Audit Report

OFFICE OF THE INSPECTOR GENERAL

CONTROLS OVER AMMUNITION AND EXPLOSIVES

Report Number 91-119 September 11, 1991

Department of Defense

The following acronyms are used in this report:

AMC.....Army Materiel Command
AMCCOM.....Armament, Munitions and Chemical Command
ASD(P&L).....Assistant Secretary of Defense (Production and Logistics)
DESCOM.....Depot System Command
MRO.....Materiel Release Order
SIMA.....Systems Integrated Management Activity
SMCA.....Single Manager for Conventional Ammunition

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884

September 11, 1991

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR POLICY
ASSISTANT SECRETARY OF THE ARMY (FINANCIAL MANAGEMENT)

SUBJECT: Report on the Audit of Controls Over Ammunition and Explosives (Report No. 91-119)

We are providing this final report for your information and use. The report addresses internal controls over wholesale inventories of Category I and Category II (highly sensitive) ammunition and explosives managed by the Single Manager for Conventional Ammunition (SMCA).

Comments were received from the Deputy Under Secretary of Defense for Security Policy on June 22, 1991, and the Director of Supply and Maintenance, Office of the Deputy Chief of Staff for Logistics, Department of the Army on July 29, 1991. The Deputy Under Secretary and the Deputy Chief of Staff concurred with the findings and recommendations and provided milestones for corrective actions, which if implemented, will satisfy the intent of the recommendations. Therefore, no response to this final report is required.

The courtesies extended to the audit staff are appreciated. If you have any questions on this audit, please contact Mr. James Koloshey at (703) 614-6225 (DSN) 224-6225 or Ms. Dianna Pearson at (703) 614-6207 (DSN) 224-6207.

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cc:
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Assistant Secretary of Defense (Production and Logistics)
Commander, Army Materiel Command

Office of the Inspector General, DoD

AUDIT REPORT NO. 91-119
(Project No. 0LA-0014) September 11, 1991

CONTROLS OVER AMMUNITION AND EXPLOSIVES

EXECUTIVE SUMMARY

Introduction. The Secretary of the Army was assigned the Single Manager for Conventional Ammunition (SMCA) mission within the Department of Defense with the power to redelegate, within the Army, the necessary authorities to perform the SMCA mission. Under the authority of the Secretary of the Army's Charter for SMCA, the Commanding General, Army Materiel Command (AMC) was delegated authority to execute the SMCA operations. The Commanding General in turn designated the Armament, Munitions and Chemical Command (AMCCOM), a component of AMC, as the principal field operating organization of SMCA. As of April 1990, SMCA managed 1,941 line items with an estimated value of $17.2 billion.

Objectives. The objectives of the audit were to:

o evaluate internal controls regarding accountability, storage, and physical security for Category I and Category II (highly sensitive) conventional ammunition and explosives managed by AMC and

o follow up on prior audit reports covering SMCA operations and wholesale inventories of ammunition and explosives.

Audit Results. AMC did not effectively account for all sensitive ammunition and explosives. Although we found no evidence of misappropriation of assets, we found insufficient controls that allowed sensitive items to be vulnerable to misappropriation. Also, we found that some security records had been falsified.

o SMCA and storage activity records were not accurate. Accurate records are necessary to ensure that sensitive items have more precise accountability (Finding A).

o Security patrols failed to effectively conduct and properly certify checks of storage magazines. If physical security is not effective, AMC cannot readily determine that a breach in security for sensitive items occurred (Finding B).

Internal Controls. We reviewed internal controls to ensure that records accurately reflected on-hand quantities of sensitive items and that stock was adequately stored and secured. The

audit identified material internal control weaknesses. Controls were not effective to ensure that all stock had been accounted for or that security patrols were performed and certified as required. See Finding A and Finding B for details on these weaknesses and page 2 for details of our review of internal controls.

Potential Benefits of Audit. This report identifies no quantifiable potential monetary benefits. A summary of the other benefits resulting from this audit is in Appendix G.

Summary of Recommendations. We recommended that AMC require reporting and resolution of differences identified in the quarterly reconciliation process and require enhanced automated controls over Category I and Category II ammunition and explosives. We also recommended that the Deputy Under Secretary of Defense for Security Policy require periodic spot checks of security patrols and related certification.

Management Comments. The Office of the Deputy Chief of Staff for Logistics, Department of the Army concurred with all findings and recommendations and provided corrective actions and planned dates for completion of Recommendations A.1. and A.2., and immediate corrective actions in response to Recommendation B.2. The Deputy Under Secretary of Defense for Security Policy concurred with Finding B and Recommendation B.1. and provided planned corrective actions. Part II contains a full discussion of management's comments and Part IV contains the complete text of management's comments.

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This report was prepared by the Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, DoD. Copies of the report can be obtained from the Information Officer, Audit Planning and Technical Support Directorate, (703) 693-0340 (DSN 223-0340).

PART I - INTRODUCTION

Background

The Secretary of the Army was designated as the Single Manager for Conventional Ammunition (SMCA) in 1975 and was given a broad range of responsibilities covering the acquisition and management of conventional ammunition. The mission of the SMCA is to integrate conventional ammunition logistics functions to the maximum extent practical and to provide top quality ammunition and explosives during peacetime and war. By direction and authority of the Secretary of the Army's Charter for SMCA, the Commanding General, Army Materiel Command (AMC) was delegated authority for the execution of SMCA operations. Responsibility for the day-to-day operations of the SMCA mission was in turn delegated to the Armament, Munitions and Chemical Command (AMCCOM). The major responsibilities of SMCA include procurement, storage, distribution, and maintenance of assigned conventional ammunition at Army storage activities in CONUS. Functional control of these storage activities is divided between AMCCOM and the Depot System Command (DESCOM). Both AMCCOM and DESCOM are subordinate commands of AMC. As of April 1990, SMCA managed 1,941 line items with an estimated value of $17.2 billion.

The Assistant Secretary of Defense (Production and Logistics) (ASD[P&L]) has the principal OSD staff responsibility for SMCA activities and provides logistics policy and guidance for this assignment. The Under Secretary of Defense for Policy has the overall responsibility for developing policy, standards, and procedures for the physical security of ammunition and explosives. The Physical Security Review Board, comprised of members from OSD and the Military Departments, advises and assists the Under Secretary in determining the need for uniform policy, standards, and procedures.

