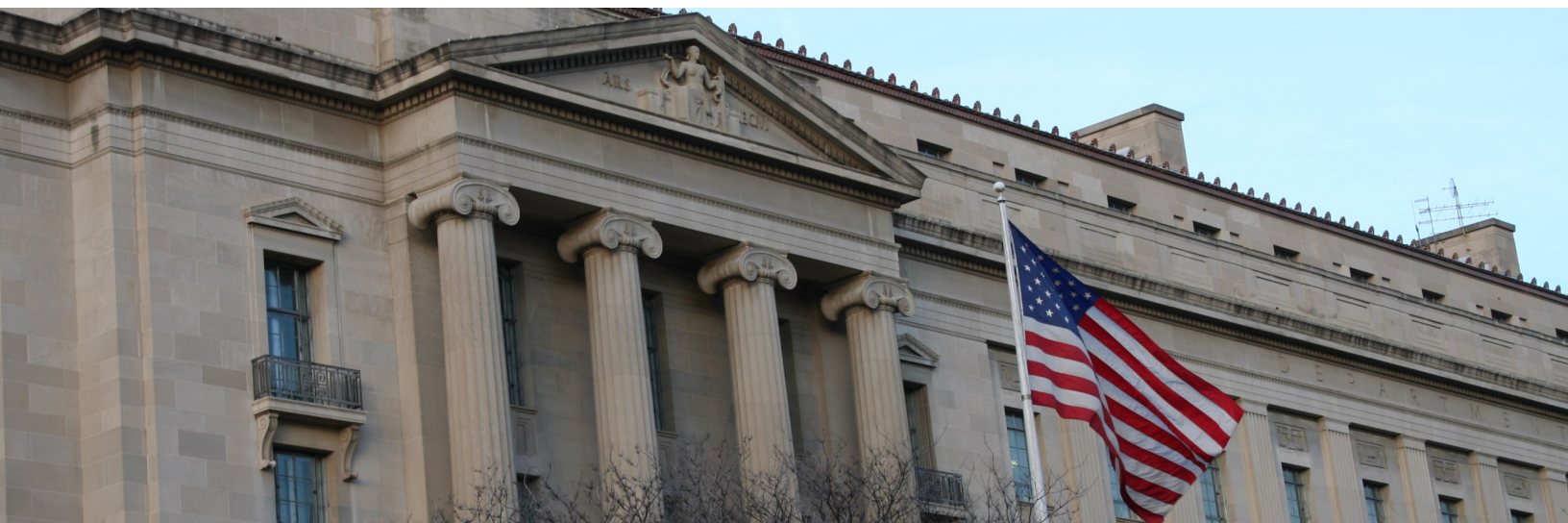




Office of the Inspector General U.S. Department of Justice

OVERSIGHT ★ INTEGRITY ★ GUIDANCE



Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives Controls over Weapons, Munitions, and Explosives

REDACTED FOR PUBLIC RELEASE

Redactions of information that ATF considered to be law enforcement sensitive, and therefore not appropriate for public release, were made to the full version of this report.

Audit Division 18-21

March 2018



Executive Summary

Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives Controls over Weapons, Munitions, and Explosives

Objectives

The objectives of this audit were to evaluate: (1) the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) controls over weapons, munitions, and explosives; (2) ATF compliance with policies governing weapons, munitions, and explosives; and (3) the accuracy of ATF's weapons, munitions, and explosives inventories.

The audit covers ATF's weapons and munitions inventories, including firearms, Tasers, ammunition, chemical agents, diversionary devices, and explosives, as well as seized weapons, ammunition, and explosives inventories from fiscal years (FY) 2014 through 2017. To accomplish our objectives, we interviewed ATF personnel, evaluated ATF's policies regarding property management, firearms, ammunition, explosives, and diversionary devices. We also reviewed documentation related to firearms that were reported as lost or stolen during the scope of our audit to determine whether ATF took appropriate action. Finally, we assessed compliance with ATF policy and conducted physical inventories at 16 ATF locations.

Results in Brief

We found that ATF generally has strong physical controls over ATF-owned firearms and explosives. We also found that ATF has strong inventory controls over its firearms. However, we identified deficiencies related to munitions tracking, the accuracy of ATF's munitions inventories, and compliance with munitions and explosives policy. We also identified areas where ATF's policies should be strengthened to improve the safeguarding and accountability of ATF-owned and seized weapons and munitions.

Recommendations

Our report contains 10 recommendations to improve ATF's controls over its ammunition, explosives, less lethal munitions, as well as its seized weapons and ammunition. ATF's response to the draft report appears in Appendix 2 and our analysis of the response, as well as a summary of actions necessary to close the recommendations, appears in Appendix 3 of this report.

Audit Results

As of October 2017, ATF reported 35,527 firearms, Tasers, and silencers in its inventory. In addition, ATF seizes around 23,000 weapons each year as a result of its criminal enforcement activity. ATF also operates five Special Response Teams that use a variety of specialty weapons and less-lethal munitions. Additionally, ATF maintains large quantities of explosives at its National Center for Explosives Training and Research (NCETR), as well as small quantities of explosives at its field divisions for training and demonstration purposes.

ATF Weapons - We found that ATF has strong controls over its own weapons, including firearms, Tasers, and silencers, which are tracked through Sunflower – the ATF's electronic property management system. During our physical inventory, we were able to locate all weapons selected for our sample and trace a sample of weapons back to Sunflower, although we noted some data errors in Sunflower. While we verified all of the weapons in our sample, we noted that between FYs 2014 and 2017, ATF reported 26 instances of lost, stolen, or missing firearms. However, we determined that the monthly rate of loss decreased by over 55 percent since a prior 2008 Office of the Inspector General (OIG) audit.

ATF Ammunition - We found that ATF's controls over its ammunition inventories remain inadequate and do not provide accurate inventory counts. This is particularly concerning considering that prior Treasury and Department of Justice (DOJ) OIG audits – the first of which was over 15 years ago – identified and ATF developed policies to address control weaknesses over its ammunition inventories. Specifically, we found that ATF is not adequately tracking ammunition, which is considered a sensitive item. Based on the results of our physical inventory of ammunition at 13 sites, we found that the ammunition tracking records were understated by almost 31,000 rounds. Given that ATF has over 275 offices, the quantity of ammunition that is unaccounted nationwide is likely much greater. We also found that ATF commingled different types of ammunition on its tracking records and did not maintain tracking records for some of its ammunition. Finally, we identified concerns related to the physical security of ATF's



Executive Summary

Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives Controls over Weapons, Munitions, and Explosives

ammunition at several locations, as well as compliance with ATF policy over ammunition. In our judgment, these practices create a risk that the ammunition may be lost, misplaced, or stolen without detection.

ATF Explosives - ATF maintained explosives inventories at 9 of the 16 sites included in our audit. Based on our review, we found that ATF generally had strong physical controls over its explosives. However, during our physical inventory at NCETR, we identified two types of explosive materials for which the quantity on hand was less than the balance recorded on the explosives log. In both instances, ATF personnel did not follow procedures for conducting explosives inventories. Therefore, ATF cannot provide evidence that the explosives were not lost or stolen. We also identified multiple instances at NCETR where the types and quantities of explosives received did not match the paid vendor invoice. The differences were due to product substitutions or changes in quantity made by the vendor when the requested items were not available or not available in the quantity requested. While the product substitutions and quantity changes may be fully acceptable, without proper documentation it appears as if ATF approved and paid an invoice for items it did not receive and received items that it did not order.

ATF Less Lethal Munitions - We found that ATF generally had strong physical controls over its less lethal munitions. However, during our audit we found that ATF did not have policy specifically related to tracking most of its less lethal munitions. We also identified discrepancies during our physical inventories of less lethal munitions. As a result, less lethal munitions may be lost, misplaced or stolen without detection. Furthermore, we identified issues related to compliance with policy over the Miami Special Response Teams' storage of Noise Flash Diversionary Devices, commonly referred to as flash bang grenades, which are considered high explosives.

Seized Firearms, Ammunition, and Explosives -

During our physical inventory of seized weapons and munitions, we were able to locate all items in our sample and trace a sample of items back to ATF's evidence tracking system. We also found that while ATF lost only two seized firearms between FY 2014 and FY 2017, it mistakenly destroyed 27 seized firearms. Finally, we identified seized firearms and other evidence being stored outside the inner evidence vault, often in plain sight of any ATF personnel with access to the outer vault, which creates a risk that the evidence may be lost, misplaced, stolen, or otherwise compromised.

**AUDIT OF THE BUREAU OF ALCOHOL, TOBACCO,
FIREARMS AND EXPLOSIVES CONTROLS OVER
WEAPONS, MUNITIONS, AND EXPLOSIVES**

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AUDIT OF THE BUREAU OF ALCOHOL, TOBACCO, FIREARMS AND EXPLOSIVES CONTROLS OVER WEAPONS, MUNITIONS, AND EXPLOSIVES

INTRODUCTION

To ensure that staff have the resources necessary to accomplish its mission, ATF maintains weapons and munitions, including firearms, Tasers, silencers, ammunition, chemical agents, diversionary devices, and explosives. As of December 2017, ATF had over 2,500 special agents and its operations included its headquarters divisions, training facilities, international offices, and 25 field divisions consisting of approximately 275 field and satellite offices.

ATF Special Agents are assigned primary and auxiliary handguns, and may be issued supplemental tactical rifles and shotguns. ATF's National Academy also maintains firearms for training purposes. Additionally, approximately one third of ATF's firearms are maintained by its Firearms and Ammunition Technology Division, as part of ATF's reference collection. Special Agents assigned to one of the ATF's five Special Response Teams (SRTs) use a variety of specialty weapons and explosives that include sniper rifles; less-lethal projectiles; chemical agents; Noise Flash Diversionary Devices, commonly referred to as flash bang grenades; and other diversionary devices. Additionally, ATF maintains large quantities of explosives at its National Center for Explosives Training and Research (NCETR) to provide advanced explosives and arson training for the nation's explosives handlers, bomb technicians, criminal investigators, and the military's explosives ordinance disposal operators. ATF also maintains small quantities of explosives at its field divisions for training and demonstration purposes.

