



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



# **Audit of the Federal Bureau of Investigation Critical Incident Response Group Tactical Section Procurements**



# **AUDIT OF THE FEDERAL BUREAU OF INVESTIGATION CRITICAL INCIDENT RESPONSE GROUP TACTICAL SECTION PROCUREMENTS**

## **EXECUTIVE SUMMARY**

The purpose of the Federal Bureau of Investigation's (FBI) Critical Incident Response Group (CIRG) is to provide expertise in a broad range of tactical and investigative techniques including crisis management, hazardous device disruption, and rapid deployment logistics. CIRG's Tactical Section units identify and test new equipment, supply FBI field offices with training and gear, standardize operational techniques, and assist other state and local law enforcement agencies in situations that require advanced capabilities. CIRG's Tactical Section includes the Hostage Rescue Team (HRT), which is composed of full-time personnel prepared to deploy to incidents around the world involving terrorism, violent crimes, and other complex threats.

The Office of the Inspector General (OIG) conducted this audit in response to an allegation regarding potentially excessive or unnecessary procurements and training exercises associated with CIRG, and in particular, HRT. The objective of the audit was to examine the internal controls established over CIRG Tactical Section procurements, including controls over procurement needs, as well as the uses of and safeguards over procured items. To accomplish this, we interviewed personnel involved in the planning and use of Tactical Section procurements, reviewed the justifications for procured items, verified controls over accountable property, witnessed training exercises, and reviewed training records.

We found that CIRG's Tactical Section generally implemented adequate internal controls over the needs, uses, and safeguards of its procurements during fiscal years (FY) 2013 and 2014. During this time, CIRG and its Tactical Section transitioned to the Unified Financial Management System (UFMS) while new leadership enhanced oversight of procurements. These changes resulted in more robust financial control procedures and management controls such as better justifications for requested items, limits on the methods available to procure items, and improved inventory controls.

Our audit did not identify instances of unjustifiable or unreasonable procurements, nor did it find evidence to substantiate specific allegations regarding improper CIRG procurements or training exercises. Rather, based on our work, it appeared that the CIRG Tactical Section used the items it procured to a reasonable extent given its mission. We also found that CIRG generally demonstrated adequate safeguards over procured items, although we did identify a few instances where Tactical Section personnel could have better documented purchase order justifications for procurements involving certain products and services or preferred vendors. We make one recommendation to the FBI to address this issue.



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CRITICAL INCIDENT RESPONSE GROUP TACTICAL SECTION  
PROCUREMENTS**

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# **AUDIT OF THE FEDERAL BUREAU OF INVESTIGATION CRITICAL INCIDENT RESPONSE GROUP TACTICAL SECTION PROCUREMENTS**

## **INTRODUCTION**

The Federal Bureau of Investigation's (FBI) Critical Incident Response Group (CIRG) assists in pre-crisis planning and response to critical incidents, major investigations, and special events. CIRG uses training programs and advanced equipment to develop expertise in a broad range of tactical and investigative techniques including crisis management, hazardous device disruption, and rapid deployment logistics. Within CIRG, the Tactical Section includes the Hostage Rescue Team (HRT), which is a unit in the FBI composed of personnel responsible for training, readiness, and deployment to incidents involving terrorism, violent crimes, and other complex threats. The other units within the Tactical Section house programs involving crisis negotiation, aviation, logistics, and advanced tactical training and intelligence, which serve to support HRT, regional Special Weapons and Tactics (SWAT) teams, and other domestic law enforcement operations.

The CIRG Tactical Section procures goods and services using various methods, including purchase cards, purchase orders through a limited warrant holder, and purchase orders through Finance Division contracting officers at FBI headquarters. In the categories of equipment, supplies, services, travel, and rent and utilities, CIRG Tactical Section spent about \$5.9 million in FY 2013 and \$7.6 million in FY 2014.

### **OIG Audit Approach**

In August 2014, the Office of the Inspector General (OIG) received an allegation regarding potentially excessive or unnecessary purchases associated with the HRT. The allegation specifically expressed concerns over: (1) the justifications for CIRG procurements, (2) the level of CIRG spending, particularly for the HRT, and (3) the amount and cost of HRT training. Considering the nature of the allegation, the objective of our audit was to examine the internal controls established over CIRG Tactical Section procurements, including controls over procurement needs, as well as the uses of and safeguards over procured items. In addition to a general assessment in these areas, we selected a sample of 30 Tactical Section expenditures, totaling almost \$850,000, for testing to determine whether each transaction was justified, appropriately approved, and in compliance with established internal controls.

Our audit focused on fiscal year (FY) 2013 and 2014 procurements and activities. During this time, CIRG and its Tactical Section transitioned to the Unified Financial Management System (UFMS) and experienced significant leadership turnover. We focused our assessment of CIRG's internal controls and policies in place, including some controls and policies that were only in place during FY 2014, and we tested transactions throughout this period. The results of our review are

detailed in the Findings and Recommendation section of this report. See Appendix 1 for further discussion of the audit objective, scope, and methodology.

