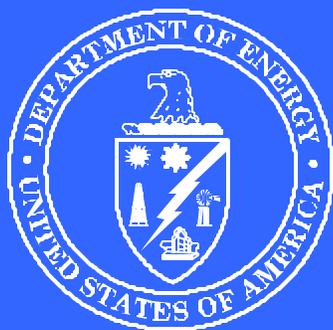


INSPECTION REPORT

INSPECTION OF SELECTED OFFICE OF SECURITY AND EMERGENCY OPERATIONS FIREARMS INVENTORIES



AUGUST 2001

U.S. DEPARTMENT OF ENERGY
OFFICE OF INSPECTOR GENERAL
OFFICE OF INSPECTIONS

U.S. DEPARTMENT OF ENERGY

Washington, DC 20585

August 24, 2001



MEMORANDUM FOR THE SECRETARY

FROM: Gregory H. Friedman /s/
Inspector General

SUBJECT: INFORMATION: Report on "Inspection of Selected Office of Security and Emergency Operations Firearms Inventories"

BACKGROUND

The Department of Energy (DOE) maintains a large inventory of firearms for use by protective forces at numerous DOE sites and for training at the Nonproliferation and National Security Institute (NNSI), formerly the Central Training Academy. Some excess firearms, as well as firearms that are not needed to meet current operational requirements, are stored by the Office of Security and Emergency Operations (SO) at its Headquarters facility at Germantown, Maryland, and at the NNSI facility at Albuquerque, New Mexico. Strict inventory controls are necessary for these firearms, which are considered "sensitive" property.

The objective of our review was to determine the adequacy of SO inventory controls for selected firearms stored at its Headquarters and NNSI facilities.

RESULTS OF INSPECTION

We concluded that improvements are needed in inventory controls for firearms that are stored at the SO Headquarters facility and the NNSI. All of the firearms in our sample inventory at both facilities were accounted for. However, some firearms at the Headquarters facility were not on the SO Headquarters inventory list and others had serial numbers that did not exactly match the serial numbers on the list. Additionally, SO officials had not yet reconciled discrepancies identified during a 1998 inventory by the Office of Management and Administration, now the Office of Management, Budget, and Evaluation, of firearms stored at the facility. At the NNSI facility, incoming excess firearms shipments had not been inventoried within the timeframes established by NNSI internal procedures. In addition, NNSI officials did not, upon receipt, document the presence or integrity of tamper indicating devices or seals that were required to be on shipping containers of excess firearms sent to the facility.

MANAGEMENT REACTION

Management generally concurred with the findings and recommendations.

The Office of Inspector General (OIG) has previously reported similar problems concerning the inventory and control of the Department's firearms. For example, the OIG has reported that site inventory lists did not always account for firearms; that complete inventory lists of firearms were not always available; and that some firearms could not be located or had incorrect nomenclatures and serial numbers. The OIG has also taken a position with regard to the Department's procedures for handling firearms that are excess to its needs. Based on our recent review, it appears that additional actions are needed to ensure that the Department's firearms inventory is properly controlled.

Attachment

cc: Deputy Secretary

Under Secretary for Energy, Science, and Environment
Administrator, National Nuclear Security Administration
Director, Office of Security and Emergency Operations
Director, Office of Management, Budget and Evaluation

INSPECTION OF SELECTED OFFICE OF SECURITY AND EMERGENCY OPERATIONS FIREARMS INVENTORIES

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Overview

INTRODUCTION AND OBJECTIVE

The Department of Energy (DOE) maintains a large inventory of firearms for use by protective forces at numerous DOE sites and for training at the Nonproliferation and National Security Institute (NNSI), formerly the Central Training Academy. Some excess firearms, as well as firearms that are not needed to meet current operational requirements, are stored by the Office of Security and Emergency Operations (SO) at its Headquarters facility at Germantown, Maryland, and at the NNSI facility at Albuquerque, New Mexico. Strict inventory controls are necessary for these firearms, which are considered “sensitive” property.

The objective of our review was to determine the adequacy of SO inventory controls for selected firearms stored at its Headquarters and NNSI facilities.

OBSERVATIONS AND CONCLUSIONS

We concluded that improvements are needed in inventory controls for excess firearms, as well as firearms that are not needed to meet current operational requirements, that are stored at the SO Headquarters facility and the NNSI. According to the Federal Property Management Regulations, “excess” firearms are firearms that are no longer needed by the Department. All of the firearms in our sample inventory at both facilities were accounted for. However, we found some firearms at the Headquarters facility that were not on the SO Headquarters inventory list and others that had serial numbers that did not match the serial numbers on the list. Additionally, we found that SO officials had not yet reconciled discrepancies identified during a 1998 inventory by Office of Management and Administration (MA) officials of firearms stored at the facility. (After we received comments from MA on our draft report, MA merged with the Office of the Chief Financial Officer and is now the Office of Management, Budget and Evaluation.)

