored personnel carriers were excessed to a Federal agency and a local law enforcement department. Savannah River was unable to provide documentation that showed the demilitarization codes for the carriers.

Los Alamos. Los Alamos needed improvements in recording and tracking disposals. Their inventory database showed that property was disposed of but did not always indicate where the property went. Although we were able to determine where the property was, we had to review many shipping documents before the locations could be identified. During our observations around the site, we noted two TOW Launchers and one Russian Rocket Launcher located in a site bunker. The property had not been entered into the inventory and had not been used during the 15 years it had been stored onsite.

Loans and Borrowed Property

Departmental property management regulations permit loans and borrowing of Government property within the Department and with other entities. This property must be covered by written agreements that include all terms of the transaction. Departmental regulations require that these transactions be for a short duration of time—generally 1 year or less. Extensions of loans for longer than 1 year must be reviewed and justified annually by management at least two levels above that of the individual making the determination to loan the property. Loans

for periods longer than 3 years must be approved by the head of the field organization or designee. The Department had established specific policies regarding equipment on loan because it wanted to ensure that its equipment was being used in a responsible manner.

Our review showed, however, that the Department loaned and borrowed property without following the property management regulations. Specifically, we identified loans that exceeded the prescribed timeframes without the required review and approvals. In some cases, the loan documents stated that the loans were for an indefinite period of time. Most loans made by the Department were for handguns, rifles, and armored personnel carriers to local law enforcement agencies. The heavier military equipment (tanks, howitzers, and light anti-tank weapons) were generally used for research and development by the Department and a mining school. We also found that loaned and borrowed property was not always tracked in site inventory listings. For example, the Department borrowed military-type property (tanks, howitzers, grenade launchers, and armored personnel carriers) from the Department of Defense but did not properly inventory the property. The heavier military equipment (tanks, howitzers, and light anti-tank weapons) were generally used for research and development.

Although the sites had documented most of the loans we reviewed, most of the loans exceeded the 1-year period specified by Department regulations, and, in some cases, the loans were for unspecified periods of time. Eight of ten sites loaned property to activities outside of the Department. The following discusses how the Department loaned and borrowed property.

Richland. Richland loaned arms (14 rifles, 10 shotguns) to a local law enforcement department in 1987. During the review Richland was unable to determine the status of the loan agreement, but However, Richland had not updated the loan document or obtained the required approvals to extend the loan. Richland representatives stated that authority for the loans came through a memorandum of understanding between the law enforcement department and site Departmental officials. After the draft report was issued, Richland determined that the arms were provided to the same local agency as Government furnished equipment under a 1992 contract for law enforcement services. They believed that the memorandums of understanding were sufficient to authorize the loans for periods of time beyond the allowed timeframes.

Oak Ridge. Nine military rifles (3 M-16s and 6 M-14s) were loaned to the local police department in 1991. The property was still on loan under the original 1991 agreements that showed the loan period as indefinite. Reviews were not performed and approvals were not obtained to extend the loans beyond the 1-year period.

Sandia. Sandia had borrowed military-type property from the Department of Defense. During our observations of site property, we observed 28 T-47 tanks and 1 T-62 tank, 4 howitzers, 2

Sergeant Yorks, and 1 armored personnel carrier. Site officials stated that all the tanks were inoperable but that the howitzers and armored carrier were operational. Only the 2 Sergeant Yorks were included in the inventory, the remaining property was not. Further, Sandia was unable to provide documents that showed ownership, justification for the property, and how long it was to be in possession of the property.

CONCLUSION

Due to recent National events, public sensitivity has been heightened regarding the management and control of Federal inventories of arms and military-type equipment. For this reason, we concluded that the Department should ensure that all of its facilities and sites comply fully with procedures regarding arms and military-type equipment. Further, we believe that the existing procedures should be reexamined to ensure that they are appropriate given the current security environment. To this end, we are providing specific recommendations in the succeeding section of this report.