ATF's firearms, Tasers, and silencers are tracked through Sunflower, its electronic property management system. A designated property custodian is responsible for ensuring that acquisition, disposal, or transfer of property documents are maintained to sustain an audit trail, and support all entries into Sunflower. ATF does not have an electronic inventory system that tracks its ammunition, chemical agents, diversionary devices, explosives, or less lethal munitions. Instead, ATF utilizes various hand-written forms to log quantities and track most of these items.

As a result of its criminal enforcement activity, ATF seizes approximately 23,000 weapons each year, as well as ammunition and explosives. All seized property is tracked using ATF's electronic case management system's seized property module, N-Force Vault. Seized weapons, munitions, and explosives are tagged with a property label and barcode generated from N-Force Vault by a designated vault custodian and stored in an evidence vault. ATF's Firearms and Ammunition Destruction Branch (NFAD) is responsible for overseeing the disposal of seized firearms that are not released to the owner, a third party, or forfeited to the government. NFAD also coordinates the disposal of seized ammunition, although

ATF contracts with a third-party vendor for the actual destruction of seized ammunition.

OIG Audit Approach

Our objectives were to evaluate: (1) ATF's controls over weapons, munitions, and explosives; (2) ATF compliance with policies governing weapons, munitions, and explosives; and (3) the accuracy of ATF's weapons, munitions, and explosives inventories. The scope of our audit generally covers ATF's weapons and munitions inventories, including firearms, Tasers, ammunition, chemical agents, diversionary devices, and explosives, as well as seized weapons, ammunition, and explosives inventories from fiscal years (FY) 2014 through 2017. To accomplish our objectives, we interviewed ATF personnel, including officials from the Oversight and Review Division, Logistics and Acquisition Division, Asset Forfeiture and Seized Property Division, Inspection Branch, Internal Affairs, Special Operations Division, Firearms and Ammunition Technology Division, NCETR, and the ATF National Academy. We evaluated ATF's policies regarding weapons, munitions, and explosives. We also reviewed firearms that were lost or stolen during the scope of our audit to determine whether ATF took appropriate action. Finally, we conducted site work at 16 ATF locations, as shown in Table 1.¹

¹ We selected a broad range of ATF offices and functions for our site work, including large multi-group offices, smaller field and satellite offices, SRTs, training facilities including the National Training Academy and NCETR, and headquarters functions including the Firearms and Ammunition Technology Division and the National Firearms and Ammunition Destruction Branch.

Table 1
ATF Locations Selected for Review

ATF Office/Facility	Location	Special Agents on Staff	ATF Weapons	Seized Weapons
Denver Field Division				
Denver Field Offices	Denver, CO	█	█	908
Colorado Springs Field Office	Colorado Springs, CO	█	█	252
Cheyenne Field Office	Cheyenne, WY	█	█	137
Nashville Field Division				
Nashville Field Offices	Brentwood, TN	█	█	539
Huntsville Satellite Office	Redstone Arsenal, AL	█	█	148
Birmingham Field Offices	Birmingham, AL	█	█	651
Dallas Field Division				
Dallas Field Offices	Dallas, TX	█	█	956
Ft. Worth Field Office	Ft. Worth, TX	█	█	735
Miami Field Division				
Miami Field Offices	Miami, FL	█	█	1,847
Ft. Lauderdale Field Office	Ft. Lauderdale, FL	█	█	254
Dallas SRT	Dallas, TX	█	█	
Miami SRT	Miami, FL	█	█	
National Center for Explosives Training and Research (NCETR)	Huntsville, AL	█	█	
ATF National Academy	Glynco, GA	█	█	
Firearms and Ammunition Technology Division	Martinsburg, WV	█	█	
National Firearms and Ammunition Destruction Branch	Martinsburg, WV	█	█	

Source: ATF Sunflower and N-Force Vault

The purpose of our site work was to assess ATF’s compliance with policies regarding its weapons, munitions, and explosives. We also conducted a physical inventory of a sample of ATF firearms, explosives, chemical agents and diversionary devices, as well as a 100-percent inventory of ATF’s ammunition at 13 locations.² In addition, we assessed ATF’s compliance with policies regarding seized firearms, ammunition, and explosives. Finally, we conducted a physical inventory of a sample of seized firearms, ammunition, and explosives. Appendix 1 contains a more detailed description of our audit objectives, scope, and methodology.

² The Fort Worth Field Office does not maintain any ammunition on site, rather the office obtained its ammunition from the Dallas Field Division. Additionally, the National Firearms and Ammunition Destruction Facility, which is responsible for destroying both ATF-owned and seized firearms did not maintain any ammunition. Finally, while the Firearms and Ammunition Technology Division maintained small quantities of numerous types of test fire ammunition, they did not maintain ammunitions tracking records; as a result, we were unable to conduct a physical inventory to assess the accuracy of its ammunition inventory.

AUDIT RESULTS

We found that ATF generally has strong physical controls over its own weapons, explosives, and less lethal munitions, as well as strong inventory controls over its weapons. Additionally, we found that the monthly rate of lost or stolen firearms decreased during FY 2014 through FY 2017. However, we identified deficiencies related to safeguarding ammunition and seized evidence, munitions tracking, the accuracy of ATF's munitions inventories, and compliance with munitions and explosives policies that in our judgment, create a risk that sensitive items may be lost, misplaced, or stolen without detection. Most significantly, we found that ATF's controls over tracking its ammunition continue to be a concern. This is particularly notable considering that prior Treasury and Department of Justice (DOJ) OIG audits – the first of which was over 15 years ago – identified and ATF developed policies to address control weaknesses over its ammunition inventories. Additionally, during our physical inventory of ammunition at 13 ATF locations, we found that the ATF's ammunition tracking records were understated by almost 31,000 rounds. Given that ATF has over 275 offices, the quantity of ammunition that is unaccounted for nationwide is likely much greater. We also identified discrepancies during our physical inventories of explosives and less lethal munitions. Finally, we identified concerns related to the safeguarding of seized weapons and ammunition while stored outside of the evidence vault.

Controls over ATF-Owned Weapons

We found that ATF has strong controls over its own weapons, including firearms, Tasers, and silencers, which are tracked through Sunflower, its electronic property management system. During our physical inventory we were able to locate all weapons selected for our sample and trace a sample of weapons back to Sunflower, although we noted some data errors in Sunflower. We noted that between fiscal years 2014 and 2017, ATF reported 26 instances of lost, stolen, or missing firearms. We determined that the monthly rate of loss decreased by over 55 percent since a prior 2008 OIG audit, but was still higher than the rate in a 2002 Treasury OIG audit.³

Physical Security of Weapons

We found that ATF generally had strong physical controls over firearms, Tasers, and silencers. ATF Special Agents are responsible for the proper security of their ATF-issued firearms at all times. Additionally, the division Firearms Instructor Coordinator (FIC) is the person solely responsible for controlling all weapons assigned within the division, including firearms that have not been assigned to an ATF employee. When firearms are not in the immediate custody of Special Agents, they must be stored in secured, locked locations. At the 16 ATF sites we visited,

³ U.S. Department of Justice, Office of the Inspector General, *The Bureau of Alcohol, Tobacco, Firearms and Explosives' Controls Over Its Weapons, Laptop Computers, and Other Sensitive Property*, Audit Report 08-29, (September 2008).

we found that all of the weapons in our sample were either in the custody of the assigned Special Agent, or stored in a secured, locked location.

Accuracy of ATF's Property Management System

As of October 2017, ATF reported 35,527 firearms, Tasers, and silencers in its inventory. We selected a sample of 450 weapons from Sunflower, ATF's electronic property management system, including firearms, Tasers, and other firearm accessories, to ensure they were properly accounted for and accurately tracked in Sunflower.⁴ We selected an additional 235 weapons while on site and traced them back to Sunflower to ensure the inventory records were complete and accurate. During our physical inventory, we located all 450 weapons in our sample and traced the remaining 235 weapons back to Sunflower. Additionally, based on the total sample of 685 weapons, we found that the information contained in Sunflower was generally accurate.

However, we identified concerns with the accuracy of some of the Sunflower records. In addition to each weapon's make, model, and serial number, Sunflower documents the current whereabouts of the weapon, including the group or field office and address and the agent to whom the weapon is assigned. From our sample of 685 weapons, we identified 16 records where the current location or agent in custody of a weapon was incorrect. ATF property personnel explained that the records with incorrect addresses were a result of a system limitation in Sunflower that makes it difficult for staff to update the address when the location of a weapon changes. Records showing the incorrect agent in custody were due to delays by ATF staff in updating Sunflower when a weapon was reassigned. We also identified one record that specified the wrong firearm manufacturer and three records that had incorrect serial numbers. We determined that the records showing an incorrect firearm manufacturer or serial number stemmed from data entry errors at the time the weapon was first entered into Sunflower. While the Sunflower errors ultimately did not impact our ability to locate the firearms and ATF staff have begun correcting the errors, we must emphasize the importance of accurate and timely record-keeping to ensure ATF is fully aware of the current whereabouts of each of its weapons, and the personnel responsible for safeguarding them.

Lost, Stolen, and Missing Firearms

Between FYs 2014 and 2017, ATF agents reported 26 instances of lost, stolen, or missing firearms, of which 3 were lost or stolen during shipment and the remaining 23 were either stolen from or lost by ATF Special Agents. ATF recovered 15 of the 26 lost or stolen firearms, 1 of which was involved in an unrelated crime. For the stolen firearm that was later used in an unrelated crime, ATF determined that, at the time of the burglary, the firearm was stored in compliance with ATF policy in a locked gun safe. As a result, the Special Agent whose firearm was stolen

⁴ The firearm accessories in our physical inventory samples included silencers and aiming devices.

was cleared of wrongdoing. The details related to the 26 lost, stolen, or missing firearms included in our analysis are shown in Table 2.