At the NNSI facility, we found that NNSI officials had not inventoried incoming excess firearms shipments within the time frames established by their internal procedures. In addition, we found that the officials did not, upon receipt, document the presence or integrity of tamper indicating devices (TIDs) or seals that were required to be on shipping containers of excess firearms sent to the facility.

BACKGROUND

The DOE Property Management Regulations (Property Regulations) require an annual inventory of sensitive property, which consists of items that are susceptible to being appropriated for personal use or that can be readily converted to cash, such as firearms. The DOE Property Accounting and Management System (Property System) is the Department's inventory of DOE official property, including firearms. MA is responsible for maintaining the DOE Property System.

The Accountable Property Representative (Property Representative) for the SO Office of Security Affairs (Security Affairs) maintains a database of Security Affairs' property, including firearms, which is derived from the DOE Property System.¹ On a monthly basis, the SO Property Representative receives a "Gain and Loss Report" from MA that shows the SO property that has been added to or deleted from the DOE Property System. Based on this report, the SO Property Representative updates the SO Headquarters property database.

In a February 1996 audit report entitled "Special Audit Report on the Department of Energy's Arms and Military-Type Equipment," DOE/IG-0385, the Office of Inspector General (OIG) identified concerns with the inventory and control of weapons and military-type equipment. The OIG found, among other things, that site inventory lists did not always account for firearms; that complete inventory lists of firearms were not always available; and that some firearms could not be located or had incorrect nomenclatures and serial numbers. The OIG recommended that "wall-to-wall" (100 percent) inventories of weapons and military-type equipment be conducted and reconciled to inventory records.

¹ At the time of the MA inventory, Security Affairs was part of the Office of Nonproliferation and National Security. Security Affairs is now part of SO. For purposes of this report, we will not distinguish between SO and Security Affairs.

Details of Findings

Results of Headquarters Inventory

We conducted a 100 percent inventory of the excess firearms, as well as firearms that were not needed to meet current operational requirements, stored at the SO Headquarters facility. We used an inventory list of firearms that was provided by the SO Property Representative. All of the firearms on the list were eventually accounted for. However, we found some firearms that were not on the list and others that had serial numbers that did not match the serial numbers on the list. Specifically, digits in the serial numbers were transposed or there were what appeared to be relatively minor data entry errors. Although SO officials said that internal inventories of the firearms were conducted by SO on an annual basis, they were unable to provide us with documentation regarding these annual inventories.

The SO official who assisted us with the inventory was not responsible for the firearms. However, he told us that it was his experience that inconsistencies occurred every time an inventory was conducted. He said, for example, that there was at least one firearm that had been at the Headquarters facility for approximately five years, but had never been added to SO's inventory list.

In comments dated July 31, 2001, to our draft report, the Acting SO Director stated that there were two types of "inconsistencies" every time an inventory was conducted. He stated there would be at least one "typo" in the list, and there were two firearms that did not appear on the list – the same two each time. According to the Acting SO Director, the two firearms were on the inventory under a different heading and were always located. However, during our review we provided the serial numbers of the two firearms to the SO Property Representative and MA officials and asked them to search their respective inventory lists for the firearms. The two firearms were not located either on the SO inventory list or in the DOE Property System.

The SO official responsible for the firearms was unable to initially provide documentation to account for 87 of the 335 firearms on the SO inventory list. It was several weeks before he provided us documentation on the location of these firearms. The documentation eventually provided showed that 62 of the 87 firearms were on loan to the Pinellas County Sheriff's Office in Florida; 22 were on loan to the OIG; and one was in the possession of the Hanford Patrol in Washington. The remaining two firearms were subsequently located by SO and shown to OIG representatives. We were told that these two firearms had

apparently been in the Headquarters storage facility, but had been overlooked during our inventory.

Some Firearms Not On Inventory List

We identified seven firearms at the Headquarters facility that were not listed on the inventory list. Five of the seven firearms had discernible serial numbers, while the two remaining firearms had more than one number stamped on the firearm, none of which matched serial numbers on the list.

The SO Property Representative had no documentation regarding the seven firearms. However, she subsequently determined that two of the seven were listed in the DOE Property System and added them to SO's Headquarters inventory list. She told us that the other five firearms were neither in the DOE Property System nor on SO's Headquarters inventory list.