RECOMMENDATIONS

We recommend that the Office of Nonproliferation and National Security coordinate with security officials at each Departmental site to:

1. Conduct a "needs study" to determine the arms and military-type equipment necessary.
2. Identify unneeded arms and equipment for excess or destruction.

We recommend that the Office of Procurement and Assistance Management in coordination with the Office of Nonproliferation and National Security and the Departmental sites:

3. Conduct wall-to-wall inventories of weapons and military-type equipment and reconcile to inventory records.
4. Require sites to reconcile their inventory records for weapons and military-type equipment loaned and borrowed.
5. Use consistent and descriptive property nomenclatures, that includes demilitarization codes, to clearly identify weapons and military-type equipment in inventory records.
6. Ensure compliance with Federal and Departmental policies and procedures for excessing and disposing of weapons and military-type equipment in the Department. At the minimum, require the sites to:
 - a. Include management of weapons and military-type equipment in the Business Management Oversight Reviews;
 - b. Identify demilitarization requirements and exceptions, if any; and

c. Report and screen weapons and military-type equipment excessed through the General Services Administration.

7. Establish a formal process through a memorandum of agreement to transfer unneeded weapons and ammunition to an approved disposal site.

PART III

MANAGEMENT AND AUDITOR COMMENTS

The Offices of Nonproliferation and National Security and Procurement and Assistance Management concurred with the recommendations and either have taken action or are planning to take action to resolve the issues addressed in the report. The following provides management's general and specific comments and planned actions to the recommendations. We have included auditor comments where appropriate.

General Comments

The Office of Nonproliferation and National Security stated that they are aware of excess firearms within the complex and are directly responsible for requesting that excess firearms remain in onsite storage. In the last 5 years, the Department has significantly reduced the total number of armed protective force personnel. At the onset of these reductions, the Office of Safeguards and Security discovered a practice, on the part of field organizations, to destroy unneeded firearms. This practice was the result of Government Services Administration regulations which prevented the transfer of firearms to other than Federal agencies with law enforcement missions. The Office of Safeguards and Security subsequently requested that firearms not be destroyed and lists of firearms identified as excess be provided to Headquarters for review. The office developed a listing of over 1,000 firearms identified as excess. This listing was first distributed within the Department and later to the Federal Bureau of Investigation, the U.S. Marine Corps, and the Federal Law Enforcement Training Center. Excess firearms will be transferred to a requesting organization through appropriate channels.

The Office of Nonproliferation and National Security added that the Department of Justice, as part of the President's Anti-Crime Initiative, is currently developing a program intended to formally provide excess Federal law enforcement equipment to local law enforcement agencies. The Office of Safeguard and Security is working closely with the National Institute of Justice to develop a formal process, through a memorandum of agreement, to transfer Departmental excess equipment in support of this effort. In the interim, the office has requested that Departmental excess firearms remain in storage at field organizations.

Recommendations

We recommend that the Office of Nonproliferation and National Security coordinate with security officials at each Departmental site to:

1. Conduct a "needs study" to determine the arms and military-type equipment necessary.
2. Identify unneeded arms and equipment for excess or destruction.

Management Comments. The Office of Nonproliferation and National Security concurred with the recommendations. They stated that their listing of over 1,000 excess firearms was distributed within the Department and to the Federal Bureau of Investigation, the Marine Corps, and Federal Law Enforcement Training Center. Excess firearms will be transferred to the requesting organization through appropriate channels. This process has saved the Government a significant amount of money.

Auditor Comments. Management comments are responsive to the intent of the recommendations.

Recommendations

We recommend that the Deputy Assistant Secretary for Procurement and Assistance Management, in coordination with the Office of Nonproliferation and National Security and the Departmental sites:

3. Conduct wall-to-wall inventories of weapons and military-type equipment and reconcile to inventory records.

Management Comments. The Deputy Assistant Secretary for Procurement and Assistance Management agreed with the recommendation and stated that currently wall-to-wall inventories of sensitive items, with reconciliation to inventory records, are required annually or more frequently by DOE Property Management Regulations. Weapons and military equipment are considered to be sensitive items. Management issued a letter on December 20, 1995, requesting that field offices and designated contractors place special emphasis on weapons and military-type equipment as they conduct their next wall-to-wall physical inventories of sensitive items.

