

APPENDIX XI

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

In its response to the draft report, the DEA concurred with the findings and recommendations. However, the DEA requested modifications to the final report on several points: national security, indications of public harm, weapons accountability, statistical measures, and comparative language. These issues are addressed below:

National security. The DEA asked that we remove all references to national security because, according to the DEA, laptop computers have not compromised national security and there is no threat of compromise to national security since the DEA does not process any classified information on its laptop computers. We did not remove the references from the report. Almost all the laptop computers used by the DEA are used to process information that is considered law enforcement sensitive. In addition, due to the numerous problems the DEA had with controls over their laptop computer inventory, as discussed in the report, we were unable to assert positively that none of the information on laptops, if missing, would compromise national security.

Indications of public harm. The DEA asked that we state at the outset that there was no apparent indication of public harm that resulted from the DEA weapons that were lost or stolen, unlike in other components. We originally included this statement in the Executive Summary. In response to the DEA's request, we added this statement to the findings paragraph on page 6 of the report.

Weapons accountability. The DEA commented that no DEA weapons were discovered missing as a result of the audit. We agree that no additional lost, stolen, or missing weapons were discovered by our audit and our report reflects this. However, as the report notes, we did not conduct a full audit of all DEA weapons. Rather, we audited a small sample of DEA weapons and reviewed the DEA's internal controls.

Statistical measures. The DEA disagreed with the report's use of the terminology "significant deficiencies" in relation to lost, missing, or stolen weapons, because the number of weapons reported as lost, missing, or stolen was very small. We did not change the report's terminology because

the losses, and the deficiencies in internal controls that caused the losses, are significant in view of the sensitivity of the items lost and the potential for public harm.

Comparative language. The DEA asked that we not apply the same terminology to both the DEA and other Department components with more serious issues of accountability because, unlike the DEA, other components have had weapons used in the commission of crimes that have caused verified public harm. We retained the original language in the report because the final DEA report does not compare the DEA to other components. The report is specific to the circumstances surrounding the DEA.

The DEA further states in its response that it had previously identified problems with its inventory system and our recommendations primarily reflect corrective actions that the DEA had already planned or began to implement. Although the DEA had implemented new systems to track weapons and laptop computers, our audit found that the DEA continued with many deficient practices that affected internal controls. Examples include: inventory duties that were not adequately segregated; untimely physical inventories, data entry, and reporting; insufficient procedures for tracking transferred property or property returned by separating employees; and financial and property management systems that were not fully integrated. In addition, while the DEA may have recognized some of the deficiencies in its inventory system, as it asserts, prior to our audit it had not taken affirmative steps to implement many of the 22 recommendations we included in the report.

The status of each recommendation, and the actions needed to close the report, are summarized below:

Recommendation Number:

1. **Closed.**
2. **Resolved.** The Corrective Action Plan (CAP) indicates that the DEA plans to issue a Teletype to remind agents of the requirements of Agents Manual Subsection 6122.13, Loss, Theft, or Destruction of a Firearm. In order to close this recommendation, please provide a copy of the Teletype when it is issued.
3. **Resolved.** The CAP indicates that the DEA plans to retroactively review

its records to complete and submit the Theft Reports for the periods from July 1 to December 31, 1999, and January 1 to December 31, 2000. In order to close this recommendation, please provide copies of the completed Theft Reports when they are submitted.

4. **Resolved.** The Theft Report attached to the DEA's response is dated June 3, 2002. However, the report should cover the period January 1, 2002, through June 30, 2002. Although the report was submitted before the July 31 deadline, it did not include any losses that may have occurred from June 4 through June 30. In order to close this recommendation, please explain why the report was submitted before the end of the reporting period, and how losses occurring from June 4, 2002 through June 30, 2002 will be reported.
5. **Resolved.** The CAP indicates that the DEA plans to issue a Teletype to remind agents of the requirements of Agents Manual Subsection 6122.13 B2 concerning the entering of lost, missing, or stolen weapons into the NCIC. In order to close this recommendation, please provide a copy of the Teletype when it is issued.
6. **Resolved.** In order to close this recommendation, please provide documentation of the actions taken on lost, stolen, or missing laptops identified as a result of the current reconciliation of the inventory of laptop computers.
7. **Resolved.** In order to close this recommendation, please provide documentation showing that a perpetual list of lost, missing, or stolen laptop computers is maintained and that required notifications and investigative procedures are performed.
8. **Resolved.** Although the CAP addresses internal controls, operating manuals, audit trails, and system requirements, additional information or clarification is needed in order to close this recommendation.