Objective

This was a self-initiated audit. The overall objective of the audit was to evaluate internal controls over wholesale inventories of SMCA-managed conventional ammunition and explosives. Specifically, we evaluated the effectiveness of administrative controls for accountability, storage, and physical security over Category I and Category II (highly sensitive) conventional ammunition and explosives. The audit also included followup on prior audit reports covering SMCA operations and wholesale inventories of ammunition and explosives.

Retail inventories of conventional ammunition and explosives were not included in the audit. After the survey phase, we excluded

Service-Peculiar (items that are unique to the Military Departments and are not SMCA-managed) Category I and Category II ammunition and explosive items from the audit because of the limited line items found in wholesale storage during the survey.

Scope

This economy and efficiency audit included wholesale inventories of AMC-managed Category I and Category II ammunition and explosives. There were Category I and Category II ammunition and explosive items, representing 189 National Stock Numbers, at 15 storage activities throughout CONUS as of December 1989. Our sample consisted of 133 National Stock Numbers at 8 storage activities. These 133 National Stock Numbers equated to 313 line items because we considered each National Stock Number as a separate line item at each location. The sample was extracted from the inventory record data that SMCA reported to the Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, DoD, as of December 1989.

The Quantitative Methods Division within the Office of the Assistant Inspector General for Auditing provided basic guidance for selecting the samples for sites visited during the survey phase of the audit project. Based on the inventory and storage data SMCA provided, the Quantitative Methods Division developed a sampling plan which included the selection of a forward sample (from the record) for the audit phase of the audit project. The Quantitative Methods Division also developed a reverse sample (from the floor) based on data provided by the storage activities we visited. A detailed sampling plan is in Appendix A.

The audit was made from November 1989 through September 1990 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD, and accordingly included such tests of internal controls as were considered necessary. A list of the activities visited or contacted during the audit is in Appendix H.

Internal Controls

We reviewed internal controls to ensure that records accurately reflected on-hand quantities of ammunition and explosives and that stock was adequately stored and secured. The audit identified material internal control weaknesses as defined by Public Law 97-255, Office of Management and Budget Circular A-123, and DoD Directive 5010.38. Controls were not effective to ensure that all line items had been accounted for or that security patrols were performed and certified as required. These internal control deficiencies are discussed in detail in Part II of this report. All recommendations in this report, if implemented, will correct the weaknesses. There are no

quantifiable monetary benefits associated with the internal control weaknesses. The senior official responsible for internal controls within OSD and the Army will be provided a copy of the final report.

Prior Audits and Other Reviews

There has been extensive coverage of retail level conventional ammunition and explosives but limited coverage of SMCA and wholesale level ammunition and explosives. We identified and followed up on two reports that had been issued on SMCA operations and wholesale conventional ammunition storage.

SMCA operations. The Office of the Assistant Inspector General for Auditing issued Report No. 84-104, "Single Manager for Conventional Ammunition and Explosives," on June 28, 1984. The report indicated that available inventories of ammunition and explosives were not readily determinable by SMCA personnel because of lack of visibility over stock balances and delays in developing a standard logistics data system.

AMC was in the process of developing the Defense Standard Ammunition Computer System, which may provide visibility over stock. However, the system has been in development since 1983, has cost an estimated $50.3 million, and was still not fully operational.

Wholesale storage. The Office of the Assistant Inspector General for Auditing also issued Report No. 83-150, "Physical Security and Accountability of Sensitive Conventional Ammunitions and Explosives," on June 23, 1983. The report identified a need to increase physical security for the storage of high risk items and a need to consolidate the storage of ammunition and explosives.

Since 1986, the Military Departments obtained $400 million for increased physical security. Storage activities we visited either had intrusion detection systems or were in the process of installing them. Category I and Category II ammunition and explosives were combined in storage to the maximum extent possible.

PART II - FINDINGS AND RECOMMENDATIONS

A. INVENTORY CONTROLS OVER AMMUNITION AND EXPLOSIVES

The Single Manager for Convention Ammunition (SMCA) and storage activity records had incorrect balances for Category I and Category II ammunition and explosives. Based on results of our sample, SMCA records were incorrect on 16 percent of the line items counted while storage activity records were incorrect on 6 percent of the line items. These errors occurred because SMCA was not promptly identifying and correcting inventory discrepancies, and the Standard Depot System lacked sufficient automated controls to ensure the accuracy of all transactions. Considering the sensitiveness of Category I and Category II items, precise accountability is essential to ensure that these items are not getting into the possession of terrorists or individuals who could pose a threat to the safety of the general public.

DISCUSSION OF DETAILS

Background

Ammunition is a device charged with explosives, propellants, pyrotechnics, initiating composition, riot control agents, chemical herbicides, smoke, or flame for use in connection with defense or offense including demolition. Explosives are chemical compounds, mixtures, or devices that have the primary purpose to function by explosion and include land mines, demolition charges, and blocks of explosives such as dynamite or trinitrotoluene (TNT). Category I ammunition and explosives include complete explosive rounds for missiles and rockets, such as the Redeye and Stinger missiles. Category II ammunition and explosives include grenades, antitank and antipersonnel mines, and explosives used in demolition operations.

DoD Manual 5160.65-M, "Single Manager for Conventional Ammunition," dated April 1989, designates AMCCOM as the accountable activity for SMCA-managed ammunition and explosives and requires AMCCOM to keep accurate records for these items. Although AMCCOM has the obligation to maintain accurate records for ammunition and explosives, AMCCOM does not have the physical custody of the items. Instead, these items are secured at 15 activities throughout CONUS, which are responsible for a variety of functions, including storage, maintenance, and physical security. Three of the activities are under the control of AMCCOM, while 12 are under the control of DESCOM. The storage activities maintain custodial records, which reflect on hand

quantity by condition code and ammunition lot. The custodial record also displays an audit trail to control assets in storage and to aid physical inventory.

Results of Physical Inventories

We conducted physical counts of 313 line items at 8 of the 15 activities that store Category I and Category II ammunition and explosives. We compared results of these counts to quantities shown on the SMCA and storage activity records. Results of these counts are discussed separately below. (A detailed sampling plan is shown in Appendix A.)

SMCA record balances. Of the 313 line items counted, SMCA records had incorrect balances on 49 line items, resulting in a 16 percent error rate (Appendix B). We attempted to reconcile discrepancies for 28 of the 49 line items. Fifteen line item errors occurred because of recording problems at SMCA, 6 line item errors were generated by storage activities, and 3 line item errors were attributed to unexecuted materiel release orders (MRO's). (The MRO is an order issued by AMCCOM to a storage activity to ship a specific quantity of stock.) We were unable to determine reasons for the errors for the remaining four line items. These errors are categorized in Appendix C and are discussed below.