We determined that there were inadequate controls for three of the remaining five firearms. The SO official responsible for the firearms stated that the three firearms were semiautomatic Ruger pistols that had been loaned to SO by the manufacturer approximately five years ago for testing and evaluation. According to DOE Property Regulations, adequate records and controls are to be established and maintained for borrowed property to ensure its proper control and prompt return to the lender. However, the SO Property Representative had no records for the three Ruger pistols. In addition, the SO official with custody of the firearms acknowledged that lack of accountability for the three pistols.

According to the Acting SO Director, the two remaining firearms, which were the firearms stamped with more than one number, were on the inventory list, but under a different heading. As discussed previously, the two firearms could not be located on either the SO inventory list or in the DOE Property System.

During our review we learned that SO officials had provided two firearms to the OIG that were not listed either on the SO Headquarters inventory list or in the DOE Property System. We were told that responsible OIG officials had internal records of the two firearms and had included the firearms in annual OIG firearm inventories. We learned that subsequently action had been taken to enter the firearms into the DOE Property System.

Some Firearms Incorrectly Listed

We determined that serial numbers for an additional seven firearms stored at the Headquarters facility did not exactly match serial numbers on the SO Headquarters inventory list. For one firearm,

two digits of the serial number on the firearm appeared to be transposed in the serial number on the inventory list. For the other six firearms, the differences between the serial numbers on the firearms and the serial numbers on the inventory list appeared to be the result of data entry errors. The SO Property Representative noted that the SO inventory list is developed directly from the DOE Property System and said that MA officials believed that any errors in the DOE Property System were due to errors on the paperwork associated with the firearms.

Inventory Discrepancy Report Not Reconciled

We learned that SO officials had not yet reconciled discrepancies identified during a previous inventory by MA officials of firearms stored at the SO Headquarters facility. As a result, MA officials had not conducted an inventory of SO property in three years.

In August 1998, MA officials conducted a 100 percent inventory of property that was listed in the DOE Property System as accountable to SO. Property that was not found during the inventory was listed on an “Inventory Discrepancy Report,” which was provided to SO officials for reconciliation. An “Inventory Discrepancy Report” dated January 4, 2001, which we obtained during our review, showed that discrepancies involving 66 firearms that were identified in the 1998 MA inventory had not yet been reconciled. We observed that these 66 firearms were part of the 87 firearms that SO officials could not initially account for during our firearms inventory at the Headquarters facility.

Regarding MA’s process for resolving inventory discrepancies, an MA Property Accountable Officer, who was responsible for ensuring that SO resolved inventory discrepancies, said that pursuant to MA procedure a discrepancy list resulting from property inventories is provided to the cognizant Property Representative with a 30-60 day deadline for resolution. He said that it is MA’s policy to follow-up with the Property Representative if the discrepancies are not resolved in that time period.

However, at the time of our discussion in January 2001, there was no documentation in MA’s files to show that MA officials had followed-up with SO to resolve the discrepancies from the 1998 inventory, nor was there documentation to show that SO officials had attempted to resolve the discrepancies. The MA Property Accountable Officer was unable to explain why there apparently had been no follow-up with SO regarding the 1998 inventory discrepancies. He told us that MA would not conduct another 100

percent inventory of SO property until the discrepancies from the 1998 inventory are resolved.

The SO Property Representative told us that SO had, in the past, unsuccessfully attempted to resolve discrepancies in the DOE Property System. However, she was unable to provide documentation to show that efforts had been taken to reconcile any discrepancies. She opined that firearms currently on the discrepancy list might have been transferred to other entities and said that the SO official responsible for the custody of the firearms was supposed to have paperwork that would clear up the discrepancies. As we discussed previously, the SO official eventually provided documents to the OIG accounting for all of the 66 firearms on the MA discrepancy list.

As a result of our discussions with the MA Property Accountable Officer, MA sent a memorandum to the SO Property Representative in March 2001, emphasizing that SO needed to resolve the discrepancies in the 1998 MA inventory. Since SO was able to provide documentation to resolve our concerns regarding the 66 firearms, we believe that SO officials should be able to readily resolve the discrepancies with the same 66 firearms pursuant to MA's request. This would allow MA officials to resume their 100 percent inventories of the SO property listed in the DOE Property System.