We assessed the current monthly rate of loss of ATF firearms over a 48-month period from FY 2014 through FY 2017 to determine how it compared to the rates identified in our prior 2008 audit and a 2002 Treasury OIG audit.⁵ We found that the rate decreased approximately 55 percent since our 2008 audit, from 1.29 firearms per month to 0.48 firearms per month, which was comparable to the 0.47 firearms per month rate in the 2002 Treasury OIG audit. While ATF has substantially reduced the rate of lost and stolen firearms since our last audit, it must continuously work towards reducing the rate of loss.

We also reviewed ATF records to determine whether ATF took disciplinary action in response to these lost or stolen firearms incidents. We found that with the exception of one lost firearm case that is still pending and the case where no misconduct was found, ATF's Office of Professional Responsibility and Security Operations (OPRSO) implemented disciplinary actions for each of the lost or stolen firearms cases – the most common penalty being multi-day suspensions.

⁵ At the time, ATF was part of the Treasury Department. U.S. Department of the Treasury, Office of Inspector General, *Protecting the Public: Bureau of Alcohol, Tobacco and Firearms' Control over Sensitive Property Is Adequate*, Audit Report 02-097, (June 2002).

**Table 2
Lost and Stolen ATF-Owned Firearms**

Type of Loss	Type of Firearm	Firearm Recovered	Involved in a Crime	Synopsis	Recovery Facts	Disciplinary Action
Lost	Pistol	Yes	No	Missing from vehicle or residence	Found at residence	2-day suspension
Lost	Revolver	Yes	No	Missing since last qualification	Found in personal car	25-day suspension
Lost	Pistol	Yes	No	Left in briefcase on Metro	Found by Metro employee	10-day suspension
Lost	Rifle	Yes	No	Missing by FedEx	Found by FedEx	No action taken
Lost	Rifle	Yes	No	Missing by FedEx	Found by FedEx	No action taken
Lost	Rifle	Yes	No	Missing after last qualification	Found in ATF storage room	Counseled
Stolen	Pistol	No	No	Theft from Government vehicle	N/A	4-day suspension
Stolen	Pistol	No	No	Theft from Government vehicle	N/A	5-day suspension
Stolen	Pistol	Yes	No	Theft from Government vehicle	Found by road crew	5-day suspension
Stolen	Pistol	No	No	Theft from Government vehicle	N/A	5-day suspension
Stolen	Pistol	No	No	Theft from Government vehicle	N/A	5-day suspension
Lost	Pistol	Yes	No	Missing from residence	Found at residence	Caution issued
Stolen	Pistol	No	No	Theft from personal vehicle	N/A	5-day suspension
Lost	Pistol	Yes	No	Misplaced on top of vehicle	Found by neighbor	4-day suspension
Stolen	Pistol	No	No	Theft from Government vehicle	N/A	5-day suspension
Stolen	Revolver	Yes	Yes	Home burglary	Found during search warrant	Cleared by OPRSO
Lost	Pistol	Yes	No	Misplaced at restaurant	Found at restaurant	Letter of reprimand
Lost	Revolver	No	No	Thrown in a landfill	N/A	Agent Retired
Stolen	Rifle	Yes	No	Theft from Government vehicle	Recovered from burglar	5-day suspension
Stolen	Pistol	No	No	Theft from Government vehicle	N/A	5-day suspension
Lost	Pistol	Yes	No	Misplaced at restaurant	Retrieved from police	8-day suspension
Stolen	Pistol	Yes	No	Theft from Government vehicle	Recovered by police	4-day suspension
Stolen	Pistol	No	No	Theft from Government vehicle	N/A	5-day suspension
Lost	Pistol	Yes	No	Misplaced in residence	Located in residence	No action taken
Lost	Pistol	No	No	Missing	N/A	Pending
Stolen	Pistol	No	No	Theft during shipping	N/A	Cleared by OPRSO

Source: ATF

Controls over ATF-Owned Ammunition

We found that ATF's controls over its ammunition inventories are inadequate and do not provide accurate inventory counts. This is particularly concerning, considering that prior Treasury and DOJ OIG audits identified and recommended corrective action to address weaknesses in ATF's controls over its ammunition inventories, the first of which was identified over 15 years ago. The 2002 Treasury OIG audit found that ATF had limited written policies regarding controls over ammunition, no standard recordkeeping, and no ammunition inventories. As a result of that audit, ATF implemented new policies that required its offices to maintain documentation to track increases and decreases in ammunition inventories and the reasons for the changes in quantity, as well as the current balance. However, our 2008 audit identified continued weaknesses in ATF's controls over ammunition. The audit found that although ATF developed written procedures to enhance controls over ammunition in response to the 2002 Treasury OIG audit, ATF failed to enforce the requirement to perform annual ammunition inventories and maintain accurate and complete ammunition inventory records.

In our current audit, we identified physical control weaknesses, inadequate record-keeping, and inconsistent tracking of ammunition at 13 ATF locations, which are summarized in Table 3.

Table 3
Ammunition Control Issues

ATF Office/Facility	Improper Storage	Ammunition Records not Retained	No Records for Certain Ammunition	Records Written in Pencil	Inconsistent Record-Keeping
Denver Field Division Office					X
Colorado Springs Field Office		X			X
Cheyenne Field Office			X		X
Nashville Field Division Office		X			
Huntsville Satellite Office					X
Nashville Field Division (Birmingham)	X	X			X
Dallas Field Division Office			X		X
Miami Field Division Office	X	X			X
Ft. Lauderdale Field Office		X			X
Dallas SRT				X	X
Miami SRT					X
NCETR		X			
ATF National Academy			X		X

Source: OIG analysis of ATF ammunition records and inventories

Ammunition Tracking and Record-Keeping

We found that ATF did not fully comply with its policies regarding ammunition record-keeping, and did not accurately or consistently track movement of its ammunition. Strong controls over ammunition, which is considered a sensitive item per ATF policy, requires an inventory management system that maintains accurate, current, and historical data. This includes tracking product movement – that is, increases and decreases in inventory and the reason for the changes in quantity – over time. ATF Order 1850.2F, Property and Fleet Management Program, requires that an Ammunition Control Record (ammunition record) be used to record all ammunition that are acquired and issued. The policy also requires that a current balance for each particular type of ammunition will be maintained at all times. Entries must be made, in ink, on the ammunition record whenever ammunition is placed in or withdrawn from the storage area. Separate ammunition records must be kept for each type of ammunition on hand and retained for a period of at least 4 years. Additionally, ATF Order 3020.1A, Firearms and Weapons Policy, states that the ammunition record was developed to maintain a record of all ammunition contained in the storage area/vault/cabinet. The order further states that an entry will be made to the appropriate record whenever ammunition is placed in or withdrawn from the storage area.

We found that 9 of the 13 ATF sites we audited did not consistently maintain the required ammunition records. Specifically, we found that 6 ATF locations did not properly retain ammunition records and were missing records from periods ranging between 15 and 38 months over the past 4 years. In fact, the Nashville Field Division Firearms Instructor Coordinator (FIC) did not begin using the required ammunition records until we asked for copies of them prior to our site visit. We also found, at three locations, ammunition records were not maintained for certain calibers of ammunition. Furthermore, we found that the Dallas SRT's ammunition records were written in pencil, despite ATF's requirement to document ammunition inventory in ink.

Finally, at 11 of the 13 ATF sites we audited, we found that responsible officials were not consistently documenting additions or withdrawals of ammunition on ammunition records. For example, the Cheyenne Field Office's ammunition record for 5.56 caliber rifle ammunition showed an ending balance of 1,800 rounds on July 7, 2014, when an inventory was conducted. The next entry, dated October 1, 2014, shows another inventory was conducted with an ending balance of 900 rounds, indicating that a 900 rounds of ammunition were removed sometime within that 3-month period, but were not logged on the ammunition record.

In order to ensure the accountability of its inventory of ammunition, ATF should ensure: (1) all additions or withdrawals of ammunition from the storage area are recorded on an ammunition record; (2) an ammunition record is maintained for each particular type of ammunition; (3) ammunition records are written in ink; and (4) ammunition records are retained for at least 4 years. As a result, we recommend that ATF ensures that it maintains accurate Ammunition

Control Records that track the acquisition, use, and current balance of all rounds of each type of ammunition.

Accuracy of Ammunition Inventory

In order to assess the accuracy of ATF’s ammunition inventories, we conducted a 100-percent physical inventory of ammunition at 13 sites, and compared the actual quantity of ammunition on hand to the ending balances documented on the ammunition records. For the remaining three sites, we did not conduct physical ammunition inventories for the following reasons: (1) the Fort Worth Field Office does not maintain any ammunition on site, rather the office obtained its ammunition from the Dallas Field Division Office; (2) NFAD, which is responsible for destroying both ATF and seized firearms, does not maintain any ammunition; and (3) while the Firearms and Ammunition Technology Division maintained small quantities of numerous types of test fire ammunition, it did not maintain ammunition tracking records; as a result, we were unable to conduct a physical inventory to assess the accuracy of its ammunition inventory.⁶

Based on our physical inventories, we found that the ammunition records at 12 of the 13 sites were understated by a total of 30,971 rounds, as shown in Table 4.