Recording problems. The 15 incorrect balances resulted from two categories of recording problems at SMCA. In the first category, eight line items were not reported correctly from the storage activity system to the SMCA system. For example, an item with a transaction involving an undershipment was posted to the SMCA system as an overshipment. In the second category, seven items were not posted promptly from the storage activity system to the SMCA system. In one instance, it took 571 days to record one item in the SMCA system, and SMCA did not post another item for 246 days.

Errors generated by storage activities. Six line item balances were incorrect because storage activities recorded an incorrect quantity, which in turn was reported erroneously to SMCA. As a result, both record balances were incorrect.

Unexecuted materiel release orders. Three line item balances were incorrect because, according to SMCA records, MRO's had been transmitted to the storage activity. However, there was no record that the storage activity received the MRO's. Thus, the items were physically at the storage activity but not on the SMCA inventory record.

Reason for errors unknown. For the remaining four line items, we could not determine the cause for the imbalance. The 4 line items had a physical count in excess of the SMCA record by a total of 1,338 units. The storage activity record balance equaled the physical count on each of these four line items. This condition shows SMCA's vulnerability to manipulation of the custodial record to hide misappropriation of stock.

Storage activity record balances. Of the 313 line items counted, storage activity records had incorrect balances for 20 line items with 26 quantity errors, resulting in a 6 percent error rate. Additionally, storage activity records had 31 line items with 38 nonquantity errors that could affect record accuracy. These 26 quantity and 38 nonquantity errors are shown in Appendix D and are discussed below.

Quantity discrepancies. The 20 line items with incorrect record balances had 26 errors because some items had more than one error. Of the 26 quantity-related errors, 21 errors occurred because storage activity personnel failed to record transactions either correctly or promptly. Of the remaining five quantity errors, two could not be resolved by the storage activities. One of these involved a shortage of four demolition charge assemblies, which are used for the destruction of large structures. The other three errors occurred because the wrong unit of issue was used, a box did not show the correct quantity, and a dummy item was counted as a live item. (See Appendix E for a summary of the quantity discrepancies.)

Nonquantity discrepancies. The 38 errors on 31 line items consisted of inaccurate magazine inventory records (18 errors), improperly marked boxes (8 errors), and inaccurate planographs (a computerized drawing of the magazine showing stock location and quantity) (12 errors). The following paragraph presents these errors in detail. (Appendix F summarizes these nonquantity errors.)

Inaccurate magazine inventory records and improperly marked boxes allow a discrepancy between the storage activity record and the quantity in magazine storage to remain undetected. If the magazine inventory record is used in a physical inventory, and both the magazine inventory record and the storage activity record indicate the same erroneous stock balance, it is possible that the error will remain undetected. Also, if a box is marked with an incorrect quantity, it is possible for the incorrect quantity to remain undetected. For example, while conducting the physical inventory we found an overage of one stick of dynamite caused by a mismarked box. The box, the magazine inventory record, and the storage activity record all indicated the same

incorrect quantity. Finally, line items incorrectly recorded on the planograph hampered the inventory control effort. Because periodic scheduled inventories were taken on a magazine basis, inaccurate planographs can create the appearance of stock imbalances. Resolving discrepancies caused by inaccurate planographs require time and effort that could otherwise be used in resolving actual item discrepancies.

Timely Correction of Stock Balance Discrepancies

SMCA's controls to promptly identify and correct inventory errors for Category I and Category II ammunition and explosives were ineffective. SMCA's primary control to ensure the accuracy of record balances and to detect inventory errors for sensitive items is a quarterly reconciliation of asset balances as prescribed by Army Materiel Command Regulation 740-17 (AMCR 740-17), "Storage and Supply Activities Inventory and Accountability," August 1, 1986. If the SMCA record balance does not agree with the storage activity record balance, SMCA personnel attempt to reconcile the storage activity record to the SMCA record in accordance with a series of local desk procedures. In addition, SMCA personnel will informally contact storage activity personnel in an effort to resolve the imbalance. If these efforts are not successful, SMCA and storage activity personnel conduct a complete review of all transactions that occurred before the latest reconciliation. This process is called causative research. AMCR 740-17 allows 90 days for causative research. If the causative research fails to uncover the reason for the discrepancy, SMCA issues a request for investigation to the storage activity. The requested investigation should be completed in 90 days according to Army Regulation 735-5, "Policies and Procedures for Property Accountability," October 9, 1989.

Quarterly reconciliations. In the process of reviewing the causes for 28 out of the 49 SMCA record errors, we concluded that SMCA was not adequately performing the quarterly reconciliation. The basis for our conclusion was the absence of documentation of telephonic research, causative research, or requests for investigation for 14 (50 percent) imbalances where the SMCA record differed from the storage activity record for more than 1 quarter. Thus, SMCA personnel were either not previously aware of the imbalances or failed to complete and document the appropriate research. We recognize that where both the depot record and SMCA record are equally in error, the reconciliation would not detect an error. However, if SMCA performed the reconciliation effectively, the vast majority of the inventory errors we identified would have been detected

before our audit. In 43 of 49 (88 percent) errors where the SMCA record differed from the physical count, the SMCA record also differed from the storage activity record.

Delays in initiating investigations. Cognizant personnel at both SMCA and storage activities stated that they delayed research on some imbalances in anticipation that the imbalances would be corrected before the next quarterly reconciliation. In researching one request for investigation, we determined that storage activity personnel delayed processing an adjusting entry for a shortage of 58 hand rifle smoke grenades for 2 years. This adjustment would have initiated the causative research process.

Automated Controls

The Standard Depot System lacked sufficient automated controls to preclude posting errors, such as those previously identified as quantity discrepancies at storage activities. For example, there was no automated control to ensure that the shipment clearance suspense transactions are processed before the MRO history record is closed to indicate shipment has been completed.