DEA Teletype 02224, dated February 7, 2002, requires that Division Primary Firearms Instructors (PFI) resolve discrepancies between the Firearms Training Unit (TRDG) records and Division physical inventories quarterly. However, the April 2002 Firearms Training Directive requires that Division PFIs conduct physical inventories annually. Please provide documentation showing that guidance to Division PFIs is clarified to correct this inconsistency.

In addition, the audit found that the DEA did not have a users manual for the Weapons Database. Please provide documentation showing that

the DEA plans to develop and issue a users manual to provide Weapons Database operators with a reference source and to ensure consistency in the implementation of procedures.

9. **Resolved.** The CAP indicates that the DEA is correcting problems that resulted from the conversion from the M-204 system and that it will provide all Property Custodial Assistants (PCA) and the OIG with the valid inventory of laptop computers. This recommendation can be closed when we receive a copy of the valid inventory.
10. **Resolved.** In order to close this recommendation, please provide a description of how the DEA's financial system is integrated with its property management systems for weapons and laptop computers. The description should specify how inventories are routinely and timely updated when weapons and laptop computers are purchased.
11. **Resolved.** The CAP indicates that the DEA issued a memorandum on July 5, 2002, reiterating DEA's policy that requires newly acquired accountable property items to be entered into the FAS within 10 days of receipt. Although the memorandum prescribes certain procedures for ordering and receiving accountable property, it does not address timely entry into the FAS. In order to close this recommendation, please provide a copy of guidance for ensuring timely entry of purchases into the FAS.
12. **Closed.**
13. **Resolved.** In order to close this recommendation, please provide documentation showing that the FAS records the names of individuals who are accountable for laptop computers instead of the names of the PCAs.
14. **Resolved.** The CAP indicates that the DEA plans to reiterate policy requiring PCAs to maintain (a) hand receipts that show current assignments of laptop computers and (b) adequate property records each time requests are approved to purchase laptop computers. This recommendation can be closed when we receive copies of the guidance issued.
15. **Resolved.** In order to close this recommendation, please provide a copy of the June 5, 2002 memorandum that instructs Headquarters purchasing offices to provide receiving PCAs with copies of source documents for items purchased and delivered.

16. **Resolved.** The CAP indicates that the DEA plans to issue policy requiring the use of hand receipts for all transfers of laptop computers. This recommendation can be closed when we receive a copy of the policy.
17. **Resolved.** In order to close this recommendation, please provide documentation showing that property descriptions, DEA property numbers, and weapons serial numbers are included on Employee Clearance Records.
18. **Resolved.** In order to close this recommendation, please provide copies of guidance issued to DEA Divisions, County Offices, and the TRDG that requires them to update the property system timely.
19. **Resolved.** The CAP indicates that all Country and Division Offices are required to conduct annual physical inventories of weapons. However, the audit found that complete inventories were not being completed timely. In order to close this recommendation, please provide documentation showing that the latest annual physical inventory of weapons was performed as required.
20. **Resolved.** The CAP indicates that the DEA plans to issue a memorandum to DEA Program Managers reiterating policy on the segregation of duties for taking inventories, performing reconciliations, and modifying property management systems. In order to close this recommendation, please provide a copy of the memorandum when it is issued. In addition, please provide copies of guidance that instructs responsible DEA staff to conduct future inventories of weapons in accordance with the DEA Agents Manual.
21. **Resolved.** In order to close this recommendation, please provide documentation showing that inventories for units within DEA headquarters are validated for laptop computers.
22. **Resolved.** The CAP indicates that the DEA plans to issue a directive to ensure that Headquarters Office Heads assist the Headquarters PFI in complying with Section 6122.22c of the Agents Manual. In order to close this recommendation, please provide a copy of the directive when issued.