



Audit of the Bureau of Alcohol, Tobacco,
Firearms and Explosives' Controls Over
Personnel-Related Risks Associated with
Operating Internationally



AUDIT DIVISION

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EXECUTIVE SUMMARY

Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Controls Over Personnel-Related Risks Associated with Operating Internationally

Objective

The objective of this audit was to determine whether the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) has adequate controls in place to identify and mitigate critical personnel-related risks associated with operating internationally.

Results in Brief

We found that ATF did not have adequate policies and procedures to identify and mitigate critical personnel-related risks associated with operating internationally. ATF relies on Foreign Service National (FSN) personnel to provide investigative and operational assistance to support ATF's mission abroad. However, we found that FSNs were not appropriately supervised, and performance and conduct-related matters were not adequately documented and addressed in a timely manner. We also found ATF Special Agents and FSNs regularly utilized unapproved communication channels on ATF-issued phones and FSNs used personal electronic devices and accounts to carry out ATF-related duties, creating significant security risk for ATF operations abroad.

ATF has established a Firearms Trafficking Investigative Unit (FTIU), made up of an ATF Assistant Country Attaché and Mexican law enforcement officials to combat gun trafficking across the U.S.-Mexico border. We identified foreign law enforcement officials operating on the unit who did not pass ATF's required foreign screening polygraph exam. We also noted ATF did not have a secure system for the exchange of critical information and intelligence sharing between ATF and the FTIU.

Recommendations

We make nine recommendations for ATF to improve the management and oversight of its international operations. We provided a draft of this report to the ATF and requested a response, which is included in Appendix 3. Appendix 4 provides our analysis of that response.

Audit Results

ATF's International Affairs Division (IAD) has offices in eight countries and collaborates with foreign law enforcement partners around the world. The mission of ATF's international operations is to disrupt transnational firearms trafficking and reduce violent gun crime. IAD's largest operational footprint is in Mexico, with a Country Attaché and six Assistant Country Attachés who are supported by Special Agents, an Intelligence Research Specialist, and locally employed FSNs. Because ATF's largest international footprint is in Mexico and the majority of IAD operational activity occurs there, we focused this audit on IAD's Mexico operations, to include the use of FSNs and the FTIU.

IAD works to improve the identification of crime guns recovered in other countries by providing foreign law enforcement access to and training on ATF's eTrace system (a web-based application used to track the purchase and history of firearms used in violent crimes). Between October 2019 and September 2024, ATF received 215,474 crime gun trace requests from 122 countries. Based on the results of those traces and other intelligence received by IAD, ATF has opened more than 900 investigative cases to help identify international firearms trafficking, transnational organized crime, and straw purchases made illegally in the U.S. More than 500 of those cases were based on crime gun data and other information received by IAD's Mexico country offices.

Studies estimate that 200,000 guns are smuggled illegally each year from the U.S. to Mexico. To combat gun trafficking across the U.S.-Mexico border, in January 2024, ATF entered an Intragovernmental Agreement with the Department of State (DoS) to fund the establishment of an ATF-vetted FTIU. The unit is made up of an Assistant Country Attaché, an FSN, and Mexican law enforcement officials, with the goal of increasing parallel U.S.-Mexico firearms

investigations and seizing illegal weapons and ammunition from organized criminal networks. As of March 2025, the FTIU had 15 ongoing firearms trafficking investigations.

Mitigating Critical Foreign Service National (FSN) Personnel Risks Abroad

In 2003, the Department of Justice (DOJ) signed a Memorandum of Agreement granting the DoS the authority to hire individuals, including FSNs, to perform services in support of DOJ components operating abroad, including ATF. FSNs work in U.S. embassies and consulates. Those working for the IAD assist ATF with: (1) the processing of large firearms seizures and the collection of suspect information, (2) analyzing data and preparing reports related to firearms and explosive seizures, and (3) serving as instructors for ATF-provided training to foreign officials.

DOJ components are required to follow U.S. ambassadors' missions abroad and abide by DoS policy and procedures. ATF Country Attachés and Assistant Attachés are responsible for overseeing the daily activities of FSNs, to include rating their performance and promptly addressing performance and conduct issues. Based on our review of the information maintained for 3 of the 14 ATF FSNs working in Mexico, we found that ATF was not appropriately supervising its FSNs in accordance with DoS and ATF policies. For example, we identified one instance in which serious misconduct by an FSN was not adequately documented and ATF paid \$137,109 in severance and other benefits to the individual upon termination. The FSN's employment was terminated more than four years after the misconduct had begun. We also could not find evidence that required mid-year discussions had been conducted with Mexico FSNs, or end-of-year performance reports were consistently prepared.

Use of Personal Devices and Accounts for ATF-Related Electronic Communications

ATF-related communications must go through approved channels, and the use of unapproved channels increases the risk of compromise to persons and operations, data breaches, and failure to preserve information in accordance with DOJ policy.

We found FSNs and Special Agents used unapproved messaging applications on ATF-issued devices to make calls and send texts messages, to include images of firearms taken from crime scenes. As such, law enforcement sensitive information may be lost or not properly preserved by ATF Special Agents and other

personnel, which could adversely affect operations and U.S. prosecutions. We also determined that FSNs used personal cell phones and email accounts for ATF-related business, thereby sharing law enforcement sensitive information and creating significant security risks for ATF personnel and operations.

Improving Controls Over Agent Cashier Funds Abroad

Assistant Attachés and Special Agents are responsible for the management of confidential informants and for determining the value of information provided by sources. Between November 2022 and June 2025, IAD's Mexico country offices paid a total of \$47,400 to confidential informants and for one-time sources of information. We found that payments made to confidential informants and for information in Mexico were adequately supported and properly approved. However, we noted that ATF does not have policies and procedures for replenishing agent cashier funds in its international offices. As a result, we identified Special Agents bringing large amounts of U.S. dollars into Mexico by carrying it on their person on commercial aircraft and in ATF-vehicles, introducing additional risk to ATF personnel.

Mexico's Firearms Trafficking Investigations Unit

ATF has partnered with Mexico's Federal Attorney General's Office to establish its FTIU. The ATF-vetted unit is comprised of 12 Mexican law enforcement officials and is led by a Mexican Unit Commander with the assistance of an ATF Assistant Country Attaché and one FSN. The Mexican Unit Commander is responsible for the operational oversight of the unit, while ATF is responsible for administrative, logistical, and programmatic issues pertaining to the FTIU.

ATF obtained a verbal agreement with the Government of Mexico to operate the unit and through ATF's agreement with the DoS, it has received approximately \$3.6 million from the DoS to establish and manage the unit. Between January and March 2025, the FTIU executed 11 search warrants and made 25 arrests in Mexico.