Table 4
Ammunition Inventory Discrepancies

Location	Total Rounds Recorded	Actual Quantity On Hand	Difference
Denver Field Division Office	██████	██████	4,316
Colorado Springs Field Office	██████	██████	1,335
Cheyenne Field Office	██████	██████	3,105
Nashville Field Division Office	██████	██████	2,626
Huntsville Satellite Office	██████	██████	2,288
Nashville Field Division (Birmingham)	██████	██████	551
Dallas Field Division Office	██████	██████	3,066
Miami Field Division Office	██████	██████	8,501
Ft. Lauderdale Field Office	██████	██████	30
Dallas SRT	██████	██████	50
Miami SRT	██████	██████	0
NCETR	██████	██████	650
ATF National Academy	██████	██████	4,453
Total			30,971

Source: OIG analysis of ATF ammunition records and inventories.

⁶ Although ammunition is included in the title of NFAD, ATF no longer destroys its own or seized ammunition. Rather, NFAD coordinates the disposal of all seized ammunition – ATF contracts with a third-party vendor for the actual destruction of seized ammunition.

As shown above, the 13 sites we reviewed had almost 31,000 rounds of ammunition on hand that were not accounted for on an ammunition record. This variance amounts to over 3 percent of the total quantity of ammunition on hand. Since ATF has over 275 offices, the quantity of ammunition that is unaccounted for nationwide is likely much greater.

The accuracy of ATF's ammunition inventory was impacted by what, in our judgment, is a misinterpretation of ATF policy. ATF officials explained that the inventory discrepancies occurred because ATF policy requires offices to account for only full cases of ammunition. Thus, as soon as a case of ammunition is opened and any amount of ammunition is removed, the entire case is removed from the running balance on the ammunition record regardless of how many rounds remain unused in the open case. Consequently, the ammunition records did not provide accurate ammunition inventory counts unless the ATF office had only full cases of a particular type of ammunition on hand. For example, ATF's Cheyenne Field Office had an open case of 450 rounds of .40 caliber ammunition on hand. However the ammunition control record showed zero rounds in the inventory. The inventory accuracy was further impacted if an office stored multiple open cases of the same type of ammunition. For instance, the Nashville Field Division Office had two open cases of .223 caliber ammunition, totaling 640 rounds on hand. However, the office did not have an ammunition record for these rounds because it had no full cases in its inventory.

It appears that this practice results from incorrectly applying the requirements of ATF's biannual inventory policy to its ammunition tracking policies. Specifically, the requirement to count full cases of ammunition applies only when conducting biannual ATF-wide property inventories to determine ammunition usage and purchasing requirements. As discussed previously, ATF policy related specifically to the use of ammunition records states that the ammunition record was developed to maintain a record of all ammunition contained in the storage area and requires that a current balance for each particular type of ammunition will be maintained at all times. Additionally, ATF Order 1850.2F considers ammunition to be a sensitive item; as a result, ATF should maintain accurate ammunition records that account for all rounds of ammunition at each location.

We also found that certain offices were commingling various subtypes of the same caliber of ammunition and logging the balance on a single ammunition record, despite the fact that the subtypes are used for different purposes. For example, the Denver Field Division Office commingled loose rounds of 9mm ammunition that included full metal jacket, jacketed hollow point (JHP), and even rubber or vinyl bullets into the same inventory count logged on the 9mm ammunition record. Similarly, the Miami Field Division Office commingled loose rounds of .38 caliber ammunition of varying types, including JHP and semi-wadcutter rounds. However, ATF policy requires the current balance of each particular type of ammunition to be maintained on ammunition records. In our judgment, these commingled rounds are different types of ammunition and should be stored separately and tracked on separate ammunition records.

Finally, we observed that several locations maintained small inventories of various types of ammunition used for demonstration or test-fire purposes that were not tracked using ammunition records. According to ATF personnel, these rounds are often acquired through seizures, but may also be purchased as needed. Additionally, the Firearms and Ammunition Technology Division maintained small quantities of numerous types of test-fire ammunition, but did not maintain any ammunition tracking records.

In summary, we found that ATF did not maintain a current balance of all rounds of ammunition on hand. This issue was further impacted by the fact that several sites were comingling loose rounds of different types of the same caliber of ammunition and none of the sites tracked inventories of ammunition used for test-fire and demonstration purposes. In our judgment, ATF's current practices create a risk that the ammunition may be lost, misplaced, or stolen without detection. ATF's policy considers ammunition to be a sensitive item. As such, all ammunition should be properly safeguarded and accounted for on ammunition records, which should be addressed by our prior recommendation that ATF ensures that it maintains accurate Ammunition Control Records that track the acquisition, use, and current balance of all rounds of each type ammunition.

Ammunition Storage and Access

ATF policy requires ammunition to be stored out of the view of non-ATF personnel. However, we found that ATF's Miami Field Division Office and Nashville Field Division (Birmingham) utilize public storage units to store their ammunition, well in the view of passing non-ATF personnel, which we observed while on site. These public storage units held a combined total of over 249,000 rounds of ammunition that is at increased risk of theft by anyone who may be alerted to its presence. Consequently, we recommend that ATF ensure all ammunition is stored in an area out of the view of non-ATF personnel, in accordance with policy.

We also found that ATF was not fully complying with policy requiring the use of Access Control Logs, which are required to track personnel entering the ammunition storage area. Specifically, ATF Order 1850.2F, requires anyone entering an ammunition storage area to sign and date the Access Control Log. However, at 11 of the 13 ATF sites we audited, we found that personnel were not consistently documenting their entry into the ammunition storage area on the Access Control Logs. For example, two offices we visited stored their ammunition inventory in the outer evidence vault, which is a frequently-accessed space in most ATF offices because it is often the staging area for checking evidence in and out of the evidence vault. When we examined the Access Control Logs for these two sites, we found that entries were made only when ammunition was inventoried, added, or removed. If these two offices were properly following ATF policy, there should be an entry on the Access Control Log each time staff accessed the outer vault,

regardless of the purpose. In addition, ATF should consider storing ammunition in areas where access is limited to the appropriate personnel.⁷

Additionally, at six locations with designated ammunition storage areas, we found several ammunition withdrawals recorded on the ammunition records that did not have corresponding entries on the Access Control Logs, indicating that agents did not always log their entry into the ammunition storage area. This practice runs contrary to ATF Order 3020.1A, which requires that all entries into the storage area, for the purpose of removing ammunition, to be recorded on the Access Control Log.

We also noted that ATF has two conflicting policies pertaining to the proper use of Access Control Logs. Specifically, ATF Order 1850.2F requires *all* entries into the ammunition storage area be recorded on the Access Control Log. In contrast, ATF Order 3020.1A requires entries into the storage area, *for the purpose of removing ammunition*, to be recorded on the Access Control Log. In order to ensure the proper safeguarding of its inventory of ammunition, we believe ATF personnel should record all entries into the ammunition storage area on the Access Control Log. Therefore, we recommend that ATF establish consistent policy regarding the use of its Access Control Log and ensure that personnel record all entries into the ammunition storage area on the Access Control Log.

Periodic Ammunition Inventory

As a result of the 2002 Treasury OIG audit, ATF issued ATF Memorandum 1851, Ammunition Inventory, requiring all offices to conduct annual ammunition inventories and maintain a perpetual inventory system for all ammunition. Currently, ATF Order 3020.1A requires ammunition inventories to be submitted to the division FIC for biannual ATF-wide inventories, and to determine usage and purchasing requirements. This requirement is in addition to the requirement for each office to track ammunition inventories on the ammunition records. However, as discussed previously, the biannual inventory policy only requires the FIC to account for full cases of ammunition. As demonstrated by the discrepancies we found during our physical ammunition inventories, the value of conducting an annual inventory of unopened cases is questionable, because it can lead to the inventory counts being significantly understated. Additionally, the annual inventories for each field and satellite office are rolled up into a field division inventory, before being submitted to the Chief, Property and Fleet Management Section. Field divisions may include as many as 17 criminal enforcement offices; as a result, rolling up the annual inventories into one inventory for the entire field division further exacerbates the understated inventory counts and, in our judgment, further limits the value of the annual inventories. To ensure the accuracy of its ammunition tracking records, we recommend that ATF require its offices to report all rounds of ammunition on the required biannual inventories.

⁷ If ammunition is stored in a commonly used area, such as the outer vault, the office must ensure the Access Control Log is used to track all personnel entering the ammunition storage area, in accordance with ATF policy.

Controls over ATF-Owned Explosives

ATF maintained explosives inventories at 9 of the 16 sites included in our audit. We found that ATF generally had strong physical controls over its explosives inventories. However, we identified discrepancies during our physical inventories of explosives at NCETR. Additionally, we identified deficiencies related to compliance with policy over explosives at two sites. Finally, we identified multiple instances at NCETR where the types and quantities of explosives received did not match the paid vendor invoice. The differences were due to product substitutions or changes in quantity made by the vendor when the requested items were not available or not available in the quantity requested.

Physical Storage of Explosives

At all nine sites we audited, we found that ATF properly stored explosives in accordance with its policy. ATF personnel are required to store explosives materials in an explosives magazine that is appropriate for the types and quantities of explosives on hand. Most locations stored explosives in a free-standing dual-locked magazine, while NCETR stored its explosives in several large earthen bunkers. For safety purposes, ATF segregates explosives and detonators in separate magazines or bunkers. In addition, access to ATF magazines is restricted to Explosives Enforcement Officers (EEO) and Certified Explosives Specialists (CESs).⁸ With the exception of SRT explosive magazines, all storage areas and magazines we audited were located in a remote area and often had several other layers of security to restrict access to authorized personnel such as fencing, barbed wire, alarms, or guarded security gates.⁹

Daily Summary of Magazine Transactions

While all sites we visited maintained explosives inventory records, we found that the EEO in the Fort Worth field office did not use the required form. ATF policy requires offices to use the approved Daily Summary of Magazine Transactions (explosives log) to track explosives. The approved explosives log reflects the current inventory of explosives stored in ATF magazines and tracks increases and decreases in explosives inventories. The explosives log also includes the item's description, manufacturer, and other unique identifiers, as well as detailed information regarding when, how much, and to whom items are issued when explosives are removed from the storage area.