AMC's Systems Integrated Management Activity (SIMA) stated that automated improvements have been planned but none have been implemented. As a result of our discussions with SIMA personnel, they plan to incorporate automated controls into the planned Standard Depot System Modernization, which will notify users, daily, of action on a MRO that has been completed but for which a shipment clearance suspense record remains open. Automated controls will also be incorporated to alert users, who deal with obligated quantities, when a denial, cancellation, or an overshipment or undershipment has been made that requires obligated quantities to be changed. We identified 21 posting errors in the storage activity record. Of the 21 errors, 10 were due to shipments not posted and 3 were due to undershipments and overshipments for which adjustments were not made to the storage activity record. These errors accounted for 62 percent of the posting errors we identified. On this basis, controls, if implemented, would significantly reduce the number of errors in the storage activity record.

Conclusion

We believe that effective quarterly reconciliation and upgrades to the Standard Depot System should markedly improve inventory accuracy rates. We recognize that perfect accountability is not attainable; however, improvements in inventory accuracy will provide greater assurance that sensitive items are properly accounted for.

RECOMMENDATIONS FOR CORRECTIVE ACTION

We recommend that the Commander, Army Materiel Command:

1. Revise Army Materiel Command Regulation 740-17, "Storage and Supply Activities Inventory and Accountability," to require that all unresolved quarterly reconciliation differences for Category I and Category II ammunition and explosives be reported quarterly to the Commander, Army Materiel Command; and monitor the quarterly reconciliation process to ensure that differences among the Single Manager for Conventional Ammunition record, storage activity record, and the physical quantity of Category I and Category II ammunition and explosives are identified and resolved promptly.

2. Require the Systems Integrated Management Activity to incorporate planned automated controls into the Standard Depot System to ensure that transactions are accurately posted.

MANAGEMENT COMMENTS

The Office of the Deputy Chief of Staff for Logistics, Department of the Army concurred with the finding and recommendations and provided corrective actions to be taken by the Army Materiel Command.

In response to Recommendation A.1., The Army Materiel Command will revise Army Materiel Command Regulation 740-17 and provide interim guidance to require all resolved quarterly reconciliation differences for Category I and II ammunition and explosives to be reported to the Commander, AMC. The reconciliation process will be monitored to ensure that differences in asset balances of high risk ammunition are identified and resolved promptly. The planned date for completion is October 1, 1991.

In response to Recommendation A.2., the Army Materiel Command stated that the Systems Integrated Management Activity is working to incorporate planned automated controls into the Standard Depot System Modernization to ensure that transactions are accurately posted. The planned date for completion is October 1, 1991.

B. PHYSICAL SECURITY OVER AMMUNITION AND EXPLOSIVES

Security patrols did not promptly discover unlocked magazines at two of the five storage activities tested. At a third activity, security personnel were not promptly informed of changes in the security status of storage magazines. This condition occurred because of inadequate management controls to monitor physical security over ammunition and explosives. If security patrols are not properly executed, the risk for misappropriation of sensitive ammunition and explosives increases.

DISCUSSION OF DETAILS

Background

DoD Manual 5100.76-M, "Physical Security of Sensitive Conventional Arms, Ammunition and Explosives," February 1983, requires that facilities containing Category I and Category II ammunition and explosives be checked periodically by security patrols. The Manual also requires that the checks be conducted on an irregular basis during nonduty hours. For facilities protected by an intrusion detection system, the intervals between checks cannot exceed 24 hours. All five storage activities tested had intrusion detection systems. (To preclude any security classification of this report, we have not named the activities where deficiencies were identified.)

Security Patrols

While we were conducting a physical inventory at one of the activities visited, our escort inadvertently left a storage magazine unlocked. The Director of Law Enforcement and Security estimated that the magazine remained unlocked for about 96 hours before security patrols reported the unlocked magazine. During the period that the magazine was unlocked, security patrols falsely certified that they had checked the facility every 24 hours. (Disciplinary actions have been taken against the security patrols involved.) The unlocked magazine contained Bangalore Torpedoes, which are classified as Category II ammunition items. These torpedoes are used to explode antipersonnel and antitank mines but can also be used in conjunction with other devices to blow holes in roads, bridges, and buildings.

Because the security patrols did not find the unlocked magazine for several days, we decided to test the adequacy of security at the remaining four activities in our sample. To prevent a breach in security while we conducted the tests, we explained our test objectives to activity officials and solicited their cooperation. We used only empty magazines that had been certified for storing Category I or Category II items. Security, however, was informed that the magazines contained Category I or

Category II items. Security patrols at one of the other four activities tested failed to discover the unlocked magazine within 24 hours. Another activity had an internal control deficiency. Details are presented below.

Quality of security patrols. At one activity, the security patrols failed to discover the unlocked magazine for about 58 hours. This occurred even though the security patrols had certified that they had checked the magazine and had found them to be secure. We concluded that security patrols not only failed to conduct the checks but also falsified certification sheets. (Disciplinary action has been taken against the security personnel involved.)

Communicating facility status changes. The other storage activity had no procedure to require the Directorate of Ammunition Operations and Supply to inform the Directorate of Law Enforcement and Security of changes in the risk status of storage magazines. Instead, security personnel relied on the weekly "Sensitive/Classified Location Change List," a Standard Depot System product. This listing was not received by the Directorate of Law Enforcement and Security for up to 4 days after it was printed. Thus, cognizant security personnel could be unaware of the placement of sensitive ammunition and explosives in a previously empty storage magazine for up to 11 days.

As a result of our test, officials from both directorates immediately initiated efforts for the Directorate of Ammunition Operations and Supply to inform the Directorate of Law Enforcement and Security of changes in the risk status of storage magazines at the end of each workday.

Conclusion

Considering the extremely sensitive nature of Category I and Category II ammunition and explosives, it is imperative that internal controls be in place to ensure that all security patrols are properly accomplished and all certifications are accurate.

RECOMMENDATIONS FOR CORRECTIVE ACTION

1. We recommend that the Deputy Under Secretary of Defense for Security Policy amend DoD Manual 5100.76-M, "Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives," to require a system of periodic spot checks of security patrols and related certification.

2. We recommend that the Commander, Army Materiel Command, develop the appropriate controls to ensure that security patrols of storage magazines containing Category I and Category II ammunition and explosives are conducted and certified in accordance with DoD Manual 5100.76-M.

MANAGEMENT COMMENTS

The Deputy Under Secretary of Defense for Security Policy concurred with Recommendation B.1. and stated that his office is conducting a comprehensive review of the requirements contained in DoD Manual 5100.76-M, which will result in a reissuance of the manual. The planned date for completion is July 12, 1992. In the interim, the Deputy Under Secretary will notify the appropriate Defense Components of the issue and the immediate need to implement the recommendation.