ATF requires FTIU members to successfully complete initial and periodic vetting to participate in the unit and receive training, equipment, and other ATF-provided benefits. That vetting includes: (1) an interview with ATF officials, (2) a background investigation, (3) drug testing, (4) a polygraph examination, and (5) Leahy vetting.

Based on our review of 25 FTIU candidates, we identified 6 candidates who did not pass ATF's initial polygraph exam yet were allowed to be retested. We found that two

of the six candidates who were retested passed the second polygraph exam and were allowed to operate on the unit. One of the individuals indicated deception to “receiving something of value from a criminal organization,” which under ATF’s FTIU policy, should have disqualified the candidate from consideration for service on the unit. Further, we found that ATF’s Polygraph Branch did not have written policies and procedures for the administration of foreign screening polygraph exams, to include criteria for determining when a foreign candidate can be retested. Without such policies and procedures, ATF is increasing its risk of insider threats and security risks from bad actors abroad.

Although ATF’s FTIU workplan stated that it would implement a secure system for the exchange of critical

information and intelligence sharing between ATF and the FTIU, ATF has not yet done so. Without such a system, we found ATF’s FTIU case data to be incomplete and did not match the information being reported to the DoS, which could hinder the effectiveness of investigations.

Establishing Performance Metrics for IAD

We found IAD does not have standardized performance metrics for its country offices. Establishing metrics based on the goals and objectives of IAD will enable ATF to assess its progress toward accomplishing its mission, while supporting effective program management and resource allocation across the division.

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Introduction

The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) collaborates with federal and global law enforcement partners to disrupt transnational firearms trafficking and reduce violent gun crime. To fulfill its mission, ATF has established international offices in eight countries and liaisons with foreign partners in more than 50 countries to extend its reach beyond U.S. borders and in an effort to impact gun trafficking and violent crime before it reaches the United States. ATF's International Affairs Division (IAD) is responsible for conducting and coordinating international criminal investigations through information sharing and intelligence gathering and provides training and technical assistance to international law enforcement and government partners.

Figure 1

IAD aims to dismantle and disrupt the activities of criminal organizations that operate across U.S. borders to traffic firearms and commit violent crime. Examples cited by ATF officials of the benefits from its international operations included assistance provided by IAD's Mexico City Firearms Trafficking Investigations Unit (FTIU), an ATF-vetted unit made up of foreign law enforcement officials. The U.S. prosecuted two U.S. citizens and a Mexican national for conspiracy to traffic firearms and possession with the intent to distribute drugs. The FTIU participated in the operation to apprehend an additional Mexican national, who was charged with providing material support to the Cartel de Jalisco Nueva Generación (CJNG), a designated foreign terrorist organization.¹

ATF also works to improve the identification of crime guns recovered in other countries by providing access to ATF's eTrace system.² eTrace is a web-based application used to track the purchase and history of firearms used in violent crimes. IAD trains foreign law enforcement partners on how to enter crime gun data into eTrace to help identify suspected firearms traffickers and patterns of violent crime in support of criminal investigations.



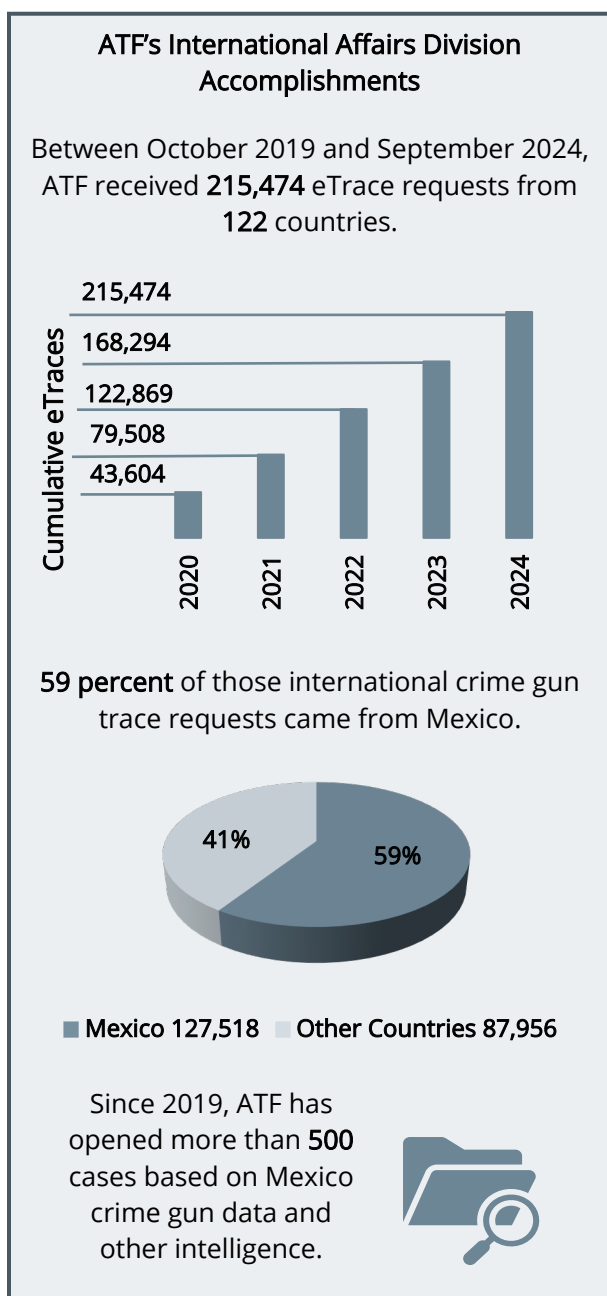
Note: DOJ photo of AK-47 type firearms and rifles seized in the federal joint operation on August 21, 2023, in the Western District of Texas.

Source: www.justice.gov/opa/pr/mexican-national-and-alleged-alien-smuggler-indicted-first-material-support-

¹ On February 20, 2025, the U.S. Department of State (DoS) announced the designation of eight international cartels, including CJNG, as Foreign Terrorist Organizations and specifically designated global terrorists.

² U.S. Department of Justice (DOJ) Office of the Inspector General (OIG), [Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Management of Firearm Trace Requests at the National Tracing Center](https://oig.justice.gov/reports/audit-bureau-alcohol-tobacco-firearms-and-explosives-management-firearm-trace-requests), Audit Report 26-079 (August 2026), oig.justice.gov/reports/audit-bureau-alcohol-tobacco-firearms-and-explosives-management-firearm-trace-requests.

Figure 2



Source: OIG Analysis of ATF data

ATF has established an eTrace Memorandum of Understanding (MOU) with organizations in 46 countries and created more than 2,784 international eTrace user accounts (see Appendix 2). Since 2023, ATF has signed three new eTrace MOUs with foreign law enforcement partners in Canada, Haiti, and the United Arab Emirates.