Contrary to ATF policy, the EEO recorded ending balances of explosives on hand in a spreadsheet that did not contain the required information detailing when, why, and how many explosives were added or taken out of the inventory at any given time. This particular method of recording ending balances did not impact our

⁸ At NCETR, Law Enforcement Training Specialists and Test Range Operators also have access to the explosives bunkers.

⁹ The Dallas and Miami SRTs each store less than 50 pounds of explosive material in dual-locked magazines located in their offices, which is allowable per ATF policy.

ability to conduct a physical inventory, and ultimately, all explosives in our sample were accounted for in the magazine. As a result of our finding, ATF issued a policy memo on August 11, 2017, reiterating the requirement to use the required explosives logs to track movement of explosive transactions in and out of its magazines and provided us with documentation reflecting that the Fort Worth field office is now using the required explosives logs. Therefore, we are not making a recommendation related to this issue.

Additionally, we found that ATF has not established a required retention period for its explosives logs. In our judgment, maintaining historical records of explosives transactions is a strong internal control. We also noted several explosives logs at NCETR that were written in pencil. While ATF policy does not specifically prohibit this practice, in our judgment, documents written in pencil may be subject to unauthorized or accidental revision. Therefore, we recommend that ATF update its explosives policy to establish a retention period for its Daily Summary of Magazine Transactions form and require the forms to be written in ink.

Accuracy of Explosives Inventory

During our physical inventory, we identified two types of explosive materials at NCETR that had incorrect balances recorded on the explosives log. To verify the accuracy of ATF's explosives logs, we selected a sample of 254 explosive materials at 9 ATF locations from the explosives logs and physically verified the quantities during our inspections of ATF's explosives storage areas. We also selected a sample of 28 explosive materials while on site and traced them back to the explosives logs to ensure that they were complete and accurate. We were able to locate and verify the quantity of all 254 explosive materials selected from the explosives logs and 26 of the 28 explosive materials selected while on site. The two types of explosive materials that we were unable to verify resulted from incorrect balances recorded on its explosives log. Specifically, NCETR's actual inventory of 14-foot Austin coal mine detonators was 120 units less than the balance recorded on the explosives log, and its inventory of 20-foot non-electric EZTL detonators was 5 units less than the balance recorded on the explosives log. In both instances, the discrepancies were related to explosives that had been donated to NCETR, rather than purchased. According to ATF personnel, these discrepancies occurred because the personnel conducting the explosives inventory relied on quantities hand-written on the outside of the storage container instead of counting the actual amount inside. Despite these explanations, ATF personnel did not follow procedures for conducting explosives inventories. As a result, ATF cannot provide evidence that the explosives were not lost or stolen either prior to or after the donated explosives were received. As a result of this finding, NCETR suspended the responsible explosives property custodian. Additionally, ATF's Industry Operations Investigators conducted a full physical inventory to ensure all NCETR explosives logs were complete and accurate. Therefore, we are not making a recommendation related to this issue.

Explosives Purchases

ATF policy on explosives storage and record management also requires offices to document all acquisitions of explosive materials. However, based on our review of explosives purchased at NCETR, we found multiple instances where the types and quantities of explosives received and listed on the packing slips did not match the paid vendor invoice. The differences were due to product substitutions or changes in quantity made by the vendor when the requested items were not available or not available in the quantity requested. We identified six instances where the explosives received did not match the vendor invoice because of product substitutions. NCETR's officials explained that, when a requested item is not available, the vendor will ship a substitute item if NCETR approves the substitution. However, neither NCETR, nor the vendor, documented that these substitutions were made. Additionally, we were unable to determine if the substituted items NCETR received cost more or less than the items listed on the paid invoice. We also identified three instances where the quantity of explosives received was greater than the amount invoiced. NCETR officials attributed these differences, in part, to the fact that some explosives, particularly those coming direct from the manufacturer, are packaged in a specific quantity, meaning the supplier could not provide the exact quantity ordered.

While the product substitutions and quantity changes may be fully acceptable, without proper documentation, it appears as if ATF approved and paid an invoice for items it did not receive and received items that it did not order. In all instances, the vendor's invoice matched the original purchase order, even when what was actually delivered to NCETR was a substitute product and, in some instances, a different quantity. Rather than simply accepting and paying the invoice, ATF should have requested an updated invoice reflecting the products and quantities that were actually received. Therefore, we recommend ATF ensure NCETR obtains invoices that accurately reflect the type and quantity of explosive materials received prior to payment.

Controls over ATF-Owned Less Lethal Munitions and Diversionary Devices

We found that ATF generally had strong physical controls over its less lethal munitions maintained by its SRTs in Dallas and Miami. However, at the time of our review ATF did not have any policy specifically related to tracking and inventorying its less lethal munitions and other diversionary devices, with the exception of Noise Flash Diversionary Devices (NFDD), commonly referred to as flash bang grenades. While both the Dallas and Miami SRT's had implemented practices to track most of these items, we identified discrepancies during our physical inventories of less lethal munitions. Additionally, we identified deficiencies related to compliance with policy over flash bang grenades at the Miami SRT.

Flash Bang Grenade Storage

We found that the Miami SRT stored its flash bang grenades in the same room as its explosives magazines, which contained small quantities of explosives.

According to ATF policy, the room used to store flash bang grenades, which are considered high explosives because they contain flash powder, may not be used to store other explosive materials. As a result, we recommend ATF ensure its SRTs store NFDDs and other explosives in separate rooms.

Tracking of Chemical Agents and Less Lethal Projectiles

We found that SRT's do not adequately track less lethal munitions. At the time of our review ATF policy did not specifically require its SRT's to track less lethal munitions, including chemical agent and smoke canisters. In our judgment, the absence of a requirement to track less lethal munitions is a control weakness that increases the risk of these items being lost, misplaced, or stolen without detection.

However, we found that the Dallas and Miami SRTs used ammunition records to track inventories of certain chemical agents and less-lethal projectiles. We believe this practice should also be implemented to include handheld chemical agents and smoke canisters. Specifically, we found that the Miami SRT does not currently track its inventory of smoke canisters. While, the Dallas SRT keeps an inventory sheet that lists the current quantities of its handheld chemical agents and smoke canisters on hand, according to the SRT Commander the inventory sheet is replaced each time items are used and the old inventory sheet is destroyed. As a result, the SRTs do not maintain historical documentation that tracks product movement – increases and decreases in inventory and the reason for the changes in quantity – over time for its handheld chemical agent and smoke canisters. In December 2017, ATF issued a memorandum to all SRT Commanders requiring them to track chemical and less lethal munitions using the ammunition record. Therefore, we recommend that ATF ensure the SRTs fully implement its recent policy requiring them to track all less-lethal munitions on an Ammunition Control Record.

Accuracy of Diversionary Device and Less Lethal Munitions Inventory

Although we found that all flash bang grenades were accounted for on the inventory records, we identified two discrepancies in the Dallas SRT's inventory of less lethal impact projectiles. ATF policy requires flash bang grenades, to be tracked by serial number and recorded on an inventory log. We conducted 100-percent physical inventories of the flash bang grenades at the Dallas and Miami SRTs and found that all 371 were accurately recorded in the inventory logs.

As stated above, while not currently required by ATF policy, both the Dallas and Miami SRTs use ammunition records to track certain chemical agents and less lethal projectiles. When available, we compared the balances logged on the ammunition records to the inventory on hand and located all less lethal and chemical agent projectiles at the Miami SRT. However, at the Dallas SRT, we identified two discrepancies between the ammunition records and the actual inventory of less-lethal impact projectiles. Specifically, the inventory of KO1 baton rounds was understated on the ammunition record by 24 rounds, all of which were

located in a deployment can. The inventory of bean bag rounds was understated by 80 rounds on the ammunition record, of which 48 were located in a deployment can. According to the SRT Commander, once rounds are placed in these containers, the SRT removes them from the ammunition record. Despite this explanation, the remaining 32 bean bag rounds we counted were not logged on the ammunition record.

Since the Miami SRT did not track its inventory of 27 smoke canisters, we were unable to verify the accuracy of the quantity on hand. However, using the inventory sheets maintained at the Dallas SRT, we judgmentally selected a sample of 30 chemical agent and smoke canisters and were able to physically verify the quantities of all items in our sample.

Controls over Seized Weapons, Ammunition, and Explosives

ATF maintained seized property at 11 of the 16 sites included in our audit. During our physical inventory of seized weapons, ammunition, and explosives, we were able to locate all items in our sample and trace a sample of items back to ATF's evidence tracking system. We also found that the number of seized firearms reported as lost or stolen has decreased from FY 2014 to FY 2017. However, we identified concerns related to the temporary storage of seized weapons and ammunition outside of the evidence vault, as well as areas where ATF's policies should be strengthened to improve the safeguarding and accountability of seized weapons and munitions.

Physical Security of Seized Weapons, Ammunition, and Explosives

ATF stores the majority of its seized evidence, including weapons and ammunition, in a vault configuration that is similar at each location. The room where the vault is located is split into two areas – an inner and outer vault – separated by a locked metal cage. At most ATF sites we visited, we found that access to the outer vault requires a key or combination to a locked door and an alarm deactivation code. The outer vault often contains access logs for the inner evidence vault and common use ATF-owned weapons such as Tasers and prop weapons. In some instances, Special Agents store their assigned rifles and shotguns in the outer vault when not in use. Seized evidence is stored in the inner vault. Access to the inner vault is restricted to designated vault custodians and requires a key to unlock the metal cage. Entry into the inner vault must be logged, documenting who, when, and for what purpose entry was granted.