Results of NNSI Inventory

By two separate memoranda, dated January 5, 2000 and August 3, 2000, the SO Director required DOE sites to conduct an inventory of all excess firearms and to transfer excess firearms that were in "good" or "better" condition to the NNSI for storage. The August 3, 2000, memorandum directed that this be accomplished by October 31, 2000. At the time of our inspection, NNSI had received shipments of excess firearms from the following DOE sites and locations: Richland, Washington; Denver, Colorado; Miamisburg, Ohio; Oakland, California; DOE Headquarters; the Nevada Test Site; the Sandia National Laboratory in California; and Pantex in Texas. Only four of the shipments had been received at NNSI by the October 31, 2000, deadline.

We conducted an inventory of a selected sample of the excess firearms that had been shipped to NNSI from the various DOE sites. Although NNSI officials readily accounted for each of the firearms in our selected sample, we identified procedural deficiencies regarding the receipt and inventory of the shipments.

**Firearms Not
Inventoried Within
Required Timeframes**

We determined that the timeliness of inventories by NNSI officials of some of the shipments did not meet the requirements established by NNSI internal procedures. The procedures, "Desk Top Procedures for Excess Firearms Program Internal Operating SOP," dated November 1, 2000, require NNSI officials to physically inventory boxed firearms within 30 days of arrival. However, as of January 9, 2001, for example, NNSI officials had not yet inventoried several boxes of firearms that had been received from Richland on October 25, 2000.

**Presence/Integrity
Of Anti-Tampering
Devices Not
Documented**

We also determined that NNSI officials did not document either the presence or integrity of TIDs and seals upon receipt of boxes containing firearms. By memorandum dated February 3, 2000, the Director, NNSI, had directed all field sites to ship excess firearms to NNSI in banded, wooden boxes utilizing TIDs or seals. However, although we observed that some boxes received at NNSI were banded, they did not have the required TIDs or seals. As discussed above, some boxes were not inventoried for several months after receipt. Therefore, without a record of whether an incoming shipment contained an unbroken TID or seal, it would be difficult to determine at a later date when the box was inventoried and a firearm found missing, if the firearm had gone missing during transit or after receipt at NNSI. Following our inventory, NNSI officials advised us that they were developing a procedure to inspect incoming boxes for the correct TIDs or seals and to note any discrepancies.

RECOMMENDATIONS

We identified several inventory control issues similar to those identified previously in the 1996 OIG audit of the Department's firearms and military-type equipment. As our review indicates, greater attention is required by management officials to ensure effective corrective actions are implemented to address these issues.

We recommend, therefore, that the Director, Office of Security and Emergency Operations, initiate action to:

1. Ensure that firearms maintained by SO are appropriately controlled, accounted for, inventoried, and listed in the DOE Property System and in the SO inventory database.
2. Ensure that NNSI officials fully implement their internal procedures regarding the receipt, inspection, inventory and storage of excess firearms received by NNSI.

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3. Ensure that the presence and integrity of TIDs or seals on boxes of excess firearms shipped to NNSI for storage are noted and documented upon receipt and appropriate action taken in the event of discrepancies.
 4. Ensure that immediate steps are taken to resolve the discrepancies identified by the 1998 MA inventory, to include providing required documentation to MA.

We also recommend that the Director, Office of Management, Budget and Evaluation:

5. Ensure that actions are initiated to quickly resolve discrepancies identified by Office of Management, Budget and Evaluation inventories to assure that follow-on inventories can be performed in a timely manner.

**MANAGEMENT
COMMENTS**

Management concurred with our recommendations and proposed corrective actions.

**INSPECTOR
COMMENTS**

Management's planned actions are responsive to our recommendations.

Appendix A

SCOPE AND METHODOLOGY

We conducted the fieldwork portion of our review between November 2000 and April 2001. Our review was limited to the firearms maintained by the Office of Security and Emergency Operations (SO) at Department of Energy (DOE) Headquarters and the Nonproliferation and National Security Institute (NNSI). Our review included interviews with SO officials at Headquarters and the NNSI, as well as with officials of the Headquarters Office of Management and Administration (now the Office of Management, Budget and Evaluation) and the National Nuclear Security Administration's Albuquerque Operations Office. We also reviewed applicable Federal rules and regulations, as well as Departmental policies and procedures, regarding property and firearms.

We conducted a 100 percent physical inventory of excess firearms, as well as firearms that were not needed to meet current operational requirements, maintained by SO at Headquarters. We also conducted a physical inventory of a judgmental sample of firearms maintained at the NNSI armory and excess firearms stored at NNSI.

This inspection was conducted in accordance with the “Quality Standards for Inspections” issued by the President's Council on Integrity and Efficiency.

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