International eTrace results and other intelligence received by IAD offices are provided to ATF's domestic field offices to help identify international firearms trafficking, transnational organized crime, and straw purchases made illegally in the United States. Between October 2019 and September 2024, ATF opened more than 900 cases based on this data and intelligence received.

As shown in Figure 2, between fiscal years (FY) 2020 and 2024, 127,518 (59 percent) of all international eTrace requests came from Mexico. Although it is difficult to know the exact number of firearms being illegally trafficked from the United States to Mexico, the volume has been estimated at approximately 200,000 guns smuggled each year across the U.S.-Mexico border.³ To increase the number of crime guns being traced in Mexico, ATF created more than 400 eTrace user accounts for Mexican law enforcement officials and provided training to these individuals on how to use eTrace. ATF also offers eTrace in Spanish.

Since 2019, ATF has opened more than 500 cases based on Mexico crime gun data and other intelligence received by IAD. Those cases have led to more than 75 arrests and 42 convictions in the United States, including for: (1) falsifying information when buying firearms, (2) causing federal firearms licensees to falsify records, (3) smuggling goods from the United States, and (4) dealing firearms without a license.

³ U.S. Government Accountability Office (GAO), *U.S. Efforts to Disrupt Gun Smuggling into Mexico Would Benefit from Additional Data and Analysis*, GAO-21-322 (February 2021), www.gao.gov/assets/gao-21-322.pdf (accessed April 2, 2026).

Overview of ATF's International Affairs Division

Established in 1991, ATF's International Affairs Division (IAD) operates under the Directorate of the Office of Intelligence Operations (OIO). In foreign countries, Country Attachés and Assistant Country Attachés represent ATF to foreign law enforcement partners and government officials and are supported by Special Agents and Intelligence Research Specialists. The U.S. Department of State (DoS) also locally employs

Foreign Service Nationals (FSN) who are assigned to ATF international offices.⁴ ATF Special Agents and other personnel serving at foreign posts report to IAD's Chief but also serve at the direction of the DoS's Chief of Mission of the U.S. Embassy in the country to which they are deployed.⁵

Figure 3



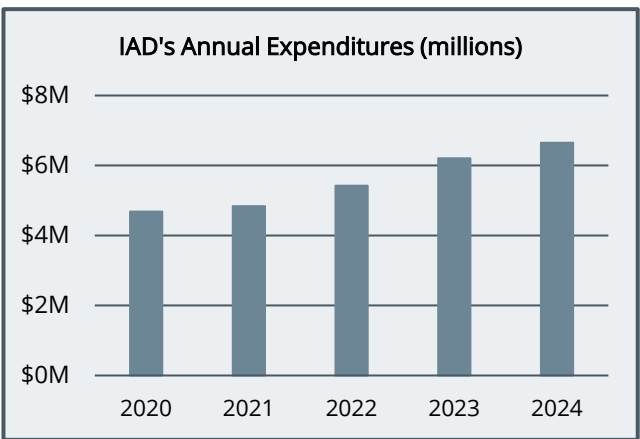
Source: ATF

Between FYs 2020 through 2024, IAD's total expenditures were approximately \$28 million with offices in (1) Canada, (2) Colombia, (3) El Salvador, (4) Netherlands (Europol), (5) Jamaica, (6) Mexico, (7) The Bahamas, and (8) Trinidad & Tobago. ATF also receives funding through Interagency Agreements (IAA) with the DoS Bureau of International Narcotics and Law Enforcement Affairs (INL). The ATF's IAAs with INL establish the amount of funding, the parameters for the use of funding, and the goals and objectives of the partnership. In January 2024, INL provided ATF approximately \$3 million to provide training and technical assistance to Mexican law

enforcement officials working on firearms-related crimes and to establish a Firearms Trafficking Investigations Unit (FTIU). The FTIU consists of Mexican law enforcement officials, vetted and trained by ATF to disrupt illicit firearms networks, dismantle criminal organizations, and facilitate bilateral information sharing. Since ATF does not allocate funding to the FTIU, the continued operation of the unit is dependent upon DoS INL funding.

ATF's largest international footprint is in Mexico with a Country Attaché and six Assistant Country Attachés who are supported by Special Agents, an Intelligence Research Specialist, and locally employed FSNs. As shown in Figure 5, IAD has offices in Guadalajara, Juárez City, Mexico City, Monterrey, and Tijuana.

Figure 4



Source: ATF

⁴ Foreign Service Nationals, also known as Locally Employed Staff, are citizens of the countries in which the DoS maintains diplomatic posts and consulates. FSNs provide continuity for assigned U.S. staff and possess local language and cultural expertise.

⁵ The Chief of Mission, also known as the U.S. Ambassador, is the principal officer in charge of a diplomatic mission of the United States or of a U.S. office abroad, which is designated by the Secretary of State as diplomatic in nature.

Figure 5

ATF's Mexico Country Offices Areas of Responsibility



Source: ATF

IAD works with DoS's International Law Enforcement Academies (ILEA) to provide training to foreign law enforcement officials and government partners for real-world scenarios including firearms trafficking, arson, and explosive-related incidents. ILEA trainings use a combination of classroom workshops and practical exercises to improve participants' law enforcement skills. ATF course offerings include small firearms trafficking, international post-blast investigations, and arson investigation techniques, as well as gangs and firearm serial number restoration classes. In FY 2024, IAD conducted over 60 training courses for more than 4,400 foreign law enforcement personnel; 11 of those trainings were conducted in Mexico.

ATF also co-leads larger ILEA conferences like the Executive Policy and Development Symposium on Transnational Organized Crime, which focuses on weapons trafficking and gangs in Latin America and the Caribbean. Since 2023, the IAD has conducted at least 15 classes at ILEAs both in the United States and internationally to aid interagency law enforcement operations.

Congressional Interest and Audit Approach

In October 2023, the OIG received notification from a congressional office that a whistleblower had made allegations of misconduct occurring with a Special Agent and FSN stationed in ATF's Mexico country offices. The allegations raised concerns relating to ATF's management of its personnel stationed abroad, particularly ATF's efforts to: (1) hold personnel accountable for engaging in misconduct, (2) preventing transnational criminal organizations from attempting to utilize personnel for illicit means, and (3) sufficiently vetting personnel working in international offices. The OIG initiated this audit to review ATF's efforts to mitigate critical personnel-related risks abroad.