The Office of the Deputy Chief of Staff for Logistics, Department of the Army, concurred with Recommendation B.2. and provided a memorandum on actions taken by the Army Materiel Command. In response to the audit, AMC sent a message to commanders of storage base locations directing that security personnel be notified of any change in the status of sensitive ammunition and explosive storage within 24 hours of that change and that supervisory controls necessary to ensure proper conduct of required security checks are in place. In addition, AMC stated that tests are being conducted during periodic physical security surveys to determine the adequacy of communications between ammunition and security personnel and patrol procedures by guards.

PART III - ADDITIONAL INFORMATION

APPENDIX A - Sampling Plan

APPENDIX B - Accuracy of SMCA Record

APPENDIX C - Cause of SMCA Discrepancies

APPENDIX D - Storage Activity Discrepancies

APPENDIX E - Cause of Storage Activity Quantity Discrepancies

APPENDIX F - Cause of Storage Activity Nonquantity Discrepancies

APPENDIX G - Summary of Potential Benefits of Audit

APPENDIX H - Activities Visited or Contacted

APPENDIX I - Report Distribution

APPENDIX A: SAMPLING PLAN

Survey

Based on a listing SMCA provided, we found that as of December 1989, SMCA managed 189 line items for Category I and Category II ammunition and explosives at 15 storage activities in CONUS. We determined that we would visit three storage activities during the survey phase of the audit. We selected Letterkenny Army Depot because of its proximity to Washington, DC; Hawthorne Army Ammunition Plant based on the infrequency in which OAIG-AUD visits that storage activity; and Anniston Army Depot because of the variation of items stored there, according to SMCA.

Assuming that none of the storage activities visited would have the entire 189 line items on-site, and based on input from the Quantitative Methods Division within the Office of the Assistant Inspector General for Auditing, we determined that we should look at a total of 55 items at each of the three sites visited. The 55 items would include 35 items from the record, or the inventory listing SMCA provided, and 20 items from the floor (reverse sample). Items selected for the reverse sample would not only be another check of the validity of the SMCA listing but would also enable us to look at Service-Peculiar items stored at the activity but not managed by SMCA and therefore, not on the SMCA record. The survey reverse sample was not completely random because we determined that if the storage activity had Service-Peculiar items, we would include the items in the reverse sample and adjust the reverse sample by the number of Service-Peculiar items at the activity.

After sorting line items at each activity, we determined that Letterkenny Army Depot had 90 line items, Anniston Army Depot had 57 line items, and Hawthorne Army Ammunition Plant had 102 line items. We contacted Quantitative Methods Division to adjust the survey sample size to reflect the number of line items stored at the activities, as follows.

Activity	Sample Items	Revision Items
Letterkenny Army Depot	55	40
Anniston Army Depot	55	30
Hawthorne Army Ammunition Plant	55	50
Survey Total	165	120

Audit

We decided that we would visit five storage activities during the audit phase and that we would limit our sample of items to SMCA-managed stock. We continued using forward and reverse samples. In designing the forward sample, we decided to visit activities that we did not visit during the survey phase.

For each of the remaining 12 storage activities, we determined the number of magazines at each activity that were certified for Category I and Category II storage and stratified the activities according to the number of magazines there. We identified three strata of activities, where stratum one consisted of activities with 50 magazines or less, stratum two consisted of activities with more than 50 magazines but less than 100 magazines, and stratum three consisted of activities with 100 magazines or more.

After stratifying the activities, we randomly selected activities within each stratum and then randomly selected a sample of line items to count at each storage activity (cluster sample). We designed the sample to estimate attributes for SMCA-managed stock as a whole. Both sample design and size were based on a 95-percent confidence level with a 5-percent margin of error.

We selected the reverse sample on site at the storage activity using activity records on available storage magazines. After we eliminated all magazines containing line items for the forward sample, we determined the number of remaining magazines that contained Category I and Category II stock and randomly selected unvisited magazines, made a list of the available line items that were not included in the forward sample, and then also randomly selected line items for the reverse sample. We repeated this process until we obtained the targeted number of items for the reverse sample. The storage activities and forward and reverse samples for the activities are shown below.

FORWARD AND REVERSE SAMPLE ACTIVITIES AND SIZE

Activity	Item Sample Size		
	Forward	Reverse	Total
Red River Army Depot	25	8	33
Crane Army Ammunition Activity	50	15	65
Tooele Army Depot	25	8	33
Sierra Army Depot	35	11	46
Umatilla Army Depot Activity	15	5	20
Audit Total	150	47	197

APPENDIX A: Sampling Plan (cont'd)

We counted 317 items in the sample, 120 items during survey and 197 items during audit. Even though some line items were stored at more than one activity, each line item was counted as a separate line item at each activity. All audit results are expressed in terms of SMCA-managed stock, which included 313 line items.

APPENDIX B: ACCURACY OF SMCA RECORD

Site	Number of Items	SMCA Matched Physical Count	Accuracy (Percentage)	SMCA did not Match Physical Count	Discrepancy (Percentage)
Letterkenny Army Depot	38	30	79	8	21
Anniston Army Depot	29	17	59	12	41
Hawthorne Army Ammunition Plant	49	46	94	3	6
Red River Army Depot	33	24	73	9	27
Crane Army Ammunition Activity	65	57	88	8	12
Tooele Army Depot	33	29	88	4	12
Sierra Army Depot	46	43	93	3	7
Umatilla Army Depot Activity	20	18	90	2	10
Total	313	264		49	