This Office also stated that Oak Ridge had provided documentation to the Inspectors on October 18, 1995, after the report was issued, concerning the disposition on two of three armored vehicles that could not be accounted for. Also, Management stated that Richland provided information concerning the missing rifle during a follow-up inspection conducted after the report was issued. Further, Management stated that the inventory database at Los Alamos does not specifically indicate the final destination for property that was disposed, but should contain a reference to the supporting shipping documents maintained by personal property management functions.

In addition, the arms (14 rifles and 10 shotguns) provided by

Richland to a local law enforcement department were actually Government-furnished equipment under the terms of a 5-year contract entered into on November 17, 1992, therefore eliminating the need for a separate loan agreement.

Auditor Comments. We recognize that commend the dedication and thoroughness of personnel at Oak Ridge and Richland for locating provided information subsequent to the review concerning the status of missing property, and we commend their dedication and thoroughness of locating the documentation. We have reflected the status of that documentation in the report.

However, at the time of the review, Richland property officials did not provide information or documentation supporting arms provided as Government-furnished equipment. This situation further emphasizes the recommendation to inventory and reconcile records for weapons and military-type equipment loaned and borrowed to ensure that all property is fully accounted for and controlled. Management's completed and planned actions meet the intent of the recommendations.

4. Require sites to reconcile their inventory records for weapons and military-type equipment loaned and borrowed.

Management Comments. Management concurred with the recommendation and stated that while Departmental regulations are adequate, compliance is an issue. They issued a letter requesting that each field site complete a reconciliation of all loaned and borrowed equipment by April 30, 1996, with special emphasis placed on arms and military-type equipment.

Auditor Comments. Management's planned actions meet the intent of the recommendations.

5. Use consistent and descriptive property nomenclatures, that include demilitarization codes, to clearly identify weapons and military-type equipment in inventory records.

Management Comments. Management stated that use of accurate and complete item descriptions will provide the visibility needed in the inventory records and issued a letter requesting that Department field offices and designated contractors, in conjunction with the wall-to-wall inventories, review and update as necessary the item description for each weapon or item of military equipment in the inventory. Inventory records will include an accurate and complete item description, applicable codes, and demilitarization code for each item.

Auditor Comments. Management's planned actions meet the intent of the recommendations.

6. Ensure compliance with Federal and Departmental policies and procedures for excessing and disposing of weapons and military-type equipment in the

Department. At the minimum, require the sites to:

- a. Include management of weapons and military-type equipment in the Business Management Oversight Reviews;
- b. Identify demilitarization requirements and exceptions, if any; and
- c. Report and screen weapons and military-type equipment excessed through the General Services Administration.

Management Comments. Management stated that the report substantiated some of the problems the Department was already aware of and has already taken the following actions, such as:

New policy was issued in November 1994 to implement controls over "high risk" property. The policy has been refined twice since its original issue and is scheduled to be refined again during Fiscal Year 1996 by a Department and contractor process improvement team. Estimated completion date is September 30, 1996.

Nationwide training on high risk property was conducted and completed during March and April 1995, in conjunction with the Office of Nonproliferation and National Security.

Arrangements were being made with the U.S. Army Logistics Management College, Fort Lee, Virginia, to present the Defense Demilitarization Program Course to the Department and its contractor personnel. In response to a survey, nearly 80 personnel expressed a need for the course. The course will be taught in May 1996 (May 13-17 and 20-24) and August 26-30, 1996. The course will provide attendees detailed guidance on demilitarization and security trade control requirements and exceptions to demilitarization that may apply to Department held weapons and military-type equipment. Estimated completion date is August 30, 1996.