Our objective was to determine whether ATF has adequate controls in place to identify and mitigate critical personnel-related risks associated with operating internationally. The scope of our audit generally covered IAD's activities from FYs 2020 through 2024. Since ATF's largest international footprint is in Mexico and the majority of IAD activity during the scope of our review had occurred there, we focused this audit on IAD's Mexico operations, to include the use of FSNs and the FTIU.

To accomplish our objective, we reviewed federal policies and guidance, including those specific to ATF's international operations and the Department of State's (DoS) administration of FSNs. We also interviewed ATF personnel, including the IAD Division Chief, Deputy Division Chief, Country Attachés, Assistant Country Attachés, Special Agents, an Intelligence Research Specialist, Foreign Service Nationals, and administrative support staff. We also spoke to DoS officials, including Regional Security Officers, an Assistant Regional Security Officer, a Deputy Human Resources (HR) Officer, and a Senior Advisor.

We reviewed past OIG reports that touched upon ATF's international operations, including: (1) A Review of ATF's Operation Fast and Furious and Related Matters, and (2) A Review of the DOJ's and ATF's Implementation of Recommendations Contained in the OIG's Report on Operations Fast and Furious and Wide Receiver. The reports discussed significant failures in the oversight and management of certain ATF operations with international implications and the steps taken by ATF to address and close OIG recommendations.⁶ The OIG found that ATF had failed to adequately consider the risk to public safety and exercise sufficient oversight over operations that posed a danger to the public in the United States and Mexico. We took these issues and areas of identified risk into consideration when conducting this audit.

We examined program documentation, including case files and international training records. We also analyzed a sample of personnel-related documents. Further, we visited IAD offices in Tijuana and Mexico City, Mexico. We conducted virtual interviews of ATF officials in Canada, the Netherlands, Colombia, and throughout Mexico. We also contacted officials from the Federal Bureau of Investigation and the Drug Enforcement Administration to identify FSN best practices within the DOJ law enforcement community. Appendix 1 contains further details on our audit objective, scope, and methodology.

⁶ U.S. Department of Justice (DOJ) Office of the Inspector General (OIG), [A Review of ATF's Operations Fast and Furious and Related Matters](https://oig.justice.gov/reports/review-atfs-operation-fast-and-furious-and-related-matters), Oversight & Review Division Report 12-09 (September 2012, Re-issued November 2012), oig.justice.gov/reports/review-atfs-operation-fast-and-furious-and-related-matters.

DOJ OIG, [A Review of the Department of Justice's and ATF's Implementation of Recommendations Contained in the OIG's Report on Operations Fast and Furious and Wide Receiver](https://oig.justice.gov/reports/review-department-justices-and-atfs-implementation-recommendations-contained-oigs-report), Oversight & Review Division Report 16-01 (February 2016), oig.justice.gov/reports/review-department-justices-and-atfs-implementation-recommendations-contained-oigs-report.

Audit Results

We found that ATF should implement policy and improve its efforts to identify and mitigate critical personnel-risks associated with operating internationally. Specifically, ATF utilizes Foreign Service Nationals (FSN) to provide investigative and operational assistance to support ATF's mission abroad. We found FSNs were not appropriately supervised, and performance and conduct-related matters were not adequately documented and addressed in a timely manner. We also found that Special Agents and FSNs utilized unapproved communication channels, and FSNs used personal electronic devices and accounts to carry out ATF-related duties, creating significant security risks for ATF personnel and operations abroad.

In 2024, ATF partnered with Mexico's Federal Attorney General's Office to establish a Firearms Trafficking Investigations Unit (FTIU), an ATF-vetted unit made up of Mexican law enforcement officials to help combat gun trafficking across the U.S.-Mexico border. We identified foreign law enforcement officials operating on the unit who did not pass ATF's foreign screening polygraph exam and found that ATF did not have a secure system for the exchange of critical information and intelligence sharing between ATF and the FTIU. Lastly, we found ATF's IAD did not have division-wide performance metrics, based on IAD's goals and objectives and the overall strategic mission of ATF.

Mitigating Critical Foreign Service National (FSN) Personnel Risks Abroad

In 2003, DOJ signed a Memorandum of Agreement (MOA) granting the DoS the authority to hire individuals, including FSNs, to perform services in support of DOJ components operating abroad.⁷ According to the MOA, individuals hired at the request of DOJ are not employees or contractors of the DoS and DOJ bears the responsibility for all aspects of the employment relationship to include financial obligations (i.e., salary and benefits, severance, and workers' compensation). The DoS is responsible for the recruitment, hiring, and on boarding of FSNs. Specifically, the DoS advertises the position, coordinates the candidate interview, conducts a background investigation and security certification, and schedules a medical examination, if required.⁸

According to the Interagency Overseas Employee Position Description, an FSN Investigator will support ATF agents in the investigation of both host country and U.S. gun laws and provide vital investigative and operational assistance as well as intelligence analysis to support ATF's mission.⁹ FSNs are required to follow the policies and procedures of ATF, DOJ, and the DoS. FSN duties include:

⁷ The DOJ components include ATF, Criminal Division, Drug Enforcement Administration, Federal Bureau of Investigation, and the U.S. Marshals Service.

⁸ DoS vetting includes a background investigation, biometric checks, local and federal law enforcement and public record checks, and credit checks (if permitted by the host country). Although we requested FSN vetting information, the DoS did not provide documentation to support that each of the three FSNs we selected for review had received a background investigation and security vetting as required by the DoS.

⁹ ATF does not perform additional vetting or background investigations of FSNs. Further, we noted one FSN personnel file did not contain documentation to support the FSN had met the position description requirement of having a minimum of 3 years of prior investigative work experience.

- Assisting in the processing of large firearms seizures and the collection of critical suspect information.
- Collecting and analyzing information from open sources, investigative reports, and eTrace data relating to firearms and explosive seizures.
- Establishing and maintaining cooperative relationships with local, state, and federal law enforcement and other officials in the host country.
- Preparing detailed reports for Country Attachés for the dissemination of sensitive information to ATF, the U.S. Ambassador, and the Government of Mexico.
- Serving as an instructor for ATF-provided training to host government agencies at the local, state, and federal levels.

ATF supervisors (Country Attachés and Assistant Attachés) are responsible for overseeing the daily activities and rating the performance of FSNs.¹⁰ According to DoS policy, ATF supervisors must promptly address performance issues with FSNs and ensure appropriate disciplinary action is taken when FSNs do not meet established standards. Additionally, ATF supervisors are required to conduct a mid-year performance discussion, complete an end-of-year performance report, and ensure that documentation of each is provided to the DoS.¹¹ ATF personnel are required to operate in accordance with all regulations, policies, and procedures issued by DOJ and the DoS.