## FINDINGS AND RECOMMENDATION

We determined that the CIRG Tactical Section generally implemented adequate internal controls over the needs, uses, and safeguards of its procurements throughout FYs 2013 and 2014. During this time, CIRG enhanced its financial control procedures by, for example, requiring more specific justifications for requested items, limiting methods available to procure items, reducing its stockpiles of items, and improving procurement records. We did not identify instances of unjustifiable or unreasonable procurements, although we did identify a few instances where CIRG personnel could have better documented their purchase order justifications for specific procurements or preferred vendors. We did not find evidence to substantiate specific allegations regarding unnecessary or excessive CIRG procurements or training exercises.

### Tactical Section Procurement Needs and Methods

Every year, each Tactical Section unit estimates upcoming procurements based on prior year budgets, anticipated needs, and the associated costs of the equipment, uniforms, supplies, or services that they expect will be needed in the upcoming year. The CIRG Section Chief must approve the proposed spend plan, which is then routed to Finance Division at FBI headquarters for approval. FBI officials within CIRG stated that prior to procuring any item, they must identify and justify a specific procurement need that must fall within a category on the approved spend plan. Once the Finance Division approves the spend plan, CIRG obtains needed items through one of the three primary procurement methods as shown in Table 1.<sup>1</sup>

**Table 1**  
**Procurement Methods Available to CIRG**

Procurement Method	Description	Example
<b>Purchase Card</b>	Services priced less than \$2,500 and items priced less than \$3,000	Maps, medical kits, firing range supplies
<b>Purchase Order via Limited Warrant Holder (LWH)</b>	Most goods and services priced up to \$25,000	Communications equipment, night vision goggles
<b>Purchase Order via FBI Finance Division Contracting Officer</b>	Items priced over \$25,000 and costs associated with Interagency Agreements	IT equipment and other services (e.g. training, staff support)

Source: FBI Purchase Card and LWH Training manuals; CIRG procurement records and interviews.

According to CIRG expenditure reports, its Tactical Section spent about \$5.9 million on equipment, supplies, services, travel, and rent/utilities in FY 2013.

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<sup>1</sup> The LWH or a Finance Division Contracting Officer may also use a Blanket Purchase Agreement (BPA) to procure items or services. We found that the CIRG LWH uses such BPAs rarely and only under restricted circumstances.

In FY 2014, the CIRG Tactical Section spent about \$7.6 million, or about 29 percent more, in comparable categories of expenses.<sup>2</sup>

Importantly, during the 2 years included in our review, the FBI transitioned to the Unified Financial Management System (UFMS). Unlike its legacy financial management system, UFMS does not allow for contracting officers to alter procurement amounts without review by CIRG's Financial Management Unit (FMU), and budget analysts cannot enter requisitions directly into UFMS or edit purchase order details in this system. UFMS also tracks changes to orders and captures the detailed history of each purchase order, showing various stages of review and which personnel conducted them. These UFMS features enhanced the segregation of duties and provided greater transparency for FY 2014 CIRG procurements.

Additionally, throughout FY 2013 and 2014, CIRG experienced significant leadership turnover including new Executive Assistant Directors and a new Assistant Director. CIRG personnel stated that during the time of this leadership change, CIRG instituted additional restrictions on the procurement process, particularly regarding the use of BPAs and the purchase of clothing. We found that both the transition to UFMS and increased oversight during the management change at CIRG resulted in improved detail for purchase justifications, limits on the methods available to procure items, and better inventory controls within the Tactical Section.

As described below, we assessed the broad regulations, guidelines, and processes governing each procurement method available to CIRG. We also conducted specific testing of transactions completed using each of the three procurement methods, for a total of 30 sampled transactions with a total value of almost \$850,000, to determine whether each transaction was justified, appropriately approved, and in compliance with established internal controls. Included in the sample were procurements for protective gear, supplies, and training services. We found the management controls that CIRG had in place over the tested transactions to be generally adequate and did not identify unjustified or unreasonable procurements. Based on our interviews with operational personnel, fieldwork observations, and the range and nature of potential Tactical Section deployments, we found that tested procurements corresponded to the needs of the Tactical Section. However, our testing of sampled transactions revealed CIRG should better document its justifications for purchases, as explained in the section below on Finance Division purchase orders.

### *CIRG Purchase Cards*

Within the CIRG Tactical Section, there are 37 cardholders who can buy low-dollar items using purchase cards. To limit the number of purchase cards, a unit chief or supervisor must demonstrate an individual's need for a purchase card before obtaining one. The FBI requires that each new cardholder complete an initial purchase card training before obtaining a purchase card, along with refresher trainings thereafter. Figure 1 shows the steps and controls over a CIRG purchase

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<sup>2</sup> The FBI indicated that it had reduced its spending in FY 2013 due to sequestration.

card, as outlined by the FBI's Government Purchase Card manual and CIRG's purchase card coordinator.

**Figure 1**  
**Procurement Process and Controls for Purchase Cards**



Note: This figure reflects the purchase card process as of FY 2014.

Source: CIRG officials and purchase card training materials.

We reviewed supplemental controls that the FBI established over purchase cards. Specifically, CIRG personnel informed us that purchase cards are not funded all at once; instead, funds are loaded onto the purchase cards incrementally. CIRG purchase card transactions are subject to regular auditing both by the FBI Finance Division Audit Unit and CIRG's own internal auditor. Such audits seek to identify split purchases subverting the purchase card-dollar limit, unusual vendors, missing receipts, and the purchase of property that is inventoried, which the FBI prohibits via purchase card. While CIRG's internal auditor observed missing justifications in the past, the auditor told the OIG that such missing justifications were not common under the current PaymentNet system. The auditor also told the OIG that CIRG cardholders often inquire about purchase card rules and generally follow the regulations.