APPENDIX C: CAUSE OF SMCA DISCREPANCIES

	NSN	NOMENCLATURE	STE [1]	POSTING PROBLEMS: Incorrect Posting	POSTING PROBLEMS: Untimely Posting	GENERATED BY THE STORAGE ACTIVITY	OUTSTANDING MRO [2]	CAUSE UNKNOWN
1.	1375-00-724-7040	Charge, Demo	R		X (194 days)			
2.	1375-00-926-1948	Bangalore Torpedo	R	X (887 days)				
3.	1375-00-935-6139	Demo Block TNT 1LB	R					X
4.	1375-01-082-9925	Linear Shaped Charge	R	X (282 days)				
5.	1375-01-083-2821	Linear Shaped Charge	R	X (111 days)				
6.	1375-00-926-3985	Demo Charge Assy	R					X
7.	1375-01-083-2822	Linear Shaped Charge	R					X
8.	1375-01-082-9922	Linear Shaped Charge	R					X
9.	1330-00-133-8244	Fragment Hand Grenade	R		X (571 days)			
10.	1345-00-710-6946	Mine, Anti-Per. M18A1	C				X (62 days)	
11.	1375-00-316-3610	Charge, Demo M36-1	C		X (246 days)			
12.	1375-00-926-3939	Charge, Demo Shaped	C		X (37 days)			
13.	1375-01-079-3904	Charge, Demo Linear	C		X (51 days)			
14.	1375-00-834-7297	Charge, Demo C-4	C		X (190 days)			
15.	1375-00-028-5133	Charge Demo	U				X (90 days)	
16.	1330-00-143-6807	Hand Grenade MK3A2	C	X (693 days)				
17.	1345-00-028-5131	Mine, Anti-Per M16	C	X (657 days)				
18.	1375-00-088-6691	Charge, Demo Shaped, 40lb	T	X (796 days)				
19.	1375-00-926-9394	Demo Block TNT Y4LB	T	X (308 days)				
20.	1345-00-710-6946	Mine, Anti-Pers M18A1	S		X (187 days)			
21.	1375-00-724-7040	Charge, Demo	S				X (420 days)	
22.	1340-00-028-6090	Rocket, 3.5" Heat	U	X (141 days)				
23.	1375-00-926-1948	Bangalore Torpedo	A			X		
24.	1375-00-028-5245	Demo Charge Assy	A			X		
25.	1340-00-132-0482	Rocket, M74	C			X		
26.	1375-00-724-9613	Dynamite, M1	T			X		
27.	1340-00-028-6090	Rocket, 3.5" Heat	T			X		
28.	1340-00-028-6090	Rocket, 3.5" Heat	S			X		
		TOTAL		8	7	6	3	4

1/ R = Red River Army Depot; C = Crane Army Ammunition Activity; U = Umatilla Army Depot Activity, T = Tooele Army Depot; S = Sierra Army Depot; and A = Anniston Army Depot.

2/ MRO = Materiel Release Order

APPENDIX D: STORAGE ACTIVITY DISCREPANCIES

Storage Site	Number of Line Items Counted	Line Items with Discrepancies			Number of Discrepancies		
		Quantity	Nonquantity	Total	Quantity	Nonquantity	Total
Letterkenny	38	0	7	7	0	8	8
Anniston	29	7	0	7	9	0	9
Hawthorne	49	3	4	6*	3	4	7
Red River	33	1	4	4*	2	8	10
Crane	65	6	9	15	9	10	19
Tooele	33	2	3	5	2	3	5
Sierra	46	1	3	3*	1	4	5
Umatilla	20	0	1	1	0	1	1
Total	313	20	31	48	26	38	64

* Both quantity and nonquantity discrepancies were identified on the same line item.

APPENDIX E: CAUSE OF STORAGE ACTIVITY QUANTITY DISCREPANCIES

Storage Site	Number of Items Counted	Number of Discrepancies Identified	Cause of Discrepancies					
			Posting Error	Shortage Cause Unknown	Overage Cause Unknown	Wrong Unit of Issue Used	Mismarked Box	Dummy Counted as Live
Letterkenny	38	0	0	0	0	0	0	0
Anniston	29	9	7	1 1/	0	0	1	0
Hawthorne	49	3	3	0	0	0	0	0
Red River	33	2	2	0	0	0	0	0
Crane	65	9	8	0	1 2/	0	0	0
Tooele	33	2	0	0	0	1	0	1
Sierra	46	1	1	0	0	0	0	0
Umatilla	20	0	0	0	0	0	0	0
Total	313	26	21	1	1	1	1	1

1/ Auditors found a shortage of four demolition charge assemblies. Anniston personnel initiated procedures to correct the record and reported the shortage as a concealed shortage.

2/ Auditors counted 16 more units of the M74 Fuse and the M54 Rocket Motor than were on record. Crane personnel said they would conduct a count and adjust record if count is correct.

APPENDIX F: CAUSE OF STORAGE ACTIVITY NONQUANTITY DISCREPANCIES

Storage Site	Number of Line Items Counted	Number of Discrepancies Identified	Cause of Discrepancy: Inaccurate Magazine Data Card*	Cause of Discrepancy: Improperly Marked Boxes	Cause of Discrepancy: Inaccurate Planograph
Letterkenny	38	8	4	2	2
Anniston	29	0	0	0	0
Hawthorne	49	4	4	0	0
Red River	33	8	2	1	5
Crane	65	10	5	1	4
Tooele	33	3	0	2	1
Sierra	46	4	2	2	0
Umatilla	20	1	1	0	0
Total	313	38	18	8	12

* Magazine data cards are manual inventory cards located with the stock.

APPENDIX G: SUMMARY OF POTENTIAL BENEFITS OF AUDIT

Recommendation Reference	Description of Benefit	Amount and/or Type of Benefit
A.1.	Internal Control Enhance the Single Manager quarterly reconciliation process to ensure that errors are promptly identified and corrected.	No monetary benefit. This is an internal control measure that could improve the accuracy of the stock balances of the SMCA and storage activity records.
A.2.	Internal Control Enhance the Standard Depot System to improve transaction recording accuracy.	No monetary benefit. This is an internal control measure that will result in more accurate inventories for SMCA and storage activity records.
B.	Internal Control Improve security patrols of storage magazines, which contain high risk ammunition and explosives.	No monetary benefit. This is an internal control measure that will provide the necessary oversight to ensure that security patrols of magazines that contain high risk stock are performed as required.