Since 2017, the DoS, on behalf of ATF, terminated the employment of 3 of the 14 ATF FSNs working in Mexico. ATF found that each of the three FSNs had engaged in misconduct and other issues. To determine if ATF supervisors had appropriately addressed and documented performance and conduct issues and completed mid-year and end-of-year performance reports, we reviewed DoS personnel files for each of the three terminated FSNs.¹² Based on our review, we found:

- In 2008, the DoS, on behalf of ATF, hired an FSN Investigator (FSN 1) in Mexico. We could not find documentation of the exact date of hire in the FSN's file. However, we did identify an Interagency Post Employment Position Description for the position dated June 2008. In June 2011 and July 2021, the FSN received end-of-year performance reports. We could not find documentation of any other mid-year and end-of-year performance reports in the FSN's file.

In May 2020, ATF received information about misconduct by the FSN to include the misuse of ATF-issued devices. In October 2023, the OIO's Assistant Director requested a management inquiry be

¹⁰ ATF IAD Order 3600.1.

¹¹ We learned that although DOJ has policies and procedures for the administration of personnel in overseas assignments, to include managing personnel at foreign posts, DOJ relies on the DoS's Foreign Affairs Manual for the administration of FSNs.

¹² The DoS's personnel files include information such as the employee's job application, resume, records of training, documentation of performance appraisals and salary increases, and other employment records.

conducted because the allegations of misconduct by the FSN had gone unaddressed by ATF staff in Mexico, and the DoS Human Resources cited a “lack of documentation” as a reason for not being able to take action on the FSN. In December 2023, ATF issued an internal memorandum citing the results of the inquiry. ATF found that the FSN had used an ATF-issued laptop and cell phone to access more than 900 pornographic images and over 150 pornographic websites, sent ATF law enforcement sensitive information to unknown contacts via an unapproved messaging application, and utilized a personal email account to conduct ATF-related business. There was no documentation of misconduct or reprimand in the personnel file. ATF’s review was provided to the DoS and the FSN’s employment was terminated in September 2024, more than 4 years after the misconduct had begun. The FSN’s termination letter provided no explanation as to a reason for the termination. ATF paid this individual \$137,109 in severance and other benefits upon termination.¹³

- In March 2010, the DoS, on behalf of ATF, hired an FSN Investigator (FSN 2) in Mexico. In September 2016, the FSN was placed on a performance improvement plan for failure to complete assigned work. The FSN also received a letter of reprimand in October 2016 for tardiness and attendance issues. We could not find documentation of any mid-year and end-of-year performance reports in the FSN’s file.

In March 2017, ATF received information about misconduct and that the FSN was ordering and receiving weapon parts from the U.S. through online purchases.¹⁴ ATF officials interviewed the FSN, who admitted to using an ATF-issued laptop and cell phone to purchase firearms parts for assault rifles to sell them for a profit in Mexico. The firearms parts were sent to a U.S. post box. The FSN used an ATF-armored vehicle to smuggle the weapons into Mexico. In April 2017, the DoS, on behalf of ATF, terminated the employment of the FSN.¹⁵ The FSN’s termination letter detailed the misconduct as the reason for termination. ATF did not pay this individual a severance upon termination.

- In December 2012, the DoS, on behalf of ATF, hired an FSN Investigator (FSN 3) in Mexico. In February 2020, the FSN received an end-of-year performance report. However, we could not find documentation of any other mid-year and end-of-year performance reports in the FSN’s file. In December 2019, ATF’s Assistant Country Attaché in Mexico reported to IAD the unauthorized use of a government owned vehicle by the FSN. The FSN received a letter of reprimand from ATF for inappropriately driving an ATF-armored vehicle after work hours and getting into a collision with another vehicle. In July 2020, the DoS, on behalf of ATF, terminated the employment of the FSN. The FSN’s termination letter provided no explanation as to a reason for the termination. ATF paid this individual \$36,613 in severance and other benefits upon termination.

¹³ FSN severance payments are calculated by the DoS and based on the employee’s annual adjusted basic rate and other benefits such as vacation time and bonuses.

¹⁴ ATF officials further notified DoS officials to include a Resident Security Officer, Human Resources Officer, Consul General of Tijuana, Mexico’s Deputy Chief of Mission, and the DoS Office of the Inspector General about the FSN’s misconduct.

¹⁵ According to the DoS’s Locally Employed Staff Handbook, at any time, when an individual’s behavior has been found unsatisfactory or an employee has been found guilty of improper or unsatisfactory conduct, the individual may be separated for cause without advance notice.

We asked an ATF official why FSN 1's misconduct had gone unaddressed and undocumented for quite some time and contrary to ATF and DoS policy. We learned that ATF's Internal Affairs Division considered the FSN to be a DoS employee, and therefore, not subject to investigation by ATF. The DoS considered the FSN to be an ATF employee, and as such, the allegations of misconduct went uninvestigated by ATF and the DoS. Because the OIO's Assistant Director considered it important to investigate the allegations of misconduct to either clear the FSN or document the misconduct and recommend appropriate actions be taken, a management inquiry was initiated.

Further, we asked an ATF official why FSN 1 and FSN 3 were paid severances despite having misconduct issues. An ATF official explained that according to DoS policy, severance payments for Locally Employed Staff (LES), including FSNs, are to be made in accordance with the local compensation plan. Based on Mexico's local compensation plan, severance payments will be made unless an employee voluntarily leaves, passes away, or is terminated for cause.¹⁶ We found that the DoS, on behalf of ATF, only terminated FSN 2 "for cause." As a result, a severance payment was not made to this individual. We asked an ATF official why the remaining two FSNs were not terminated "for cause." An ATF official stated that the DoS makes the determination of "for cause" or "without cause" when terminating the employment of an FSN. The decision is based on a host country's labor laws, the documented events and circumstances of the termination, and the best interests of the U.S. government.

Lastly, we asked an ATF official if any performance discussions or reports had been maintained for each of the three terminated FSNs, particularly because the DoS requires ATF to document and provide such information. The ATF official stated that the previous Attaché did not maintain FSN files in Mexico. One current FSN we spoke to stated that mid-year performance reviews were not always conducted by the ATF supervisor.

ATF was not supervising its Mexico FSNs in accordance with DoS and ATF policies. ATF should be actively communicating and providing documentation to the DoS of FSN performance, conduct, and other pertinent information. Without adequately documenting FSN performance and other issues, ATF cannot appropriately account for, and if necessary, work with the DoS to address personnel matters that may arise. A lack of adequate documentation also creates liability for ATF because records provide evidence to support facts, demonstrate due diligence, and ensure ATF is meeting legal requirements. Therefore, we recommend that ATF strengthen its policies and procedures and implement controls to improve the management and oversight of FSNs working in IAD offices.