Similar to ATF-owned explosives, seized explosives are also stored in a magazine. In addition to EEOs and CESs, designated vault custodians may be granted access to explosives magazines for administrative purposes, such as conducting inventory. As previously stated, we found each dual-padlocked magazine to be located in a remote area, and often secured with fencing, barbed wire, alarm systems, and other physical controls to restrict access to authorized personnel. Since ATF uses the same magazines to store both ATF-owned and seized explosives, we did not identify any concerns with ATF's physical controls over

the explosives evidence in our sample. However, we found weaknesses related to ATF's controls over seized firearms and ammunition.

ATF's Property Manual requires its personnel to employ reasonable and necessary precautions with assets taken into custody to ensure that they are handled, transported, and stored in a manner that ensure their safety and preservation. Storing evidence outside the evidence vault becomes necessary when the vault custodians are unavailable to open the vault. According to ATF personnel, this occurs most often when Special Agents return evidence to the office after hours or on the weekend or need evidence pulled from the vault for forensic analysis or for court. However, at nine of the sites we visited, we identified seized firearms and other evidence being stored outside the inner evidence vault, often in plain sight of any ATF personnel with access to the outer vault.¹⁰ In our judgment, this practice creates a risk that the evidence may be lost, misplaced, stolen, or otherwise compromised.

In addition to our concerns with storing seized weapons and ammunition unsecured in the outer vault, we identified one area of concern regarding a seized firearm from our physical inventory sample at the Denver Field Division. In October 2016, this firearm was checked out of the evidence vault for release to a local police department and placed in the outer vault. However, the case agent forgot about the firearm until we asked for proof of its whereabouts. Consequently, the firearm remained unnoticed and unattended in the outer vault for almost a year before the agent returned the firearm to the police department in October 2017.

Conversely, while not specifically required by ATF policy, four sites had more secure means of storing evidence outside the evidence vault, such as lockers with keyed padlocks, which we consider a best practice for temporarily storing evidence during times when the vault custodian is not available. Therefore, to ensure that seized items taken into ATF custody are protected from loss, theft, or tampering, we recommend ATF establish guidelines for physically securing seized weapons and ammunition that are temporarily stored outside of the evidence vault during times when the vault custodians are unavailable.

Accuracy of ATF's Seized Weapons, Ammunition, and Explosives Inventory

Although we noted some data errors in N-Force Vault, we were able to locate all seized weapons, ammunition, and explosives selected for our sample and trace a sample of weapons, ammunition, and explosives back to N-Force Vault during our physical inventory. All seized property is tracked using N-Force Vault, which generates a property label and barcode that is attached to the seized item. As of May 2017 ATF reported 72,172 seized weapons in its custody. To verify the accuracy of ATF's seized property management system, we selected a sample of 761 seized weapons, ammunition, and explosives from the vault holdings reports to

¹⁰ In many ATF locations, all Special Agents have access to the outer vault, including property custodians, whereas only the vault custodian and up to two alternates have access to the inner vault, where the evidence is stored.

ensure they were properly accounted for in N-Force Vault. In addition, we selected 187 seized weapons, ammunition, and explosives and traced those items back to N-Force Vault to ensure the seized evidence records were complete and accurate. During our physical inventory, we located all 761 seized weapons, ammunition, and explosives in our sample and we traced all 187 seized firearms, ammunition and explosives back to N-Force Vault, although we noted some data errors on the vault holdings reports. Specifically, for three seized firearms, the storage location listed on the vault holdings report was incorrect but all of the items were ultimately located in a different area of the vault. Additionally, we found three instances where the first one or two digits of a firearms' serial number did not match what was shown on the vault holdings report. Despite these discrepancies, we did not encounter difficulty locating any of the seized items in our sample. As a result, we are not making a recommendation related to this issue.

Lost, Stolen, or Missing Seized Firearms

Between fiscal years 2014 and 2017, ATF lost two firearms seized as evidence, both of which remain missing. Specifically, from October 1, 2013, through September 30, 2017, a total of 49 seized firearms were reported as lost, stolen, or missing. ATF later determined that 18 of those 49 firearms never existed and were the result of a miscount of over 5,000 firearms from a seizure that occurred in 2015, and that 2 of the 49 were lost or stolen during shipment and eventually recovered. We found that 27 of the 29 remaining missing seized firearms were mistakenly destroyed. Therefore, only two seized firearms were actually lost during the period.

Destruction of Seized Firearms and Ammunition

We found that ATF generally maintains effective control over the disposal of seized firearms, but we identified chain of custody concerns related to ATF's ammunition destruction procedures. ATF's NFAD is responsible for destroying of seized firearms that are not released to the owner, a third party, or forfeited to the government. NFAD also coordinates the disposal of seized ammunition, although ATF contracts with a third-party vendor for the actual destruction of seized ammunition.

We observed and evaluated ATF's firearms destruction and ammunition disposal procedures. All seized firearms slated for destruction are shipped to NFAD and stored in a locked vault with restricted access until they are removed for destruction. NFAD uses an industrial shredder to destroy the firearms, as depicted in Figure 1.

Figure 1



Source: OIG photo taken on site at NFAD.

While shipping firearms to NFAD is inherently risky, we believe that utilizing a centralized destruction facility for all seized firearms is an effective control. All firearms are shipped via an approved vendor in specialized locked cases and assigned tracking numbers. Additionally, the destruction process is witnessed by an ATF Special Agent and a credentialed employee or contractor who then signs the Report of Destruction (ROD) certifying that the firearm has been destroyed.

However, we identified concerns about ATF's ability to track seized ammunition scheduled for disposal and to ensure that it has been destroyed. For ammunition, the National Firearms and Ammunition Disposal Guide requires RODs be executed onsite by the case agent or vault custodian prior to the ammunition being placed into an unsecured ammunition disposal bag. However, ATF offices generally wait until 50 pounds of ammunition is accumulated before shipping it to the required third-party vendor for disposal. Once approved for disposal, ammunition is removed from its barcoded evidence packaging that includes the case information and item description, and placed into an unsecured disposal bag with ammunition from various other cases. As a result, ATF can no longer track the ammunition or ensure that it was destroyed. Once the ammunition is placed in the disposal bag, the case agent completes the ROD and the ammunition is marked as

disposed in N-Force Vault, despite the fact that the ammunition has not actually been destroyed.

Additionally, we observed the ammunition disposal bag being stored outside of the evidence vault at several ATF locations, which increases the risk of loss or theft. This practice is especially risky given that the disposed ammunition could include rounds that are not publicly available. Currently, ATF's Property Manual indicates that evidence with a completed ROD should not be stored in the evidence vault. However, in our judgment, ATF needs to ensure that: (1) seized ammunition is stored inside the evidence vault until it is shipped to the disposal facility; (2) seized ammunition placed into the shipping container remain in its original, tagged evidence bag until it is ready to be shipped; (3) vault custodians update the location in N-Force Vault to show that the ammunition was placed into the disposal shipping container; and (4) RODs are not completed until the ammunition is actually shipped to the disposal facility. Therefore, we recommend that ATF ensure that seized ammunition is tracked in N-Force Vault and secured in the evidence vault until it is shipped to the disposal facility.

CONCLUSION AND RECOMMENDATIONS

ATF should improve its controls over and compliance with its requirements for ammunition and explosives, as well as seized firearms and ammunition. Without sufficient controls and practices over this sensitive property, ATF cannot be assured that its inventory of weapons and munitions is adequately safeguarded and properly tracked. Most significantly, the deficiencies we identified increase the risk that ATF's inventory of weapons and munitions could be lost or stolen without being detected. As a result, we make nine recommendations to improve ATF's controls over weapons and munitions.

We recommend that ATF:

1. Ensure that it maintains accurate Ammunition Control Records that track the acquisition, use, and current balance of all rounds of each type of ammunition.
2. Ensure all ammunition is stored in an area out of the view of non-ATF personnel, in accordance with policy.
3. Establish consistent policy regarding the use of its Access Control Log and ensure that personnel record all entries into the ammunition storage area on the Access Control Log.
4. Require its offices to report all rounds of ammunition on the required biannual inventories.
5. Update its explosives policy to establish a retention period for its Daily Summary of Magazine Transactions form and require the forms to be written in ink.
6. Ensure NCETR obtains invoices that accurately reflect the type and quantity of explosive materials received prior to payment.
7. Ensure its SRTs store NFDDs and other explosives in separate rooms.
8. Ensure the SRTs fully implement its recent policy requiring them to track all less-lethal munitions on an Ammunition Control Record.
9. Establish guidelines for physically securing seized weapons and ammunition that are temporarily stored outside of the evidence vault during times when the vault custodians are unavailable.
10. Ensure that seized ammunition is tracked in N-Force Vault and secured in the evidence vault until it is shipped to the disposal facility.

STATEMENT ON INTERNAL CONTROLS

As required by *Government Auditing Standards*, we tested, as appropriate, internal controls significant within the context of our audit objectives. A deficiency in an internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to timely prevent or detect: (1) impairments to the effectiveness and efficiency of operations, (2) misstatements in financial or performance information, or (3) violations of laws and regulations. Our evaluation of ATF's internal controls was *not* made for the purpose of providing assurance on its internal control structure as a whole. ATF management is responsible for the establishment and maintenance of internal controls.

As noted in the Audit Results section of this report, we identified deficiencies in ATF's internal controls that are significant within the context of the audit objectives and based upon the audit work performed that we believe adversely affect ATF's ability to adequately track weapons, munitions, and explosives, including seized weapons and ammunition and ensure the physical security of ammunition, as well as seized evidence temporarily stored outside of the evidence vault. As a result, ATF cannot ensure that these sensitive items are properly safeguarded.

Because we are not expressing an opinion on ATF's internal control structure as a whole, this statement is intended solely for the information and use of ATF. This restriction is not intended to limit the distribution of this report, which is a matter of public record.