Of the \$891,217 in Tactical Section purchase card expenditures during our scope, we selected a sample of 10 purchase card transactions valued at \$27,618, as shown in Table 2. The purpose of the sample was to assess whether each transaction was justified, appropriately approved, and in compliance with established internal controls.

**Table 2**  
**Sampled Purchase Card Transactions**

<b>FY</b>	<b>Program</b>	<b>Category</b>	<b>Description</b>	<b>Amount (\$)</b>
2013	HRT	Equipment	5 vertical lift rescue sleds	3,000
	HRT	Supplies and Materials	Over 500 office, firing range, and vehicle maintenance supplies	2,969
	HRT	Services <sup>a</sup>	Membership and rating renewals, wind tunnel rental for agent freefall proficiency	2,958
	HRT	Equipment	One 7x18 car hauler with pullout ramps	2,500
	SOU	Supplies and Materials	Breaching supplies	2,137
2014	HRT	Uniform, Clothing, Protective Gear	12 airsoft rifles, over 50,000 rounds of BBs, 5 battery smart chargers	2,999
	SOU	Firing Range Supplies	14 small pin triggers	2,956
	HRT	Uniform, Clothing, Protective Gear	54 climbing supply items	2,879
	HRT	Medical Supplies	(Disputed transaction – credited back the following month)	2,802
	OTU	Nautical Supplies	Over 800 batteries for HRT and SWAT Weapons of Mass Destruction equipment	2,418
<b>TOTAL</b>				<b>\$27,618</b>

Note: SWAT Operations Unit (SOU); Operations and Training Unit (OTU)

<sup>a</sup> Four expenditures from three different vendors comprise this transaction. Neither the individual expenditures nor those from the same vendor exceeded the \$2,500 limit for services acquired through a purchase card.

Source: FBI Finance Division CIRG Tactical Section Expenditure Reports, FY 2013 and FY 2014.

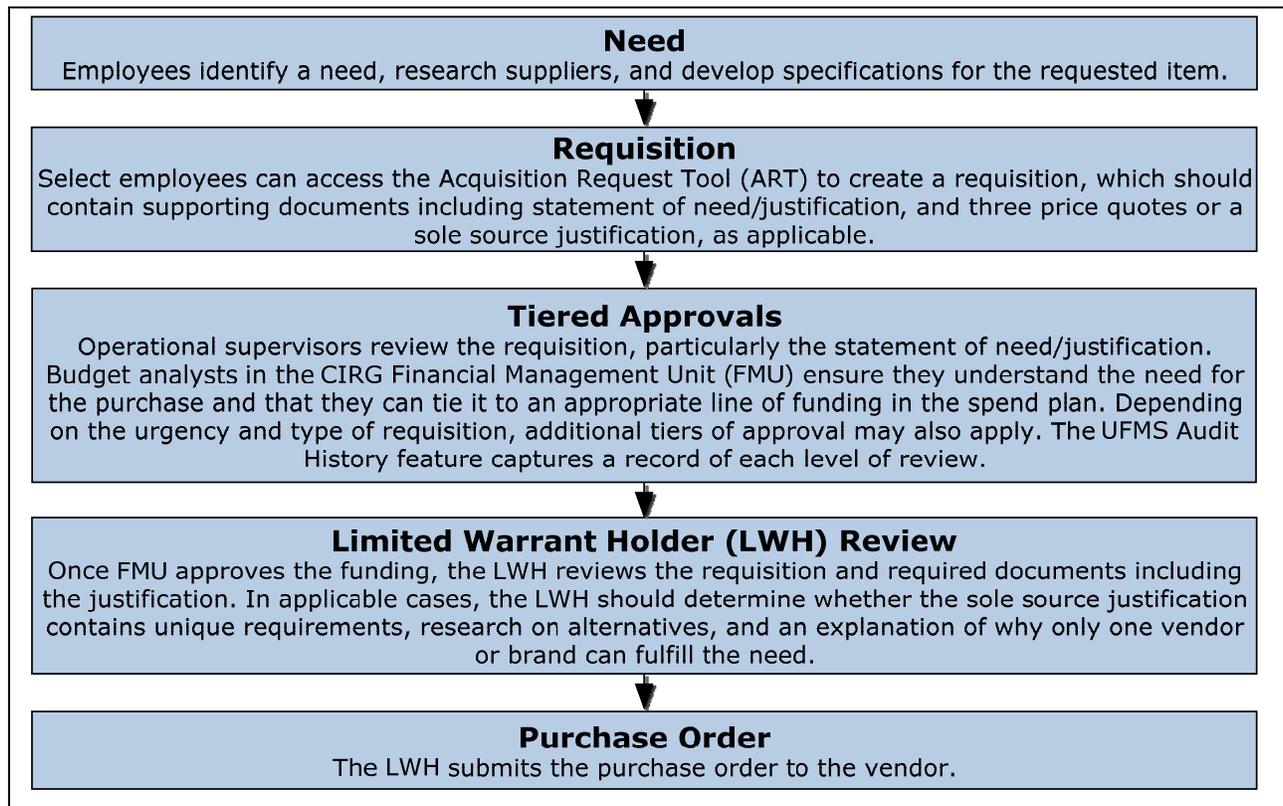
We found that all tested purchase card transactions fell under the approved purchase card threshold and all of the items were allowable procurements using purchase cards. In reviewing supporting documents, we also identified notations made by the CIRG purchase card coordinator showing proof of verification and review. Although we did not find evidence of advance verbal approval, or written justifications or approvals, for all five transactions from FY 2013, we were able to verify a monthly statement of activity, purchase card reconciliations, and signatures of managers and certifying officials on these documents. For FY 2014, we were able to verify a monthly statement of activity for four of the five transactions and, for the remaining transaction, we located evidence indicating supervisory knowledge and approval of the procurement. Although one justification for an FY 2014 expenditure was missing, under FY 2014 practices and system requirements, all purchase card transactions were required to be approved by a certifying official in PaymentNet before being noted as paid in UFMS. Also, an additional review was required to be conducted by the purchase card coordinator, which was evidenced through our testing. Therefore, despite the lack of written justifications for some of the tested purchase card transactions, we believe CIRG had adequate controls in place over these procurements.