APPENDIX H: ACTIVITIES VISITED OR CONTACTED

Office of the Secretary of Defense

Office of the Under Secretary of Defense for Policy, Washington, DC
Office of the Assistant Secretary of Defense (Production and Logistics), Washington, DC
Office of the Deputy Assistant Secretary of Defense (Logistics), Washington, DC

Department of the Army

Office of the Deputy Chief of Staff for Logistics, Washington, DC
Headquarters, Army Materiel Command, Alexandria, VA
Armament, Munitions, and Chemical Command, Rock Island, IL
Depot System Command, Chambersburg, PA
Letterkenny Army Depot, Chambersburg, PA
Anniston Army Depot, Anniston, AL
Hawthorne Army Ammunition Plant, Hawthorne, NV
Red River Army Depot, Texarkana, TX
Crane Army Ammunition Activity, Crane, IN
Tooele Army Depot, Tooele, UT
Sierra Army Depot, Herlong, CA
Umatilla Army Depot Activity, Hermiston, OR

Department of the Navy

Navy Supply Systems Command, Washington, DC
Navy Ships Parts Control Center, Mechanicsburg, PA

Department of the Air Force

Office of the Deputy Chief of Staff for Logistics and Engineering, Washington, DC
Headquarters, Air Force Logistics Command, Wright-Patterson Air Force Base, OH
Ogden Air Logistics Center, Ogden, UT

Marine Corps

Headquarters, USMC, Washington, DC

Non-DoD Activities

Day and Zimmermann/Basil Corporation, Contractor, Hawthorne Army Ammunition Plant, Hawthorne, NV
Dick Pierce and Company, Contractor, Hawthorne Army Ammunition Plant, Hawthorne, NV

APPENDIX I: REPORT DISTRIBUTION

Office of the Secretary of Defense

Under Secretary of Defense for Policy
Assistant Secretary of Defense (Production and Logistics)
Comptroller of the Department of Defense

Department of the Army

Secretary of the Army
Assistant Secretary of the Army (Financial Management)
Commander, Army Materiel Command
Army Audit Agency

Department of the Navy

Secretary of the Navy
Assistant Secretary of the Navy (Financial Management)
Naval Audit Service

Department of the Air Force

Secretary of the Air Force
Assistant Secretary of the Air Force (Financial Management and Comptroller)
Air Force Audit Agency

Non-DoD Activities

Office of Management and Budget
U.S. General Accounting Office, NSIAD Technical Information Center

Congressional Committees:

Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
Senate Ranking Minority Member, Committee on Armed Services
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Ranking Minority Member, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Operations
House Subcommittee on Legislation and National Security, Committee on Government Operations

PART IV - MANAGEMENT COMMENTS

Deputy Under Secretary of Defense for Security Policy

Department of the Army

COMMENTS OF THE DEPUTY UNDER SECRETARY OF DEFENSE FOR SECURITY POLICY

Final Report
Page No.

THE UNDER SECRETARY OF DEFENSE

WASHINGTON, D C 20301-2000

POLICY

22 JUN 1991
In reply refer to:
I-90/40113

MEMORANDUM FOR DIRECTOR, LOGISTICS SUPPORT DIRECTORATE
INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Draft Audit Report On Controls Over Ammunition and Explosives (Project NO. OLA-0014)

In response to your request for comments on the subject report, we concur in your recommendation on security patrol supervision (page 22 of the draft report). 12

We are conducting a comprehensive review of the requirements contained in DoD Manual 5100.76-M, "Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives" which will result in a reissuance. The estimated completion date for this action is July 12, 1992. In the interim, we will notify the Defense Components of the issue, and the need to implement the recommendation.

Craig Alderman, Jr.
Deputy (Security Policy)

COMMENTS OF THE DEPARTMENT OF THE ARMY

AMCIR-A (36-2b) 16 Jul 91

MEMORANDUM FOR HQDA(SAIG-PA) WASH DC 20310-1700

SUBJECT: DODIG Draft Report, Controls Over Ammunition and Explosives, Project OLA-0014 (AMC No. D9001)

1. We are providing our position on subject report IAW AR 36-2.

2. Point of contact for this audit is Mr. Robert Kurzer, 703/274-9023.

FOR THE COMMANDER:

Encl
as

LEONARD H. MAGUIRE
Chief, Internal Review and
Audit Compliance Office

COORDINATION: None required.

Mr. Kurzer

Mr. Ford

MFR: Mr. Kurzer/49023
Self explanatory.
file name: D9001

DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR LOGISTICS
WASHINGTON, DC 20310-0500

DALO-SMA

26 JUL 1991

MEMORANDUM THRU

DEPUTY CHIEF OF STAFF FOR LOGISTICS

DIRECTOR OF THE ARMY STAFF MARCIA R MORGAN LTC GS, ADAS

ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS, LOGISTICS, AND ENVIRONMENT)

FOR DOD INSPECTOR GENERAL, ATTN: DIRECTOR, LOGISTICS SUPPORT, 400 ARMY NAVY DRIVE, ARLINGTON, VIRGINIA, 22202-2884

SUBJECT: Report on the Audit of Controls Over Ammunition and Explosives (Project No. OLA-0014)--INFORMATION MEMORANDUM

1. This responds to your memorandum of 9 July 1991 relative to subject report, Project No. OLA-0014, enclosure 1.

2. Regarding Finding A and Recommendations 1 and 2, we agree with actions being taken by AMC, enclosure 2, which include, Recommendation 1: To revise AMC-R 740-17, and provide interim guidance, to require all unresolved reconciliation differences for category I and II ammunition and explosives be reported to the Commander, AMC and Recommendation 2: To incorporate planned automated controls into the Standard Depot System Modernization to ensure that transactions are accurately and promptly posted.

3. Regarding Finding B, Recommendation 2, we concur with the audit report and agree that actions undertaken by AMC are responsive and should ensure that security patrols of storage magazines containing Categories I and II ammunition are conducted in accordance with the DOD Manual 5100.76-M.

4. HQDA agrees with the need to provide our highest priority and efforts for the accountability controls and the physical security for these types of ammunition and explosives.

Encls

JAMES W. BALL
Major General, GS
Director of Supply
and Maintenance

CF: SAIG-PA

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When Separated from Enclosure

AMC POSITION
DODIG DRAFT REPORT
Controls Over Ammunition and Explosives
Project No. OLA-0014

FINDING A. INVENTORY CONTROLS OVER AMMUNITION AND EXPLOSIVES

The Single Manager for Convention Ammunition (SMCA) and storage activity records had incorrect balances for Category I and Category II ammunition and explosives. SMCA records were incorrect on 49 (16 percent) line items while storage activity records were incorrect on 20 (6 percent) line items, in our sample of 313 line items. These errors occurred because SMCA was not promptly identifying and correcting inventory discrepancies, and the Standard Depot System lacked sufficient automated controls to ensure the accuracy of all transactions. Considering the sensitiveness of Category I and Category II items, precise accountability is essential to ensure that these items are not getting into the possession of terrorists or individuals who could pose a threat to the safety of the general public.