STATEMENT ON COMPLIANCE WITH LAWS AND REGULATIONS

As required by the *Government Auditing Standards* we tested, as appropriate given our audit scope and objectives, selected transactions, records, procedures, and practices, to obtain reasonable assurance that ATF's management complied with federal laws and regulations, for which noncompliance, in our judgment, could have a material effect on the results of our audit. ATF's management is responsible for ensuring compliance with applicable federal laws and regulations. In planning our audit, we did not identify laws and regulations that concerned the operations of the auditee and that were significant within the context of the audit objectives.

OBJECTIVES, SCOPE, AND METHODOLOGY

The objectives of our audit were to evaluate: (1) ATF's controls over weapons, munitions, and explosives; (2) ATF compliance with policies governing weapons, munitions, and explosives; and (3) the accuracy of ATF's weapons, munitions, and explosives inventories.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit covers ATF's weapons and munitions inventories, including firearms, Tasers, ammunition, chemical agents, diversionary devices, and explosives, as well as seized weapons, ammunition, and explosives inventories from FY 2014 through 2017. To accomplish our objectives, we interviewed personnel responsible for controls over ATF's inventory of firearms, ammunition, explosives, less lethal munitions and diversionary devices at 16 ATF locations throughout the United States, including officials at ATF Headquarters. This also included officials responsible for safeguarding and tracking seized firearms, ammunition, and explosives. We reviewed ATF's formal policies and procedures related to weapons and munitions. Our primary references were ATF Order 1850.2F, Property and Fleet Management Program, ATF Order 3020.1A, Firearms and Weapons Policy, and the ATF Property Manual. Additionally, we evaluated the various forms and records used to track ammunition. This included ATF Form 1851.10, "Ammunition Control Record, and ATF Form 1851.9, Access Control Log.

We also conducted site work at 16 ATF offices and facilities, as shown in Table 1. These sites were judgmentally selected in order to examine different types of ATF functions, including standard field offices, SRTs, training facilities, and firearm testing and disposal sites. We also wanted to determine if ATF's controls over weapons and munitions varied among different locations.

The purpose of our site work was to examine ATF's compliance with policies and procedures and to determine whether or not ATF's weapons and munitions inventories were accurate. We interviewed officials at each location, including FICs, property and vault custodians, EEOs and CESs, Sunflower specialists, and SRT members. We observed the physical security of ATF's inventory of firearms, ammunition, explosives, less lethal munitions and diversionary devices, as well as seized firearms, ammunition, and explosives. We also reviewed ammunition and explosives tracking documentation, vault holdings reports, historical firearm loss data, reports of destruction, and explosives purchasing documentation. In addition, we witnessed the firearm destruction process.

We conducted a physical inventory of ATF-owned weapons and munitions. This included verifying the existence of a sample of firearms, ammunition, and explosives selected from each location's inventory records. We also selected a sample of firearms and explosives while on-site and traced those items back to Sunflower or the explosives logs to determine if the inventory records were complete. In addition, we conducted a physical inventory of 100 percent of ATF's inventory of ammunition on hand to determine if all rounds were properly accounted for on ammunition records. Similarly, we conducted a physical inventory of seized weapons and munitions. This included verifying the existence of a sample of firearms, ammunition, and explosives from the vault holdings reports at each location. We also selected a sample of seized firearms, ammunition and explosives while on-site and traced those items back to the vault holdings report to determine if the seized inventory records were complete. With the exception of ATF-owned ammunition, in each of our physical inventory efforts, we employed a judgmental sampling design, which focused on sensitive items stored at locations throughout the institution. However, this non-statistical sample design does not allow a projection of the test results for the entirety of its physical inventory.

Finally, we assessed explosives purchasing at NCETR to determine if the explosives purchased were properly tracked and accounted for in the explosives inventory. This included analyzing the most recent large explosives purchase to ensure it was properly authorized, adequately supported, and recorded in the explosives log as part of NCETR's inventory.

ATF'S RESPONSE TO THE DRAFT AUDIT REPORT



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives

Assistant Director

Washington, DC 20226

www.atf.gov

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March 26, 2018

MEMORANDUM TO: Assistant Director
Office of Professional Responsibility and Security Operations

FROM: Assistant Director
Office of Field Operations

SUBJECT: Draft Audit Report Official Response - Audit of the Bureau of
Alcohol, Tobacco, Firearms and Explosives' Controls over
Weapons, Munitions, and Explosives

This memorandum responds to the recommendations contained in the Office of Inspector General's (OIG) report titled "Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives Controls Over Weapons, Munitions, and Explosives." We welcome OIG's constructive comments and appreciate the opportunity to respond.

Recommendation 1: Ensure that it maintains accurate Ammunition Control Records that track the acquisition, use, and current balance of all rounds of each type of ammunition.

ATF concurs with this recommendation. ATF will be enhancing our Firearms and Weapons Policy to ensure all stored ammunition is properly accounted for. We will also specifically re-inforce the policy which prohibits the co-mingling of any ammunition, regardless of its use. A memorandum to the field from the Chief, Special Operations Division (SOD) will also be sent reminding everyone on the strict adherence to our policy and the importance of timely and accurate ammunition record keeping.

Recommendation 2: Ensure all ammunition is stored in an area out of the view of non-ATF personnel, in accordance with policy.

ATF concurs with this recommendation. ATF has removed ammunition from the two public storage facilities being utilized by the Nashville and Miami Field Divisions. It should be noted that no other Division has ammunition at storage rental facilities. A policy will be added to our orders specifically excluding the use of public storage facilities for the storage of ammunition.

Recommendation 3: Establish consistent policy regarding the use of its Access Control Log and ensure that personnel record all entries into the ammunition storage area on the Access Control Log.

ATF concurs with this recommendation. ATF will ensure that the Access Control Log is properly filled out anytime personnel enters the ammunition storage area - not just when ammunition is removed. A memorandum will be sent to the field from the Chief, SOD to remind them of this policy.

Recommendation 4: Require its offices to report all rounds of ammunition on the required biannual inventories.

ATF concurs with this recommendation. ATF will amend its current policy to ensure all rounds, not just sealed or full cases, are counted on our biannual inventories. Additionally, all ATF offices that have ammunition will be required to send their ammunition control logs into SOD biannually for review. This additional layer of oversight will help catch errors and any discrepancies will be immediately addressed with the affected field division. This amendment will be relayed to the field via memorandum from the Chief, SOD, and will become effective beginning with the spring 2018 ammunition inventory.

Recommendation 5: Update its explosives policy to establish a retention period for its Daily Summary of Magazine Transactions form and require the forms to be written in ink.

ATF concurs with this recommendation. ATF currently mandates personnel to store explosive materials in accordance with Federal regulations, specifically Title 27 Code of Federal Regulations (CFR) Part 555. As part of the ATF Industry Operations inspection process, a review of all Daily Summary of Magazine Transactions (DSMTs) in comparison to actual explosives inventories is required annually. Industry Operations Investigators must also ensure that DSMTs are retained for a minimum period of five (5) years from the date of the last transaction as specified in 27 CFR §555.121(a)(2). However, ATF will require ink pens to be utilized on new DSMTs, as well as new entries on existing DSMTs. Erroneous entries are to be struck through with one line and corrections shall be shown in the next data field. ATF will amend directives, other policies or create standard operating procedures to clearly reflect these requirements.

Recommendation 6: Ensure NCETR obtains invoices that accurately reflect the type and quantity of explosive materials received prior to payment.

ATF concurs with this recommendation. ATF currently mandates NCETR personnel obtain and retain proper documentation of all explosive purchases regardless of cost or quantity acquired. ATF will ensure NCETR personnel inspect and verify all explosives deliveries against purchase orders and packing slips. Under no circumstances will NCETR personnel accept explosives

substitutions from vendors, unless prior approvals have been granted by ATF in writing. Approvals shall have an explanation of the circumstances for the change in orders (e.g. brand name A substitution for brand name B on account that brand name A is out of stock). All explosive substitutions shall be shown on amended invoices provided by vendors. Any substitution related to contract purchase orders shall require authorization from the Contracting Officer or the Contracting Officer's Representative and an amendment to the contract. The NCETR Budget Analyst will be advised of all substitutions as well. ATF will amend directives, other policies or create standard operating procedures to clearly reflect these requirements

Recommendation 7: Ensure its SRTs store NFDDs and other explosives in separate rooms.

ATF concurs with this recommendation. ATF will work to ensure our NFDDs and other explosives are stored separately. The Miami SRT is currently experiencing severe space limitations. ATF will use this OIG recommendation to reinforce the urgency of proper space to GSA in order to comply with this policy. A memorandum from the SRT Team Commander of Miami will be sent to the Chief, SOD once this task has been completed.

Recommendation 8: Ensure the SRTs fully implement its recent policy requiring them to track all less-lethal munitions on an Ammunition Control Record.

ATF concurs with this recommendation. SOD will ensure this policy is followed through biannual inventories and during ongoing inspections. All less-lethal munitions will continue to be recorded on an ammunition inventory log, and properly tracked each time they are removed and/or returned to inventory. All munitions will be counted on the biannual inventories.

Recommendation 9: Establish guidelines for physically securing seized weapons and ammunition that are temporarily stored outside of the evidence vault during times when the vault custodians are unavailable.

ATF concurs with this recommendation. ATF will be purchasing secured lockers to be provided to the Field Division Offices. This will improve our control of seized weapons and ammunition that cannot be placed into the inner vault in a timely manner or that needs to be removed for transit. These lockers will be placed in the outer vault, and will be able to hold most types of seized weapons, including long guns. Special Agents will be required to use these lockers when the vault custodians are unavailable, which will allow them to be held safely and securely while pending placement into or out of the inner vault.

Recommendation 10: Ensure that seized ammunition is tracked in N-Force Vault and secured in the evidence vault until it is shipped to the disposal facility.