## CIRG Limited Warrant Holder (LWH) Purchase Orders

For procurements over the purchase card-dollar threshold but less than \$25,000, only designated acquisition personnel can submit a requisition for a purchase order to be processed by a Limited Warrant Holder (LWH) within CIRG. In order to obtain procurement authority, LWHs must complete more extensive training on federal acquisition regulations than standard cardholders. Figure 2 outlines the steps and controls we identified in the procurement process for LWH purchase orders.

**Figure 2**

### **Procurement Process and Controls for LWH Purchase Orders**



Source: CIRG officials and purchase order records.

Based on our review of the CIRG Tactical Section's policies and procedures, interviews with CIRG personnel, and assessment of CIRG's procurement systems, we found that CIRG LWH requisitions and resulting purchase orders undergo many levels of approval and require a standard set of supporting documents, such as a statement of need. We determined there are additional controls that govern procurements at this intermediate dollar threshold. For instance, LWHs cannot issue lease agreements, interagency agreements, or personal service contracts. Further, the FBI Finance Division must pre-approve restricted items, such as appliances or motorized vehicles, and will assist with other procurements the LWH is not comfortable with completing independently.

We also identified enhanced controls specific to CIRG clothing procurements. For example, CIRG officials stated that, around 2012, CIRG stopped using BPAs to buy clothing. Finance Division personnel also told the OIG that CIRG no longer use BPAs to buy clothing. The CIRG LWHs stated that the Financial Management Unit (FMU) Chief limits the frequency of clothing purchases and requires stringent justification for these procurements, and the OIG found that, as of FY 2014, the CIRG FMU required orders for new operator clothing to state the exact sizes and the names of the end users. We also found that CIRG personnel are required to turn in any damaged clothes before they may obtain replacements.

As shown in Table 3, we tested seven LWH purchase orders valued at \$79,417 to determine whether adequate controls were in place and appropriate justifications and approvals were present.<sup>3</sup>

**Table 3**  
**Sampled LWH Purchase Order Transactions**

FY	Program	Category	Description	Amount (\$)
2013	SOU	Equipment	28 chainsaws for breaching	24,989
	HRT	Supplies and Materials	Over 150 firearms parts	9,442
	HRT	Equipment	3 sniper spotting scopes	6,300
2014	HRT	Equipment- Non-Capitalized	100 ballistic eye protection glasses	12,500
	HRT	Communications- Non-Capitalized	120 radio equipment items	10,200
	THU	Uniform, Clothing, Protective Gear	1 pair aviator night vision goggles	9,086
	HRT	Uniform, Clothing, Protective Gear	3 custom K-9 harnesses with ballistic and flotation inserts	6,900
<b>TOTAL</b>				<b>\$79,417</b>

Note: SWAT Operations Unit (SOU); Tactical Helicopter Unit (THU).

Source: FBI Finance Division CIRG Tactical Section Expenditure Reports, FY 2013 and FY 2014.

We assessed requisition documents, justifications, statements of need, and UFMS approval histories, along with evidence of the overall contract file review. We found that, in general, the requisitions for both FY 2013 and FY 2014 appeared to have adequate and reasonable justifications and statements of need. For the FY 2014 tested transactions, the LWH purchase order files had what we find to have been extensive audit histories, due to the transition to UFMS. These UFMS audit trails evidenced operational supervisory approval, budget analyst verification that the requests could be tied to the spend plan, and budget supervisory approval that the requisition was ready for LWH processing.

We found that in several cases, the requestor identified a preferred vendor. In those cases, we generally found evidence that the CIRG personnel requesting the

<sup>3</sup> We initially selected a sample of ten transactions that fell within the LWH-dollar range according to CIRG expenditure reports. However, we found that only seven were completed by a CIRG LWH. The FBI Finance Division processed the remaining three procurements, which we included in the next section.

item had researched alternate vendors and identified the vendor that was able to supply the requested item at the lowest price. For example, the spotting scope procurement file contained evidence showing that the requestor identified multiple vendors for the product and selected the least expensive vendor, resulting in a cost savings of several hundred dollars. In another instance, when reviewing the support for ballistic eyewear, we found evidence that the requestor made an effort to obtain the best price for the specified item.