RECOMMENDATIONS AND ACTION TAKEN:

We recommend that the Commander, Army Material Command:

Recommendation 1. Revise Army Material Command Regulation 740-17, "Storage and Supply Activities Inventory and Accountability," to require that all unresolved quarterly reconciliation differences for Category I and Category II ammunition and explosives be reported quarterly to the Commander, Army Material Command. Monitor the quarterly reconciliation process to ensure that differences among the Single Manager for Conventional Ammunition record, storage activity record, and the physical quantity of Category I and Category II ammunition and explosives are identified and resolved promptly.

ACTION TAKEN: CONCUR. AMC-R 740-17 will be revised to require all unresolved quarterly reconciliation differences for for category I and II ammunition and explosives be reported to the Commander, AMC. ATTN: AMCAM-LP. Interim guidance will be issued to accomplish the above Reconcilltion process will be monitored to ensure that differences are identified and resolved promptly. Target for completion is 1 Oct 91.

Recommendation 2. Require the System Integrated Management Activity (SIMA) to incorporate planned automated controls into the Standard Depot System to ensure that transactions are accurately posted.

ACTION TAKEN. CONCUR. SIMA is currently working to incorporate planned automated controls into the Standard Depot System Modernization to ensure tranmsactions are accurately posted. Target date for completion is 1 oct 91.

FINDING B. PHYSICAL SECURITY OVER AMMUNITION AND EXPLOSIVES

Security patrols did not promptly discover unlocked magazines at two of the five storage activities tested. At a third activity, security personnel were not promptly informed of changes in the security status of storage magazines. This condition occurred because of inadequate management controls to monitor physical security over ammunition and explosives. If security patrols are not properly executed, the risk for misappropriation of sensitive ammunition and explosives increases.

RECOMMENDATION AND ACTION TAKEN

Recommendation 2. We recommend that the Commander, Army Material Command, develop the appropriate controls to ensure that securities patrols of storage magazines containing Category I and Category II ammunition and explosives are conducted and certified in accordance with DOD manual 5100.76-M.

ACTION TAKEN. CONCUR. A message (Encl 1) was sent on 21 Nov 90 to commanders of storage base locations notifying them of the finding and directing corrective actions be taken to ensure compliance with policy. Additionally, the AMC Security Support Activity, which conducts recurring physical security surveys at such sites, was instructed to make the DODIG finding a matter of special interest, with specific comments included in survey reports concerning the matter. Tests are now conducted while survey teams are on site to determine the adequacy of both communications between ammunition and security personnel and patrol procedures by guards assigned to posts involving the security of sensitive ammunition and explosives.

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PERSONAL FOR

CDRAMC ALEXANDRIA VA //AMCPE-S//

CDRAMCCOM ROCK ISLAND IL //AMSMC-CG//

CDRDESCOM CHAMBERSBURG PA //AMSDS-CG//

UNCLAS PERSONAL FOR MG GREENBERG, CDR AMCCOM; MG KAREGEANNES, CDR DESCOM

SGD MG WHEELER, DCSPER, AMC

SUBJ: SECURITY OF SENSITIVE AMMUNITION AND EXPLOSIVES (A&E)

1. AS CUSTODIANS OF THE WHOLESALE LEVEL STOCKPILE OF SENSITIVE AMMUNITION AND EXPLOSIVES (A&E), I NEED TO GIVE YOU A HEADS UP ON PRELIMINARY DODIG AUDIT FINDINGS INDICATING WEAKNESSES IN THE ACCOUNTABILITY AND SECURITY OF SENSITIVE A&E.

2. A RECENTLY COMPLETED DODIG AUDIT DOCUMENTED A LACK OF ACCOUNTABILITY AND SECURITY FOR WHOLESALE STOCKS OF A&E AT SOME SITES VISITED. A SUMMARY OF FINDINGS FOLLOWS:

A. FOR SEVERAL DAYS, GUARDS FAILED TO FIND OPEN MAGAZINES EVEN THOUGH THEY WERE IDENTIFIED ON PATROL SCHEDULES AS CONTAINING SENSITIVE A&E. PATROL RECORDS REFLECTED THAT REQUIRED CHECKS WERE BEING MADE. OBVIOUSLY THEY WERE NOT, AND PATROL SUPERVISORY PROCEDURES WERE INADEQUATE TO DETECT WHAT WAS AN OBVIOUS

AMCPE-S, AMCAM-LG

MR. LINDSEY/PHY SCTY SPEC/
AMCPE-S/49566

ORIGINAL SIGNED

ALBIN G. WHEELER MG, USA, DCSPER, 48195
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DERELICTION OF DUTY ON THE PART OF THE SECURITY GUARDS.

B. OPERATIONS PERSONNEL FAILED TO NOTIFY SECURITY OF CHANGES IN STATUS OF MAGAZINES CONTAINING SENSITIVE A&E. CONSEQUENTLY, MAGAZINES CONTAINING SENSITIVE A&E WERE NOT SCHEDULED FOR PATROL CHECKS.

2. THE AMC SECURITY SUPPORT ACTIVITY (SSA) HAS BEEN INSTRUCTED TO MAKE THESE TWO FINDINGS ISSUES OF SPECIAL INTEREST DURING ALL FUTURE PHYSICAL SECURITY SURVEYS. TESTS WILL BE CONDUCTED WHILE THE SURVEY TEAM IS ON SITE TO DETERMINE THE ADEQUACY OF BOTH COMMUNICATIONS BETWEEN AMMUNITION AND SECURITY PERSONNEL AND PATROL PROCEDURES BY GUARDS ASSIGNED TO POSTS INVOLVING THE SECURITY OF SENSITIVE A&E. COMMAND PHYSICAL SECURITY SURVEYS, HOWEVER, ARE CONDUCTED ON A 24-MONTH SCHEDULE AND AN IMMEDIATE NEED EXISTS FOR INSTALLATIONS WITH A SENSITIVE A&E MISSION TO ENSURE THAT THESE CONDITIONS DO NOT EXIST WITHIN THEIR OPERATIONS.

3. RECOMMEND A REVIEW OF PROCEDURES AT EACH INSTALLATION WITH A SENSITIVE A&E MISSION TO ENSURE THAT SECURITY PERSONNEL ARE NOTIFIED OF ANY CHANGE IN STATUS OF SENSITIVE A&E STORAGE WITHIN 24 HOURS AND THAT SUPERVISORY CONTROLS NECESSARY TO ENSURE PROPER CONDUCT OF REQUIRED SECURITY CHECKS ARE IN PLACE.

4. WARM REGARDS.

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