



U.S. Department of Energy
Office of Inspector General
Office of Inspections

Inspection Report

Inspection of Firearms Internal Controls
at Los Alamos National Laboratory

DOE/IG-0587

February 2003




Department of Energy

Washington, DC 20585

February 21, 2003

MEMORANDUM FOR THE SECRETARY

FROM:


Gregory H. Friedman
Inspector General

SUBJECT:

INFORMATION: Report on "Inspection of Firearms Internal Controls at Los Alamos National Laboratory"

BACKGROUND

The Department of Energy's (DOE) Los Alamos National Laboratory (LANL) maintains 1,643 firearms for use by its protective force contractor, Protection Technology Los Alamos (PTLA), and its Security and Safeguards and Dynamic Experimentation Divisions. Firearms are considered sensitive items by DOE and are subject to strict inventory controls. The purpose of this inspection was to determine if internal controls over firearms at LANL are adequate and whether the firearms inventory is administered appropriately.

RESULTS OF INSPECTION

After several unsuccessful efforts to obtain an accurate inventory from LANL sources, we used the best data available to account for firearms maintained as LANL property. Nonetheless, we concluded that significant internal control weaknesses exist in the receiving process and the administration of the firearms inventory. These weaknesses increase the vulnerability of firearms to loss, abuse and theft.

Specifically, we found that:

- LANL officials were unable to readily provide an accurate firearms inventory list, due in part to use of inconsistent nomenclature descriptions in the LANL property database;
- some firearms were not entered in the inventory, including 12 shotguns that were received in 1999;
- inventory validations conducted in 2000, 2001, and 2002 did not identify inaccuracies that existed in LANL's firearms inventory;



- separate firearms inventories maintained by LANL and PTLA were not reconciled; and
- all firearms were not processed through a central receiving point, resulting in delays in entering some firearms into LANL's property inventory.

During our inspection, LANL officials also recognized the need for process improvements and initiated corrective actions.

MANAGEMENT REACTION

Management agreed with our report and initiated a series of corrective actions to address our concerns. Management advised it would include firearms in the current "wall to wall" property inventory that is being conducted at LANL. Management asserted that the problem we encountered concerned receipt of firearms and not accountability of firearms. However, in our judgment, the inability of LANL to provide an accurate firearms inventory; the lack of reconciliation of the LANL inventory with the protective force inventory; and the acknowledged problems in the process for receipt of firearms and their inclusion in the formal LANL inventory raised additional doubt about the property control system at LANL.

Attachment

cc: Deputy Secretary
Acting Administrator, National Nuclear Security Administration
Under Secretary for Energy, Science and Environment
Manager, Los Alamos Site Office
Director, Policy and Internal Controls Management

INSPECTION OF FIREARMS INTERNAL CONTROLS AT LOS ALAMOS NATIONAL LABORATORY

TABLE OF CONTENTS

OVERVIEW

Introduction and Objective	1
Observations and Conclusions	2

DETAILS OF FINDINGS

3

Inventory Lists	3
Recording Inventory	4
Annual Inventory Validations	4
Receiving Point	5

RECOMMENDATIONS

7

MANAGEMENT COMMENTS

7

INSPECTOR COMMENTS

7

APPENDICES

Scope and Methodology	8
Management Comments	9

Overview

INTRODUCTION AND OBJECTIVE

The Department of Energy's (DOE) Los Alamos National Laboratory (LANL) maintains 1,643 firearms for use by its protective force contractor, Protection Technology Los Alamos (PTLA), and its Security and Safeguards and Dynamic Experimentation Divisions. Firearms are considered sensitive items by DOE and are subject to strict inventory controls.

The objective of this inspection was to determine if internal controls over firearms at LANL are adequate and whether the firearms inventory is administered appropriately.

**OBSERVATIONS
AND CONCLUSIONS**

After several unsuccessful efforts to obtain an accurate inventory from LANL sources, we used the best data available to account for firearms maintained as LANL property. Nonetheless, we concluded that significant internal control weaknesses exist in the receiving process and the administration of the firearms inventory. These weaknesses increase the vulnerability of the firearms inventory to loss, abuse and theft.

Specifically, we found that:

- LANL officials were unable to readily provide an accurate firearms inventory list, due in part to use of inconsistent nomenclature descriptions in the LANL property database;
- some firearms were not entered in the inventory, including 12 shotguns that were received in 1999;
- inventory validations conducted in 2000, 2001, and 2002 did not identify inaccuracies that existed in LANL's firearms inventory;
- separate firearms inventories maintained by LANL and PTLA were materially inconsistent and had not been reconciled; and
- all firearms were not processed through a central receiving point, resulting in delays in entering some firearms into LANL's property inventory.

During our inspection, LANL officials also recognized the need for process improvements. We were informed by LANL officials that they have already initiated corrective actions.