We also identified several examples of strong sole source justifications in instances when one brand of a certain product was requested. For example, in one instance a Tactical Section employee requested a preferred brand of chainsaw and thoroughly explained and documented the advantages of the specific brand and supplier requested. In our testing, we attempted to identify alternative brands that met the exact specifications of our sampled items at a lower price and did not identify any other brand. In addition, we note many CIRG and Finance Division personnel in both operational and finance roles provided us with satisfactory explanations as to why these specialized units might require more advanced items proven to be reliable, given the scope and risk of their missions.

#### *Finance Division Contracting Officer Purchase Orders*

To make large procurements over the LWH-dollar threshold of \$25,000, CIRG personnel must work with contracting officers in the FBI's Finance Division, who have warrants to purchase items or services that cost up to \$5 million.<sup>4</sup> In addition to requisitions over \$25,000, the Finance Division must process lease agreements, personal service contracts, and interagency agreements such as Military Interdepartmental Purchase Requests.<sup>5</sup> In addition, during our fieldwork, the CIRG LWH and appropriate personnel at the FBI Finance Division confirmed that they work together to process BPAs for CIRG.<sup>6</sup>

The process for purchase orders ultimately handled by the Finance Division is very similar to that of the LWH purchase orders, through the stage of CIRG Financial Management Unit (FMU) approval of funds. Then, requisitions that fall within the purview of Finance Division are routed to FBI headquarters for processing and approval. Figure 3 outlines the Finance Division purchase order procurement process and related controls.

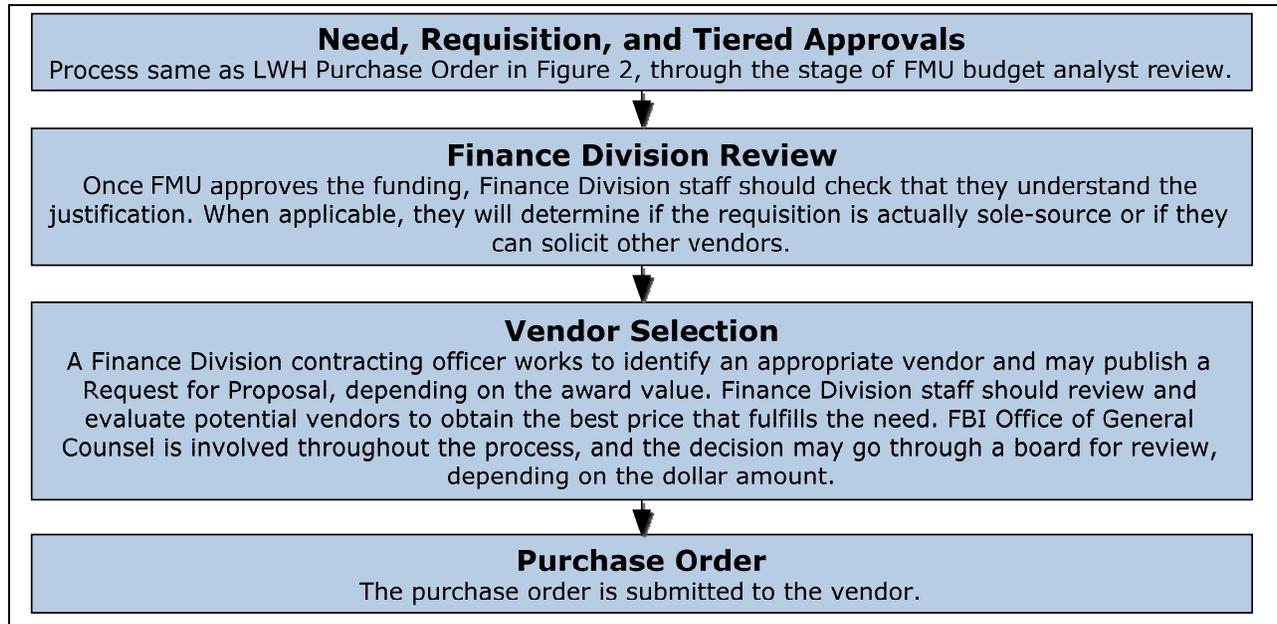
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<sup>4</sup> The Mission Support Contracts Unit within Finance Division processes most of the large CIRG contracts. The unit chief has a warrant of \$25 million and the chief procurement officer must approve any contracts over this amount, such as procurements of aircraft.

<sup>5</sup> For example, the FBI has established reimbursable agreements with the Department of Defense (DOD) for international communications and overseas training exercises.

<sup>6</sup> We found CIRG has used BPAs less often in the past several years and Finance Division officials confirmed LWHs had essentially stopped using BPAs in FY 2014. We identified enhanced controls over this procurement method.

**Figure 3**  
**Procurement Process and Controls for Purchase Orders via Finance Division**



Source: Finance Division and CIRG officials; purchase order records.