ATF concurs with this recommendation. ATF will be purchasing locking ammunition boxes for the purposes of storing and securing seized ammunition. These storage containers will be provided to the Field Division Offices, and will replace the current blue barrel containers. The new containers will be placed in the inner vault, and only the vault custodians will have access to the lock, providing a control to the access of the seized ammunition. In addition, to maintain further control of the tracking of custody during the disposal process, the disposal of the ammunition will no longer be recorded at the time of entry into the ammunition box at the Field

Division Office level. Custody will be transferred from the Field Office vault to the NFAD vault, showing that the property is still maintained by ATF. The actual disposal of the ammunition will only be recorded once the NFAD has sent the property to the appropriate disposal facility.

Please let me know if I can be of further assistance on this or any other matter.



Marino F. Vidoli

Attachments

APPENDIX 3

OFFICE OF THE INSPECTOR GENERAL ANALYSIS AND SUMMARY OF ACTIONS NECESSARY TO CLOSE THE REPORT

The OIG provided a draft of this audit report to ATF. ATF's response is incorporated in Appendix 2 of this final report. In response to our audit report, the ATF concurred with our recommendations and discussed the actions it will implement in response to our findings. As a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for ATF:

- 1. Ensure that it maintains accurate Ammunition Control Records that track the acquisition, use, and current balance of all rounds of each type of ammunition.**

Resolved. ATF concurred with our recommendation. In its response to the draft audit report, ATF stated that it will enhance its Firearms and Weapons Policy to ensure all stored ammunition is properly accounted for and will reinforce the policy, which prohibits the comingling of any ammunition, regardless of its use. ATF also stated that the Chief of its Special Operations Division (SOD) will send a memorandum to the field reminding everyone of the strict adherence to the policy and the importance of timely and accurate ammunition record keeping.

This recommendation can be closed when we receive documentation supporting that ATF: (1) enhanced its Firearms and Weapons Policy prohibiting the comingling of ammunition and ensuring that Ammunition Control Records accurately track the acquisition, use, and current balance of all rounds of each type of ammunition on hand; (2) sent a memorandum to the field reinforcing these requirements; and (3) ensured that its offices are in compliance with the policy.

- 2. Ensure all ammunition is stored in an area out of the view of non-ATF personnel, in accordance with policy.**

Resolved. ATF concurred with our recommendation. In its response to the draft report, ATF stated that it has removed ammunition from the two public storage facilities being utilized by the Nashville and Miami Field Divisions and noted that no other Division has ammunition at storage rental facilities. ATF also stated that a policy will be added to its orders specifically excluding the use of public storage facilities for the storage of ammunition.

This recommendation can be closed when we receive evidence that the Nashville and Miami Field Division's ammunition is stored in areas out of the view of non-ATF personnel and the ammunition policy has been amended to prohibit the use of public storage facilities for the storage of ammunition.

3. Establish consistent policy regarding the use of its Access Control Log and ensure that personnel record all entries into the ammunition storage area on the Access Control Log.

Resolved. ATF concurred with our recommendation. In its response to the draft audit report, ATF stated that it will ensure that the Access Control Log is properly filled out anytime personnel enter the ammunition storage area and not just when ammunition is removed. ATF added that the Chief of SOD will send a memorandum to the field to remind everyone of the policy.

This recommendation can be closed when we receive documentation supporting that ATF has ensured that personnel record all entries into the ammunition storage area on the Access Control Log and this requirement is consistently reflected in both ATF Order 1850.2F and ATF Order 3020.1A.

4. Require its offices to report all rounds of ammunition on the required biannual inventories.

Resolved. ATF concurred with our recommendation. In its response to the draft report, ATF stated that it will amend its current policy to ensure all rounds, not just sealed or full cases, are counted during biannual inventories. Additionally, ATF stated that all offices with ammunition will be required to send their ammunition control logs to SOD for review on a biannual basis in order to ensure accuracy and address discrepancies. ATF stated that this amendment will be relayed to the field via memorandum from the Chief of SOD, and the ATF intends for it to become effective prior to ATF's ammunition inventory conducted in the spring of 2018.

This recommendation can be closed when we receive documentation supporting that ATF has: (1) amended its current policy to require all rounds of ammunition on hand to be counted during its biannual inventories; (2) required all offices with ammunition to send their ammunition control logs to SOD for review; (3) relayed these requirements to the field via memorandum; and (4) ensured that all affected offices are in compliance with the policy after its spring 2018 ammunition inventory.

5. Update its explosives policy to establish a retention period for its Daily Summary of Magazine Transactions form and require the forms to be written in ink.

Resolved. ATF concurred with our recommendation. In its response to the draft report, ATF stated that it currently mandates personnel to store explosives materials in accordance with federal regulations, specifically Title

27 of the Code of Federal Regulations Part 555. ATF stated that a review of all Daily Summary of Magazine Transactions in comparison to actual explosives inventories is required annually as part of the ATF Industry Operations. In addition, ATF stated that Industry Operations Investigators must also ensure that Daily Summary of Magazine Transaction forms be retained for a minimum of 5 years. ATF stated that it will require ink pens to be used to make entries on all Daily Summary of Magazine Transaction forms. ATF noted that it will amend directives, other policies, or create standard operating procedures to clearly reflect these requirements.

This recommendation can be closed when we receive documentation supporting that ATF has amended its explosives policy to: (1) reflect the federally mandated 5-year retention period for its Daily Summary of Magazine Transactions form and (2) require the forms to be completed in ink.

6. Ensure that the National Center for Explosives Training and Research obtains invoices that accurately reflect the type and quantity of explosive materials received prior to payment.

Resolved. ATF concurred with our recommendation. In its response to the draft report, ATF stated that it currently mandates NCETR personnel to obtain and retain proper documentation of all explosive purchases regardless of cost or quantity acquired. ATF added that it will ensure NCETR personnel inspect and verify all explosives deliveries against purchase orders and packing slips and not accept explosives substitutions from vendors, under any circumstances, unless prior approvals have been granted by ATF in writing. ATF stated that approvals must include an explanation of the circumstances for the change in orders and that all product substitutions must be shown on amended invoices provided by vendors. In addition, ATF stated that any substitution related to contract purchase orders must have authorization from the Contracting Officer or Contracting Officer Representative and an amendment to the contract. ATF noted that NCETR's budget analyst will also be advised of all substitutions. ATF stated that it will amend its directives, other policies, or standard operating procedures to clearly reflect these requirements.

This recommendation can be closed when we receive documentation supporting that ATF has: (1) amended its policies to reflect the requirements that NCETR personnel inspect and verify explosives deliveries, obtain written approval from the proper authority for any explosive substitutions, communicate substitutions to the appropriate personnel, and obtain amended invoices that accurately reflect the type and quantity of explosive materials received prior to payment; and (2) ensured that NCETR personnel are in compliance with the amended policy.

7. Ensure its Special Response Teams store Noise Flash Diversionary Devices and other explosives in separate rooms.

Resolved. ATF concurred with our recommendation. In its response to the draft report, ATF stated that it will work to ensure its NFDDs and other explosives are stored separately. The Miami SRT Team Commander will send a memorandum to the Chief of SOD once this task has been completed.

This recommendation can be closed when we receive documentation supporting that ATF has ensured the Miami SRT stores its NFDDs and other explosives in separate rooms.

8. Ensure the Special Response Teams fully implement its recent policy requiring them to track all less-lethal munitions on an Ammunition Control Record.

Resolved. ATF concurred with our recommendation. In its response to the draft report, ATF stated that SOD will ensure that its policy is followed through biannual inventories and during ongoing inspections. ATF noted that all less-lethal munitions will continue to be recorded on an ammunition inventory log and properly tracked each time they are removed and returned to inventory. ATF added that all munitions will be counted during biannual inventories.

This recommendation can be closed when we receive documentation supporting that ATF has ensured the SRTs track all removals and returns of less-lethal munitions on an Ammunition Control Record.

9. Establish guidelines for physically securing seized weapons and ammunition that are temporarily stored outside of the evidence vault during times when the vault custodians are unavailable.

Resolved. ATF concurred with our recommendation. In its response to the draft report, ATF stated that it will be purchasing secured lockers to be provided to the Field Division Offices. ATF stated that these lockers will be placed in the outer vault and will be able to hold most types of seized weapons. ATF further stated that Special Agents will be required to use these lockers when the vault custodians are unavailable, allowing them to secure the weapons while pending placement into or out of the inner evidence vault.

This recommendation can be closed when we receive evidence supporting that ATF has provided secured lockers to the Field Division Offices and established guidelines requiring Special Agents to use the lockers to temporarily store seized weapons and ammunition outside of the evidence vault when the vault custodians are unavailable.

10. Ensure that seized ammunition is tracked in N-Force Vault and secured in the evidence vault until it is shipped to the disposal facility.

Resolved. ATF concurred with our recommendation. In its response to the draft report, ATF stated that it will purchase locking ammunition boxes for the purposes of storing and securing seized ammunition. ATF stated that these containers will be placed in the inner evidence vault and access to the containers will be limited to the vault custodians. Additionally, ATF stated that it will no longer record the disposal of ammunition at the time of entry into the ammunition box. Instead, ATF stated that custody will be transferred from the Field Office vault to the NFAD vault, and the actual disposal of the ammunition will only be recorded once NFAD has sent the property to the appropriate disposal facility.

This recommendation can be closed when we receive documentation supporting that ATF has: (1) provided locking ammunition boxes for the purpose of storing and securing seized ammunition to its vault custodians, (2) ensured that the ammunition boxes are kept in the inner evidence vault and access is limited to only designated vault custodians, (3) ensured that custody of seized ammunition is transferred to the NFAD vault when it is approved for disposal, and (4) ensured that NFAD records the actual disposal of the ammunition once it is shipped to the disposal facility.



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