Details of Findings

INVENTORY LISTS

LANL officials were unable to readily provide an accurate firearms inventory list. This was due partially to the use of inconsistent nomenclature descriptions for firearms in the LANL property database, resulting in difficulty identifying all firearms listed in the inventory.

LANL officials initially provided two inventory lists, each dated November 18, 2002. One list was supposed to contain all firearms maintained at LANL, including those firearms in the possession of PTLA. The second list was provided by PTLA and contained only those firearms in the possession of PTLA. However, we observed that while the LANL list contained a total of 886 firearms, the PTLA list contained 1,550 firearms. A LANL official acknowledged that the initial LANL list, which had been generated by a query of the LANL property database, was incomplete. He stated that the LANL database had been queried using the word “weapon” as the property nomenclature description. Consequently, few firearms were identified because the nomenclature for all firearms in the database does not necessarily include the word “weapon.”

A LANL official then provided a second inventory list of LANL firearms dated December 3, 2002, which contained 1,438 firearms. This list was accompanied by three documents identified as property transaction slips that, according to the LANL official, contained firearms that were pending entry into the LANL inventory. Specifically, those firearms pending entry into the LANL property database included the following:

Description	Amount	Date Received
Shotguns	12	July 1999
Automatic rifles	42	August 2002
Glock pistols	145	September 2002

On December 5, 2002, the LANL official provided additional documentation for 16 Knight rifles that should also have been on the December 3, 2002, LANL inventory list. Information provided by this official revealed that the rifles had been in the LANL property database but did not appear on the inventory list. The rifles, it was explained, did not have the word “weapon” or “gun” in their property nomenclature description. As such, they were not captured by the December 3, 2002, property inventory data query.

With the addition of the 199 firearms included from the property transaction documents and the 16 Knight rifles added to the December 3, 2002, LANL property inventory list, the total number of firearms at LANL was determined to be 1,653. Subsequently, we determined that ten items on the list, including one rocket launcher, were not firearms. We physically accounted for and verified the serial numbers for each of the 1,643 firearms.

During our inspection, LANL officials recognized the difficulty of maintaining an accurate inventory list when the LANL database did not include a standard and consistent nomenclature for firearms. LANL officials advised us that they intend to improve the inventory process by adopting a standard and consistent nomenclature for all firearms.

RECORDING INVENTORY

We found that firearms were not entered into the LANL inventory in a timely manner and that the separate LANL and PTLA inventories were not reconciled. We identified 12 Benelli shotguns that were received in 1999, and 187 other firearms (145 Glock pistols and 42 automatic rifles) that were received at least three months prior to our inspection, which were not entered in the LANL property inventory. All of these firearms were, however, entered in the PTLA firearms inventory database. A LANL official informed us that the Glock pistols and the automatic rifles were not in the LANL inventory because of a delay in data entry caused by staff shortages. LANL officials were unable to provide an explanation for the absence of the 12 shotguns from the LANL inventory. Following our discussion of this issue with LANL officials, we were advised that LANL intends to initiate a process improvement to ensure that all firearms are entered into the LANL property database immediately upon receipt.

ANNUAL INVENTORY VALIDATIONS

We found that annual firearms inventory validations conducted by LANL and DOE officials did not identify those firearms in the possession of PTLA and not in the LANL inventory. The PTLA inventory contained 12 Benelli shotguns that were received in

1999. Those firearms were absent from the LANL property inventory without explanation. However, these firearms were not identified by DOE and LANL officials during annual inventory validations in 2000, 2001, and 2002. We were told that the validations consisted of verifying the presence of a sample of firearms using the LANL property inventory as the universe of firearms. This process was flawed. Had LANL officials taken the basic step of reconciling the PTLA inventory with the LANL inventory, as we did, they would have identified the inconsistencies and taken actions necessary to assure that the LANL inventory was up-to-date and complete. A PTLA official told us that he had identified the need for updating the LANL inventory as early as 2001.

RECEIVING POINT

Firearms purchased directly by LANL were processed differently than firearms purchased for LANL by DOE or transferred to LANL from other organizations. Specifically, we found that LANL did not consistently require the use of a central receiving point for firearms. The use of two different processes did not provide adequate assurance that all firearms received by LANL were entered into LANL's property inventory.

Firearms directly purchased by LANL were received and initially processed by LANL's Shipping and Receiving Department, as described in LANL's Property Management Manual. Bar code labels were prepared for each firearm for inventory control purposes. Information concerning the firearms was electronically transmitted to LANL's property inventory database. The appropriate property custodian, such as the PTLA property custodian, then picked up the firearms.

Firearms purchased by DOE for LANL or transferred to LANL were received directly by a property custodian, such as the PTLA property custodian, who notified his or her property administrator of the receipt of the firearms. The property administrator documented receipt of the firearms and forwarded the documentation to LANL's Property Management Group, which in turn, sent the documentation to LANL's Property Accounting Group for manual entry into LANL's property inventory.