The FBI Finance Division’s reviews of contract files, which seek to identify unjustified or improperly documented procurements, have not resulted in any findings relevant to CIRG contracts during FY 2013 or FY 2014. In addition, the Finance Division unit chief overseeing most CIRG procurements told the OIG that in his opinion, the CIRG Tactical Section has only procured items that it needs during FY 2013 and FY 2014. As shown in Table 4, we selected a sample of 13 CIRG purchase orders processed by the FBI Finance Division with a total value of \$740,143. For each, we determined whether adequate controls were in place and if appropriate justifications and approvals were present.<sup>7</sup>

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<sup>7</sup> While we designed our sample to include 10 transactions that fell in the Finance Division dollar range, during testing we found that the Finance Division was involved with 13 of our 30 tested transactions.

**Table 4**  
**Sampled Finance Division Purchase Order Transactions**

FY	Program	Category	Description	Amount (\$)
2013	HRT	Equipment	IT and network equipment, hardware maintenance, software and engineering support	98,820
	HRT	Services	Engineering and technical staff support for tech shop	60,008
	HRT	Supplies and Materials	120 helmet mounts for night vision goggles	53,400
	HRT	Equipment	17 laptops	40,086
	HRT	Supplies and Materials	280 cases 9mm training ammunition	25,992
	HRT	Services	Parachute insertion training	18,330
	HRT	Rent, Communication, Utilities	Interagency agreement for secure international communication service	14,288
2014	HRT	Uniform, Clothing, Protective Gear	250 ballistic body armor plates	224,500
	THU	Miscellaneous Commercial Contracts	Mountainous environment training for 80 operators	67,500
	HRT	Photographic- Non-Capitalized	6 night vision adapters	46,901
	OTU	Motor Vehicles- Non-Capitalized	10,000 lb. diesel forklift	43,502
	HRT	Firing Range Supplies	15 advanced aiming laser devices	34,852
	HRT	Uniform, Clothing, Protective Gear	40 jumpable body armor plate carriers	11,964
<b>TOTAL</b>				<b>\$740,143</b>

Note: Tactical Helicopter Unit (THU); Operations and Training Unit (OTU).

Source: FBI Finance Division CIRG Tactical Section Expenditure Reports, FY 2013 and FY 2014.

Based on our interviews with CIRG Tactical Section personnel, review of HRT deployment history, assessment of equipment and training needs, and examination of procured items, we found all purchases contained within our sample to be reasonable. However, we identified six instances where the files processed by the Finance Division lacked complete, written documentation to justify the procurement or the selection of a preferred brand or specific vendor. Through follow-up work, we were able to confirm that each of the tested high-dollar procurements was justified and allowable, although we also found that the files for some transactions – including procurements for IT staff support and equipment, and laser aiming devices – could have better demonstrated the justification for the purchases.

Although the market of suppliers may be small for some of the needed goods and services, and HRT may at times require highly specialized items, CIRG must nevertheless be able to demonstrate that its larger procurements are justified and conducted at the best value to the government while still meeting the FBI's needs. According to both the Federal Acquisition Regulation and FBI policy, the procurement files should clearly demonstrate both the need for the purchase and, in instances when a preferred vendor or brand is requested, the lack of viable alternatives. Without such justifications, CIRG cannot readily demonstrate why specific goods and services were needed, particularly in response to allegations of

wasteful spending. We therefore recommend that the FBI ensure that the CIRG Tactical Section procurement files clearly demonstrate in writing both: (1) the need for the procurement, and (2) the justification for the chosen brand or vendor, if only one will meet the needs of the FBI.

### **Tactical Section Use of Procured Items**

In addition to reviewing the FBI's controls over procurement methods and CIRG's specific procurement needs, we assessed how the CIRG Tactical Section actually used or planned to use the items it procured. According to the FBI, HRT must be ready to deploy and address any crisis that arises, including night operations, maritime rescue situations, sniper operations, and rappel and fast rope insertions. The team must be prepared to operate in desert, mountain, cold weather, or weapons of mass destruction (WMD) environments. Further, HRT cannot always predict potential deployments, due to the nature of crisis situations. As such, personnel explained that they need to obtain and test a wide variety of advanced and specialized equipment and gear so that they may be ready to use them if a specific need arises.

To assess the Tactical Section's use of procured items, we toured the Tactical Section facilities, interviewed requestors and end users of some of our sampled items, and witnessed the use of procured items. Based on interviews with operational personnel at CIRG, associated HRT capabilities briefings, and our observations of the equipment storage and training exercises at Quantico, we concluded that the CIRG Tactical Section appears to use the items it procures to a reasonable extent given its mission.

To address the specific allegation that CIRG's Tactical Section conducts an excessive amount or unreasonable types of trainings, we assessed several specific transactions for training services starting in FY 2013. We determined how often HRT operators had used the skillset on which they trained and obtained examples of deployments that would necessitate these skills, keeping in mind that, depending on the crisis or hostage situation that arises, HRT must be prepared to deploy to a variety of environments. Environments could include Iraq, Afghanistan, and other areas where HRT personnel told us they must be prepared to co-deploy effectively with the military.

In addition to specific testing of training services, we reviewed records of all trainings that the Tactical Section had conducted with outside vendors, totaling \$783,876. We also witnessed tactical training exercises and interviewed operational personnel involved in the planning and execution of training for the Tactical Section. Based on this work, nothing came to our attention that would indicate the training was planned for non-operational purposes or was otherwise unnecessary or excessive.