Use of Personal Devices and Accounts for ATF-Related Electronic Communications

ATF-related communications must go through approved channels, and the use of unapproved applications increases the risk of compromised people and operations, data breaches, communication leaks, and failure to preserve information in accordance with DOJ policy. According to DOJ's Justice Manual, Department employees are not permitted to conduct official business on personal social media accounts. Further, local, state, and federal law enforcement and prosecutorial team members should not use personally owned electronic communication devices, personal email accounts, social networking sites, or similar accounts to transmit case-related information. However, we found that Special Agents and FSNs regularly utilized

¹⁶ According to the DoS's Locally Employed Staff (LES) Handbook, it is the policy of the U.S. government that all agencies and establishments under Chief of Mission authority employ LES consistent with host country law insofar as U.S. law is not violated and adoption of local law is consistent with the U.S. public interest.

unapproved communication channels on ATF-issued phones. We also identified FSNs use of personal cell phones as well as personal email accounts to transmit official ATF-related communications.

As part of the DoS and ATF Interagency Overseas Employee Position Description, FSN Investigators are required to develop and maintain personal contacts in the Government of Mexico and public and private sectors to obtain all information relative to a suspect. FSN Investigators we spoke to explained that one particular messaging application is used to communicate with contacts in Mexico and that FSNs regularly use their personal cell phones to make ATF-related calls and send text messages.¹⁷ It was also explained to us that images of firearms taken from crime scenes in Mexico are shared in the messaging application to assist with eTrace and related investigations. ATF issued an agency-wide bulletin in 2019 stating that the "...messenger application was strictly prohibited for use or download on ATF government issued devices" and that it "strongly discourages [the] use of this application for personal use." However, we found that ATF Special Agents downloaded and used the messaging application on ATF-issued devices in order to communicate with FSNs and official contacts in Mexico.¹⁸

In 2023, ATF conducted an internal review of the use of ATF-issued equipment in Mexico. The review found that an FSN had used the prohibited messaging application on an ATF-issued cell phone to send eTrace results and database screenshots, explosive instructions, and an image of an ATF agent to unknown contacts. The DoS, working with ATF officials, ended the FSN's employment in September 2024. According to the internal review, an FSN also stated to ATF officials that they had used their personal cell phone to participate in a group chat in the messaging application relating to cartel activity in Mexico. ATF's review provided a recommendation that IAD establish standard operating procedures (SOP) or conduct FSN training on the use of unapproved messaging applications on cell phones for official government communication. However, ATF has not created a policy or standard operating procedure for the use of messaging platforms and electronic communications by IAD personnel. An ATF official stated that it did not create SOPs or conduct training because an agency-wide bulletin had already prohibited the use of the messaging application.

We also determined that FSNs have utilized personal email accounts to communicate with ATF personnel. For example, one FSN used a personal email account for several years (2020 through 2022) to send ATF-work related communications to ATF personnel. The FSN also listed their personal email account on ATF training materials and as part of their official ATF email signature block. Using personal email for ATF-related work poses a significant security risk to ATF personnel and operations, including data breaches, malware vulnerabilities, and the loss of information.

Further, without enhanced oversight and standard operating procedures or guidance on best practices for electronic communications and the use of mobile devices when operating internationally, FSNs and ATF personnel in foreign countries are more susceptible to surveillance tactics and unencrypted

¹⁷ The cross-platform messaging application allows users to send text messages, make voice and video calls, and share videos, files, and locations. Based on its policy, the messaging application does not store electronic communications once delivered and undelivered messages are deleted from its servers after 30 days unless a valid legal preservation request is made before a user has deleted the content.

¹⁸ Use by ATF Special Agents and other potential witnesses of a messaging application or other practices that do not preserve communications that may be subject to discovery and disclosure in connection with a U.S. prosecution could adversely affect such cases.

communications, such as text messages, can be intercepted and exploited by adversaries.¹⁹ Additionally, law enforcement sensitive information may be lost or not properly collected and stored in accordance with DOJ policy.²⁰ According to ATF policy, substantive case-related electronic communications must be preserved by sending the electronic communication to an ATF email account and saving it to a location prescribed by the Office of Science and Technology.

In January 2026, DOJ's Chief Information Security Officer stated that the messaging application used by ATF was prohibited due to security concerns; however, a waiver can be granted to a component based on mission needs. Both Special Agents and FSNs we spoke to stated that using the messaging application was an operational necessity in Mexico. As such, ATF should consider establishing a process for determining when, and if, a policy exception may be appropriate, particularly when mission critical operations could be impeded, ensuring the information communicated by the messaging application can be preserved. We agree with ATF's unimplemented recommendation from its 2023 internal review, and therefore, we recommend that ATF establish policies and procedures for the use of messaging platforms and electronic communications by IAD personnel. We also recommend that ATF implement controls to ensure IAD personnel and FSNs adhere to its electronic communication policy.

Improving Controls Over Agent Cashier Funds Abroad

IAD offices use agent cashier funds to pay for incidental costs, confidential informants, and sources of information. Assistant Attachés and Special Agents oversee the management of confidential informants and are responsible for determining the value of information provided by sources.²¹ Between November 2022 and June 2025, IAD's Mexico country offices paid a total of \$47,400 to confidential informants and for one-time sources of information.

¹⁹ The OIG's 2025 report on the FBI's Management of the Ubiquitous Technical Surveillance (UTS) threat found that a cartel had hired an individual to exploit mobile phones and other electronic devices of FBI personnel coming and going from the U.S. Embassy in Mexico City. DOJ OIG, [Audit of the Federal Bureau of Investigation's Efforts to Mitigate the Effects of Ubiquitous Technical Surveillance](#), Audit Report 25-065 (June 2025), oig.justice.gov/reports/audit-federal-bureau-investigations-efforts-mitigate-effects-ubiquitous-technical.

²⁰ DOJ Manual 9-5.004 *Guidance on the Use, Preservation, and Disclosure of Electronic Communications in Federal Criminal Cases* states that during all phases of a criminal case, to include the investigation, trial preparation, trial, and post-trial, prosecution team members, which includes local, state, and federal law enforcement officers, should preserve for later review and possible disclosure all substantive electronic communications (i.e., emails, text messages, short message service, instant messages, voicemail, and pin-to-pin communications) created or received by team members during the course of an investigation and prosecution. www.justice.gov/jm/jm-9-5000-issues-related-trials-and-other-court-proceedings#9-5.004.

²¹ The OIG's 2017 report on ATF's Management and Oversight of Confidential Informants found that ATF had not maintained an accurate or complete picture of higher-risk CIs, including CIs used by ATF's international offices. DOJ OIG, [Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Management and Oversight of Confidential Informants](#), Audit Report 17-17 (March 2017), oig.justice.gov/reports/audit-bureau-alcohol-tobacco-firearms-and-explosives-management-and-oversight-confidential.