LANL received several firearms shipments during the period 1998 through December 2002. We observed that firearms purchased directly by LANL and received in October 2002, were processed through LANL's Shipping and Receiving Department and were listed on LANL's December 3, 2002, inventory. Firearms

purchased for LANL by DOE or transferred to LANL in July 1999, August 2002, and September 2002, were received and processed by property custodians, such as the PTLA property custodian, and were not entered in the LANL property inventory. Following our discussion of this issue with LANL officials, we were advised that LANL will initiate a process improvement to establish a central point for receiving and issuing bar codes for all new and transferred firearms.

Inconsistent checks and balances in the receiving process and administration of the property inventory at LANL, increase the vulnerability of firearms to loss, abuse and theft. Given the sensitive nature of firearms as an inventory item, we concluded that the situation we found represented a significant LANL internal control weakness.

Our findings in this report will be considered as part of the Office of Inspector General's current overall review of management issues at LANL.

RECOMMENDATIONS

We recommend that the Manager, Los Alamos Site Office take appropriate action to ensure that:

1. LANL fully implements those process improvements identified by LANL officials during our review.
2. The LANL property inventory reflects all firearms maintained by LANL, and that procedures are implemented to assure that a complete and accurate firearms inventory listing may be obtained in a timely manner.
3. All firearms received by LANL are entered into the LANL inventory in a timely manner.
4. DOE and LANL officials perform annual firearms inventories designed to identify the fullest range of potential problems, such as firearms that are not entered in the LANL inventory.
5. LANL establishes consistent checks and balances in the firearms receiving process and administration of its property inventory.

**MANAGEMENT
COMMENTS**

In comments dated February 20, 2003, management agreed with our report and initiated a series of corrective actions to address our concerns. Management advised it would include firearms in the current “wall to wall” property inventory that is being conducted at LANL. Management’s verbatim comments are in Appendix B.

**INSPECTOR
COMMENTS**

We consider management’s comments and actions to be generally responsive to our recommendations and the issues addressed in our report. However, we do not agree with management that the issue is with the receipt of firearms and not with the accountability of firearms. Given that LANL was not able to provide an accurate firearms inventory; that the LANL inventory was not reconciled with the protective force inventory; and that the process for receipt of firearms did not ensure that all firearms were entered into the LANL property management database, there is no assurance that all firearms received by LANL were accounted for properly.

Appendix A

SCOPE AND METHODOLOGY

We conducted the fieldwork portion of our review during November 2002 to January 2003. Our review included interviews with Department of Energy (DOE) officials from the Albuquerque Operations Office and officials from LANL and PTLA who were involved with the custody, receipt, or property management of firearms. We also reviewed applicable policies and procedures regarding property management and firearms including:

- Department of Energy Property Management Regulations, Title 41 Code of Federal Regulations, Chapter 109.
- “Albuquerque Operations Office Property Management Instructions” dated August 3, 1998.
- “LANL Property Management Manual.”
- Chapter 6, “Equipment and Facilities” from DOE Manual 473.2-2 “Protective Force Program” dated June 30, 2002.
- PTLA “Firearms Inventory and Control” procedures, dated April 6, 1999.

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



Department of Energy
National Nuclear Security Administration
Washington, DC 20585

FEB 20 2003

MEMORANDUM FOR Christopher R. Sharpley
Acting Assistant Inspector General
for Inspections

FROM: *Anthony R. Lane*
Associate Administrator
for Management and Administration

SUBJECT: Comments to Draft Inspection Report on Firearms
at LANL

The Office of Inspector General conducted an inspection to determine if internal controls over firearms at the Los Alamos National Laboratory are adequate and whether the firearms inventory is administered appropriately. The National Nuclear Security Administration (NNSA) appreciates the opportunity to have reviewed the draft inspection report, "Inspection of Firearms Internal Controls at Los Alamos National Laboratory."

The inspectors concluded, in the report, that there are significant internal control weaknesses in the receiving process and the administration of the firearms' inventory. We wish to note that the issue is with the receipt of firearms not with the accountability once firearms were delivered to the security force. We agree that the weaknesses could increase the vulnerability of the firearms' inventory to loss, abuse, and/or theft prior to the weapons being incorporated into the site safety force program.

NNSA agrees with the report. The Manager, Los Alamos Site Office has initiated a series of corrective actions and, additionally, the firearms at Los Alamos will be included in the current "wall-to-wall" property inventory that is being conducted. However, for the purpose of this inspection report, NNSA recommends that the recommendations be directed toward the Manager, Los Alamos Site Office rather than the Associate Administrator for Facilities and Operations. The Site Office Manager is the accountable contract administrator for the actions that the Laboratory needs to implement.

cc: Greg Rudy, Associate Administrator for Facilities and Operations, NA-50
Robert C. Braden, Senior Procurement Executive, NA-63
John C. Todd, Chief, Defense Nuclear Security, NA-3.3
Ralph Erickson, Manager, Los Alamos Site Office
David L. Marks, Director, Field Financial Management



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