### **Inventory of and Safeguards over Procured Items**

CIRG refers to accountable property as "inventoriable" property, which includes items with a unit price of \$2,500 or above, as well as all weapons, laptops,

phones, and other items that retain memory such as cameras. All such items must be tracked in CIRG's Asset Management System (AMS), regardless of cost. To learn about the acceptance, tracking, and safeguarding of CIRG property, we conducted interviews with a Management and Program Analyst, a Logistics Management Specialist, and Inventory Management Specialists (IMS). Additionally, we reviewed written procedures outlining the roles and responsibilities related to the management of property.

CIRG employees must complete and submit a receipt of property form to an IMS whenever they are assigned property or when their equipment is reassigned to another employee or location. Two IMS personnel specifically assigned to the Tactical Section keep a hard-copy record of all receipts and log the information contained therein. Each item is automatically assigned to an individual for 1 year, and CIRG systems allow for tracking of how often each item has been checked out and whether the item was reassigned to another individual. CIRG personnel also receive an automatic reminder at the end of the year to renew each item in their possession.

We found that CIRG completed wall-to-wall physical inventories for both FY 2013 and FY 2014. CIRG personnel told us that management had taken a more active role in the inventory in recent years and that they had encouraged staff to cooperate in the process. In the FY 2013 inventory, CIRG's Tactical Section accounted for over 99.7 percent of its approximately 6,900 inventoriable items. The inventory identified 22 missing items, 3 of which were ultimately recovered.<sup>8</sup> CIRG officials told us that items may be lost during missions or transferred to other divisions without adequate documentation. They also noted that smaller, mobile items have been more susceptible to loss. For FY 2014, CIRG Tactical Section only had seven items unaccounted for, none of which were weapons.

We verified that CIRG officials reminded all CIRG employees about their roles and responsibilities related to the management of accountable property. CIRG policy specifically outlines that all FBI employees are obligated to properly care for, handle, use, and protect government property issued and assigned to them. We specifically reviewed with CIRG inventory personnel the status of the items in our sample that met the criteria as inventoriable. Where reasonable, we conducted physical verification of the items' locations and determined that Tactical Section maintained possession of the tested items and demonstrated adequate safeguards over procured items in general. Additionally, while it had been a past practice of CIRG Tactical Section to stockpile surplus items in caged areas, we found that during FY 2013 and FY 2104 CIRG leadership was discouraging this practice and CIRG was no longer re-stocking items as it has done in the past.

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<sup>8</sup> The 19 unaccounted for CIRG Tactical Section items included 1 handgun, several cameras, night vision equipment, and radios. We found that the last recorded user of the missing handgun believed it was returned to the gun vault after learning that the Weapons Management Facility would no longer supply parts or service for that make of weapon. It had been last accounted for in a 2011 inventory and CIRG reported the loss of the handgun in the National Crime Information Center (NCIC) in July 2013 after completing the inventory. As of July 20, 2015 the weapon was still reported as missing in NCIC and, according to the database, had not been associated with any crimes.

## **Recommendation**

We recommend that the FBI:

1. Ensure that the CIRG Tactical Section procurement files clearly demonstrate in writing both: (1) the need for the procurement, and (2) the justification for the chosen brand or vendor, if only one will meet the needs of the FBI.

## 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 the FBI'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. FBI management is responsible for ensuring compliance with applicable federal laws and regulations. In planning our audit, we identified the following laws and regulations that concerned the operations of the auditee and that were significant within the context of the audit objectives:

- Federal Acquisition Regulation (FAR), particularly FAR Subpart 2.1, FAR Subpart 6.1 and 6.3, FAR Part 10, and FAR Part 13
- Justice Acquisition Regulation System (JAR) Part 2801
- OMB Circular A-123 Appendix B

Our audit included examining, on a test basis, the FBI's compliance with the aforementioned laws and regulations, and whether non-compliance could have a material effect on their operations. We did so by interviewing operational and finance personnel and supervisors, requesting and reviewing FBI procurement records, evaluating oversight procedures, and assessing relevant internal procurement policies and practices. Nothing came to our attention that caused us to believe that the FBI was not in compliance with the aforementioned laws.

### OBJECTIVE, SCOPE, AND METHODOLOGY

#### Objective

The objective of our audit was to examine the internal controls established over Critical Incident Response Group (CIRG) Tactical Section procurements, to include controls over procurement needs, as well as the uses of and safeguards over procured items.

#### Scope and Methodology

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.

We scoped our audit to fiscal years (FY) 2013 and 2014, to ensure that any audit findings would be relevant to current leadership and practices within the section. We focused our audit on the Tactical Section within CIRG. This allowed us to address the specific allegations regarding the Hostage Rescue Team (HRT) in the context of the broader tactical section environment, which houses nine units.

To obtain a sufficient understanding of the scope of CIRG Tactical Section work and therefore the types of items the section would procure, we conducted audit work at CIRG facilities in and around Quantico, Virginia, participated in an HRT capabilities briefing, and toured HRT training and storage facilities. We also witnessed HRT training exercises involving various capabilities, equipment, and personnel. Additionally, we conducted over 30 interviews with officials from FBI Finance Division, CIRG Financial Management Unit, and CIRG Tactical Section operational units.