A National Personal Property Management Conference workshop was held in September 1995 on demilitarization and security trade controls. The purpose of the workshop was to bridge the gap between what the Department and its contractor personnel currently know about demilitarization and security trade controls and what they will learn in the Defense Demilitarization Program Course. The workshop addressed recent issues that have surfaced within the Department, provided information on Federal and Departmental regulatory requirements for reporting and screening weapons and military-type equipment, and identified a number of training, database, and publication resources that are currently available.

Management issued a letter to the field offices on December 20, 1995, reminding them of the requirement to report and screen weapons and military-type equipment according to the Federal requirements. They also required the field offices to include the management of weapons and military-type equipment in the Business Management Oversight Reviews conducted during calendar year 1996.

Auditor Comments. Management's planned actions meet the intent of the recommendations.

7. Establish a formal process through a memorandum of agreement to transfer unneeded weapons and ammunition to an approved disposal site.

Management Comments. Management stated that they plan to work with the Office of Nonproliferation and National Security (NN) to insure that the formal process, formalized by NN through a memorandum of agreement, is implemented. Management issued a letter on December 20, 1995, requesting field offices use the memorandum of agreement after completion of all reporting and screening requirements specified by the Federal Property Management Regulations and the Department Property Management Regulations.

Auditor Comments. Management's planned actions meet the intent of the recommendations.

APPENDIX A

SITE WEAPONS INVENTORY

Site	Type of Weapons							Total
	Handgun	Rifle	Shotgun	Sub Machine Gun	Machin e Gun	Grenade Launcher	Other	
Savanna h River	1105	353	20	65	12	0	0	1555
Los Alamos	661	393	91	0	120	14	14	1293
Oak Ridge	787	237	107	56	18	0	2	1207
Idaho	504	333	16	70	25	9	33	990
Pantex	637	196	21	38	29	0	3	924
CTA	442	170	83	113	22	13	0	843
Nevada	319	320	6	20	70	36	8	779
Richlan d	364	139	101	104	12	0	0	720

Sandia	349	297	12	27	8	12	4	709
Pinellas *	0	0	0	0	0	0	0	0
TOTALS	5168	2438	457	493	316	84	64	9020

* Pinellas did not have weapons onsite.

APPENDIX B

NUMBER OF ARMED SECURITY OFFICERS COMPARED TO THE WEAPONS AVAILABLE

Site	Number of Armed Security Officers	Number of Weapons Onsite	Weapons Available Per Armed Security Officer
Savannah River	604	1555	2.5
Los Alamos	277	1293	4.6
Oak Ridge	348	1207	3.4
Idaho	249	990	3.9
Pantex	375	924	2.4
Nevada	141	779	5.5
Richland	200	720	3.6
Sandia	124	709	5.7
CTA*	0	843	N/A
Pinellas **	0	0	N/A
TOTALS	2318	9020	3.9

* CTA did not have armed security officers onsite. Weapons are used for training and were not assigned to specific security officers.

** Pinellas did not have armed security officers or weapons onsite.

APPENDIX C

MILITARY-TYPE EQUIPMENT INVENTORY

Site	Type of Equipment			Totals
	Armored Personnel Carrier	Tank	Helicopter	
Savannah River	0	0	2	2
Los Alamos	21	0	0	21
Oak Ridge	101	0	0	10
Idaho	22	0	2	4
Pantex	17	0	0	17
Nevada	363	0	0	36
Richland	3	0	0	3
Sandia	1	314	0	32
CTA5	0	0	0	0
Pinellas5	0	0	0	0
TOTALS	90	31	4	125

1 One vehicle was unaccounted for.

2 One armored personnel carrier not accounted for. Site officials not able to locate or provide documents explaining disposition.

3 Three vehicles not operational because they were used for weapons tests.

4 Tanks borrowed from Department of Defense. Only two were included on inventory records. All were used for weapons tests and were not operational.

5 CTA and Pinellas did not have military-type equipment.

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