

The Department of Justice Office of the Inspector General (OIG) today released a report examining the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) inspections of the explosives industry. The OIG found that from fiscal year (FY) 2006 to FY 2011, ATF generally conducted the explosives inspections mandated by the *Safe Explosives Act of 2002* (SEA) and had procedures in place to ensure it did so consistently.

However, the OIG report also found that ATF needs to improve its performance in several areas:

Our review found that ATF does not consistently document whether its inspections of explosives manufacturers, importers, dealers, and users meet the requirements of the SEA. As a result, ATF cannot precisely determine, and could potentially overstate, its progress towards meeting the SEA's requirement that explosives storage facilities receive a qualifying inspection at least once every 3 years. During our review, we were able to determine that ATF conducted at least 94 percent of its required compliance inspections, but we could not determine whether ATF conducted the remaining 6 percent of inspections.

We also found that ATF does not comprehensively analyze the detailed information it collects during its inspections to identify trends in the explosives industry and then target resources to address those trends. Today's report identifies ways in which such analysis of inspection results could enhance ATF's ongoing work as the industry's regulator, such as by ensuring that ATF can identify trends affecting the entire industry or relevant subsets of the industry, and by providing it with such basic industry information as the exact number of commercial explosives magazines in the United States or in a region. This could assist ATF in conducting inspections more effectively, monitoring progress in completing inspections, and allocating resources efficiently.

In addition, we found that ATF does not have an effective way to enforce its requirement that licensees that go out of business transfer their explosives records to either ATF or a successor licensee. We found that fewer than half of the licensees that went out of business between FY 2006 and FY 2011 complied with this requirement, and that ATF has no efficient way to determine which out-of-business licensees have records that need to be submitted.

Two findings in our report relate to areas in which ATF has limited knowledge about whether licensees obtain explosives in the manner that ATF expects:

- First, ATF regulations authorize explosives purchasers who are in the process of renewing their licenses to continue buying explosives for 45 days after the expiration of their license. Yet we found that ATF has not provided explosives sellers with an adequate mechanism for differentiating between buyers that are and those that are not authorized to make purchases during this grace period. This creates a risk that sellers may sell explosives to buyers with expired licenses that they do not know are unauthorized to make such purchases.
- Second, for explosives users who state that they only purchase explosive pest control devices, ATF forgoes its standard in-person inspections in favor of telephone inspections. In so doing, ATF typically relies on the users' statements about the types of explosives they purchase, and about whether they are following storage regulations, without independently verifying those statements. Yet the licenses issued to these users

do not limit their purchases to just pest control devices, creating a risk that some of these users might tell ATF they are only purchasing explosive pest control devices and, instead, purchase and store more powerful explosives without being subject to in-person inspections of their facilities.

The OIG made seven recommendations to help ATF improve its explosives inspection program. While ATF concurred in whole or in part with five of the recommendations and has begun taking steps to implement them, it disagreed with two recommendations addressing the analysis of inspection data and its use of telephone inspections for explosive pest control device users.

The report can be found at the following
link: <http://www.justice.gov/oig/reports/2013/e1304.pdf>.