Figure 6



Source: OIG Photo of Locked Cashier Box

According to ATF policy, subsistence payments to informants should not exceed \$200 per day and one-time payments for information should not exceed \$500, unless proper authorization is obtained. Additionally, payments must be documented in ATF's Confidential Informant Master Registry and Reporting System (CIMRRS), and IAD offices must maintain hard copies of payments including the request for funds, payment receipts, and report of expenditures. To determine if the payments made to confidential informants and for information were appropriate, adequately supported, and properly approved, we reviewed each of the payments that IAD offices made between November 2022 and June 2025. We determined that the payments were properly approved and within ATF-allowed limits. We also determined that cashier agent funds were properly secured in a key-locked cash box and maintained in a safe.

During audit fieldwork at IAD's Mexico City country office, we learned that ATF's Financial Management Division (FMD) issues checks to the office to replenish its spent agent cashier funds. However, an ATF official explained that it does not have an established account at the Mexico U.S. Embassy and is unable to cash checks there. As a result, ATF personnel must travel to a bank in the United States and then travel back to Mexico City with the currency. An ATF official in IAD's Monterrey country office explained that Monterrey-based staff do not need to do that because they are able to cash checks at the U.S. Consulate in Monterrey.

We asked IAD for its policies and procedures for the administration and oversight of agent cashier funds utilized abroad. ATF provided its Mexico City country office SOPs, which were established and implemented in January 2025; and its agency-wide Agent Cashier Manual. According to ATF's manual, funds are replenished by submitting a monthly reimbursement voucher and accountability report to FMD. The FMD will then process the request to ensure field office agent cashier funds are replenished. Based on our review of IAD's SOPs and ATF's manual, we could not find procedures as to how IAD offices should be handling ATF-issued checks and agent cashier funds. In the absence of such guidance, ATF personnel have relied on ad hoc practices to move and replenish cash in Mexico. Bringing large amounts of U.S. dollars into Mexico by commercial aircraft or an ATF vehicle presents unnecessary operational risk for ATF. One ATF official we spoke to stated that while transporting \$5,000 in U.S. currency, the Special Agent was riding in a hired vehicle that got into a car accident. The ATF official stated that they waited several hours in the vehicle for Mexican law enforcement to attend to the traffic incident. Such practices unnecessarily endanger Special Agents and increase the likelihood of human errors, theft or robbery, or the seizure of funds by foreign authorities. Therefore, we recommend that ATF establish an account at the Mexico U.S. Embassy and review its policies and procedures for replenishing agent cashier funds in its international offices.

Figure 7

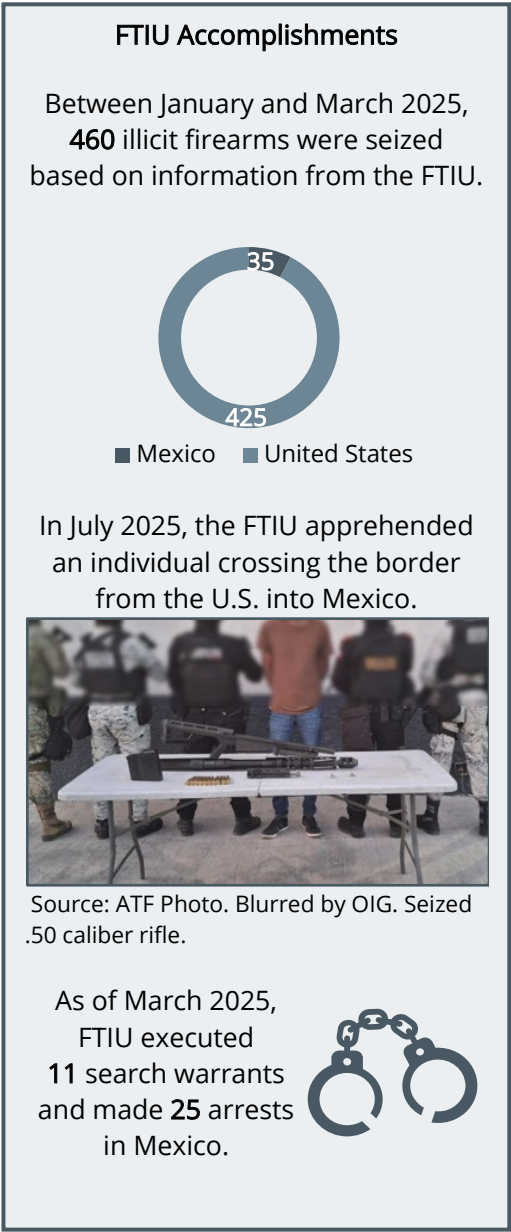


Source: OIG Photo of ATF Cashier Funds

Mexico’s Firearms Trafficking Investigations Unit (FTIU)

In February 2023, ATF informally established a Firearms Trafficking Investigations Unit (FTIU) with Mexico’s Federal Attorney General’s Office, including the Criminal Investigation Agency and Specialized Prosecutor’s Office for Organized Crime. The FTIU was originally comprised of seven Mexican law enforcement officials and ATF’s goals for the unit were to:

Figure 8



Source: OIG Analysis of ATF Data

- Establish a specialized, vetted unit comprised of Mexican law enforcement officials and provide ATF-specialized training in firearms trafficking investigations.
- Increase parallel U.S. and Mexico firearms trafficking investigations through law enforcement cooperation.
- Disrupt the operations of transnational criminal organizations by seizing illegal weapons and ammunition, among other illicit goods, and dismantle organized crime networks involved in firearms trafficking.

In January 2024, ATF entered into an Intragovernmental Agreement with DoS INL to fund the FTIU through March 2026. INL provided ATF \$1,635,265 for training, equipment, travel, lodging, facility rental, and other logistical costs.²² The FTIU is led by a Mexican Unit Commander, in consultation with the Mexican Prosecutor’s Office, and it was originally slated to include 24 Mexican law enforcement officials. During our audit fieldwork, in March 2025, we learned that the Government of Mexico had committed 12 law enforcement officials, including 4 supervisors. ATF had one Assistant Country Attaché and an FSN dedicated to assisting the FTIU.

The Mexican Unit Commander is responsible for the operational oversight of the unit, while ATF is responsible for administrative, logistical, and programmatic issues pertaining to the maintenance and support of the FTIU. FTIU members we spoke to stated that they perform surveillance of subjects, conduct undercover work, interview individuals, and execute search warrants and make arrests in Mexico. An ATF official responsible for overseeing the unit stated that ATF makes recommendations about which cases to initiate, actively communicates with FTIU supervisors and team members

²² An ATF official explained that IAD does not have funding specific for the FTIU, and its continued operation is reliant upon DoS funding. In March 2026, the DoS INL added \$1,980,766 in funding to the Intragovernmental Agreement, extending it through March 2027.

about ongoing case work, and approves operation-related purchases funded by the United States (i.e., rental cars, hotels, and equipment).