To obtain an understanding of how CIRG identifies and assesses procurement needs, the methods available for procurement, and the associated controls in place, we included in our interviews FBI headquarters Finance Division personnel. We also interviewed CIRG end users, management and program analysts, budget analysts and supervisors, and limited warrant holders, as well as the internal auditor and financial management unit chief. We participated in walk-throughs of the relevant procurement processes and financial systems.

To obtain details on the roles and responsibilities of the CIRG Tactical Section units, the types of missions they perform, and the reasons they would need to procure various items, we included in our fieldwork interviews of 13 program personnel representing each of the units within CIRG Tactical Section. We also conducted follow-up telephone interviews with additional Tactical Section personnel who possessed relevant expertise and had experience using the procured items we

tested. When practical, we conducted physical verification of sampled items on site at the HRT facilities.

### *Judgmental Sample Selection*

Because the allegation targeted Tactical Section procurements, particularly clothing, gear, and services for HRT, we selected a judgmental sample of 30 CIRG Tactical Section expenditures, totaling almost \$850,000, for testing to determine whether each transaction was justified, appropriately approved, and in compliance with established internal controls. This non-statistical sample design does not allow for the projection of the test results to the universe from which we selected our sample. However, we structured our sample to cover all three procurement methods and categories of items specifically referenced in the allegation. We sorted transactions by procurement method based on dollar threshold and vendor information available in the Tactical Section expenditure reports. Our sampled transactions were mostly expenditures from HRT, but also included procurements by the SWAT Operations Unit, Tactical Helicopter Unit, and Operations and Training Unit. For each sampled transaction we sought FBI support demonstrating the need for and use of the procured items, as well as the safeguards implemented over the items. We also reviewed the history of supervisory approvals for each transaction, as demonstrated by audit histories, internal communications, and supervisory signatures. Tables 2, 3, and 4 in the report contain details on our sample.

FEDERAL BUREAU OF INVESTIGATION'S RESPONSE TO THE  
DRAFT AUDIT REPORT



U.S. Department of Justice  
Federal Bureau of Investigation

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Washington, D. C. 20535-0001

August 20, 2015

The Honorable Michael E. Horowitz  
Inspector General  
Office of the Inspector General  
U.S. Department of Justice  
950 Pennsylvania Avenue, N.W.  
Washington, DC 20530

Dear Mr. Horowitz:

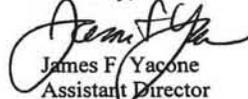
The Federal Bureau of Investigation (FBI) appreciates the opportunity to review and respond to your office's report entitled, "*Audit of the Federal Bureau of Investigation Critical Incident Response Group Tactical Section Procurements.*"

We are pleased you determined the Tactical Section "generally implemented adequate internal controls over the needs, uses, and safeguards of its procurements during fiscal years (FY) 2013 and 2104." Notably, your auditors did not identify "instances of unjustifiable or unreasonable procurements" by the Tactical Section; rather, you found the Section "used the items it procured to a reasonable extent given its mission."

The FBI is also pleased you found "more robust financial control procedures" and management controls" during this same timeframe, which resulted in better justifications for requested items, limits on methods to procure items, and improved inventory controls.

We appreciate your insights into improving the procurement process. In that regard, we concur with the one recommendation made. Should you have any questions, please feel free to contact me.

Sincerely,

  
James F. Yacone  
Assistant Director  
Critical Incident Response Group

**AUDIT OF THE FEDERAL BUREAU OF INVESTIGATION CRITICAL INCIDENT  
RESPONSE GROUP TACTICAL SECTION PROCUREMENTS**

**Report Recommendation #1:** Ensure that the CIRG Tactical Section procurement files clearly demonstrate in writing both: (1) the need for the procurement, and (2) the justification for the chosen brand or vendor, if only one will meet the needs of the FBI.

**FBI Response to Recommendation #1:** In the preparation of future procurement packages, CIRG Tactical Section will ensure a detailed explanation for the need to procure the goods and/or service is included in the package. Due to mission requirements, there are times when only one brand or one particular vendor can provide the required goods and/or service. CIRG will ensure appropriate justification is included in the procurement package.

## APPENDIX 3

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

The Department of Justice, Office of the Inspector General (OIG) provided a draft of this audit report to the Federal Bureau of Investigation (FBI). The FBI's response is incorporated in Appendix 2 of this final report. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

#### Recommendation:

- 1. Ensure that the CIRG Tactical Section procurement files clearly demonstrate in writing both: (1) the need for the procurement, and (2) the justification for the chosen brand or vendor, if only one will meet the needs of the FBI.**

Resolved. The FBI concurred with our recommendation. In its response, the FBI stated that in the preparation of future procurement packages, the CIRG Tactical Section will ensure that a detailed explanation for the need to procure the goods and/or service is included in the package. The FBI also stated that due to mission requirements, there are times when only one brand or one particular vendor can provide the required goods and/or service. CIRG will ensure appropriate justification for this is included in the procurement package.

This recommendation can be closed when we receive evidence showing that the CIRG Tactical Section includes, in its procurement package, a detailed explanation for the need to procure the goods and/or service and also appropriate justification when only one brand or one particular vendor is required.



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