

## APPENDIX I

### AUDIT OBJECTIVES, SCOPE, AND METHODOLOGY

At the request of the Attorney General, we completed an audit of the control over weapons and laptop computers at the FBI. The objectives of the audit were to review the FBI's: (1) action taken in response to the identification of lost or stolen weapons and laptop computers; and (2) management controls over these types of equipment. We performed our audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States and, accordingly, included such tests of the records and procedures that we considered necessary.

Most of our testing covered the period between October 1, 1999 and September 30, 2001. However, for determining the number of missing weapons and laptop computers, we extended the review period through January 31, 2002. We also examined records of events occurring outside those time frames to obtain a thorough understanding of the conditions discussed in this report.

We obtained an understanding of the control environment for weapons and laptop computers from the Property Procurement and Management Section of the Finance Division at FBI Headquarters. We performed on-site audit work between August 2001 and March 2002 at the FBI Headquarters (including the Training Academy at Quantico, VA) and at field offices in Denver, CO; Jacksonville, FL; Los Angeles, CA; and New Haven, CT.

To examine the FBI's actions regarding the identification of lost and stolen weapons and laptop computers, we obtained a list of all such losses since October 1, 1999, and reviewed the available files and the circumstances surrounding each loss. In addition, we obtained from the Department Security Officer the FBI's semiannual theft report submissions for the same time period. For weapons, we also queried NCIC to determine if the losses had been reported and if the weapons had been subsequently recovered. We also queried the National Tracing Center database (maintained by the Bureau of Alcohol, Tobacco, and Firearms of the U.S. Department of the Treasury) for further indication of weapon recoveries through subsequent law enforcement activity.

For laptop computers, our objective was to determine if the loss resulted in the compromise of classified or sensitive information. This information is based upon the assertions provided; we could not

independently verify the sensitivity of the information due to the loss of the machines.

In addition to the testing detailed above, our audit work included: (1) reviewing applicable laws, policies, regulations, manuals, and memoranda; (2) interviewing appropriate personnel; (3) testing management controls; (4) reviewing property and accounting records (with an emphasis on activity since October 1, 1999); and (5) physically inspecting property. Tests of management controls were performed in the following areas as they pertained to weapons and laptop computers:

- purchasing and recording in the official property database, PMA;
- receipt and assignment, including pooled property, specialized equipment, and the return of items from separated employees;
- physical inventories, including separation of duties; and
- disposals, including property record deletions.

We tested these controls through a judgmental sample from the approximately 50,000 weapons and 15,000 laptop computers reported in the PMA as of August 2001. In total, we reviewed 884 items, including 454 weapons and 430 laptop computers; details about the universe from which these samples were taken and about the samples themselves may be found in Appendix VI, Tables 1 and 2. Our tests included sampling:

- weapons and laptop computers purchased between October 1, 1999 and September 30, 2001, as recorded in purchase documents, to ensure that the items were recorded in PMA;
- weapons and laptop computers not assigned to specific individuals (pooled property) to ensure that the property was accounted for and the records reflected the correct status;
- weapons and laptop computers found during an on-site walk-through inventory at the FBI location to ensure that the item was accurately reflected in PMA; and
- FBI personnel and requesting them to provide all weapons and laptop computers assigned to them to ensure the items were accounted for and the property records were complete (staff testing).

The samples described above are delineated by test, property type, and location, in Appendix VI, Tables 2 through 4. We also reviewed the documentation related to 98 FBI personnel separated between October 1, 1999 and September 30, 2001, to determine if all weapons and laptop computers were returned. Moreover, we reviewed disposal actions initiated between October 1, 1999 and September 30, 2001, to ensure these actions were adequately supported.