As of March 2025, the FTIU had 15 ongoing firearms trafficking investigations. ATF's establishment of the FTIU aims to strengthen investigative collaboration and facilitate bilateral information sharing between ATF and Mexico. For example, in July 2025, the FTIU worked in coordination with ATF's Houston Field Division to identify and apprehend an individual in real-time who had crossed the border from the U.S. into Mexico with a .50 caliber rifle and ammunition. ATF's objective of the FTIU is to increase the number of firearms trafficking cases for prosecution in the U.S. and Mexico, thereby enhancing safety and security on both sides of the U.S.-Mexico border.

According to ATF's FTIU Agent Manual, the IAD country office must seek formal endorsement and approval of the FTIU via a non-binding MOU with the host nation. ATF attempted to include the establishment of the FTIU in an updated eTrace MOU with Mexico, but the Government of Mexico declined the request, providing a verbal agreement instead. An ATF official stated that the Government of Mexico typically does not enter into formal agreements with U.S. law enforcement agencies, and that other U.S. law enforcement-supported foreign units do not have signed agreements with Mexico.²³

It is important for ATF to document Mexico's consent and cooperation for the unit and clearly define the terms and objectives of the FTIU, the composition of the unit, general roles and responsibilities, and the requirements for training and vetting FTIU members. Periodic review of the agreement would also assist ATF with ensuring ongoing cooperation for the unit, particularly when changes in government administration or agencies occur. Therefore, we recommend ATF continue its efforts to work with Mexico to establish an MOU, but if the Government of Mexico continues to decline requests to enter an MOU, and in lieu of a formal MOU, ATF should ensure the terms and conditions of verbal agreements with the Government of Mexico are documented and maintained by ATF personnel, and such documentation should be reviewed and updated periodically to reflect the most current status of the verbal agreement.

At the time of our fieldwork in March 2025, the FTIU Assistant Country Attaché explained that ATF was using a draft FTIU Agent Manual for the administration and oversight of the unit and although the manual had not yet been formally implemented by ATF at that time, it was operating according to the manual until finalization. An ATF official explained that the manual was drafted in April 2024 and provided to OIO's senior management and the Chief Counsel's Office for review. In January 2025, additional revisions and changes were made to the manual regarding the unit's training curriculum. We expressed our concerns to ATF officials that it should formally implement its FTIU Agent Manual to ensure operational consistency, compliance with applicable laws and regulations, and accountability. In response to our concerns, in May 2025, ATF's Deputy Assistant Director for Field Operations approved, and ATF formally implemented and disseminated its FTIU Agent Manual.

²³ The OIG's 2021 report on DEA's Headquarters-Based Oversight of its Supported Foreign Law Enforcement Units noted that some DEA foreign law enforcement units were operating under expired or dated host nation MOUs. DEA's MOU with Mexico for its foreign law enforcement unit was signed in 2011. DOJ OIG, [Audit of the Drug Enforcement Administration's Headquarters-Based Oversight of its Supported Foreign Law Enforcement Units](#), Audit Report 21-109 (August 2021), oig.justice.gov/reports/audit-drug-enforcement-administrations-headquarters-based-oversight-its-supported-foreign.

ATF Needs a Secure Information Sharing System for FTIU

ATF's FY 2024 FTIU workplan stated that it would implement a secure and efficient database for the exchange of critical information and intelligence sharing between ATF and the FTIU. This includes establishing protocols, systems, and platforms to facilitate real-time information sharing, analysis, and tracking. When we asked ATF if it had implemented such a system, an ATF official stated that it has not yet moved forward with the project because it has not secured a source of funding. The ATF official acknowledged the need for and importance of the FTIU to securely track and share investigative case work.

Without a reliable system, FTIU members stated that they share operational movements and case-related information with ATF through phone calls and text messages. As previously mentioned, if using personal devices, such communications may not be secure, and important information could be lost or not properly stored. FTIU members also explained that case-related information is written up on ATF-provided laptops, and those documents are provided to FTIU supervisors. An ATF official explained that those documents are not always shared with ATF. As such, an ATF FSN maintains a spreadsheet to track FTIU investigative activity.

Based on ATF's Interagency Agreement with the DoS, ATF must provide quarterly progress reports to the DoS. To determine if the FTIU case-related information reported to the DoS was accurate and complete, we judgmentally selected one quarter of performance data (January 2025 through March 2025) reported to the DoS and compared it to ATF's FTIU tracking spreadsheet. The performance metrics we tested included the number of: (1) Mexican and parallel U.S. criminal cases opened, (2) seizures of illicit firearms based on shared information from FTIU and ATF collaboration, and (3) executed arrest and search warrants from FTIU investigations. We found that the information in the spreadsheet did not match the data in the quarterly report and was incomplete. For example, we found that the number of Mexican and parallel U.S. criminal cases reported on the quarterly report (15) did not match the number of cases listed on the FTIU spreadsheet (18). Additionally, the FTIU spreadsheet did not contain information pertaining to the number of firearms seized or arrests made. An ATF official acknowledged that it was unable to validate some of the past FTIU activity reported to the DoS. We also noted that the FTIU spreadsheet included sensitive law enforcement information such as subject names and addresses and was accessible to individuals without a need to know such information.

An ATF official stated that it is working with DoS INL to secure funding for the purchase or build out of a secure information sharing system for the FTIU. The estimated initial cost was approximately \$500,000. Without a secure information sharing system, investigative documents are being kept in various places, increasing the risk of law enforcement sensitive information being lost or improperly disclosed. This also makes it harder to collaborate and coordinate bilateral case work effectively and could negatively impact criminal cases prosecuted in the United States or Mexico. It also impacts ATF's ability to provide accurate and reliable information to the DoS. Therefore, we recommend ATF implement a secure and efficient database for the exchange of critical information and intelligence sharing between ATF and the FTIU that was described in its FY 2024 workplan.

Improving FTIU Vetting

According to ATF's FTIU Agent Manual, FTIU members must successfully complete initial and periodic vetting to participate in the unit and receive training, equipment, and other ATF-provided benefits. Candidate vetting includes: (1) an interview with ATF officials, (2) a background investigation, (3) drug testing, (4) a

polygraph examination, and (5) Leahy vetting.²⁴ Once a candidate is successfully vetted and selected for the unit, they attend a 3-week FTIU Basic Training Program at the Federal Law Enforcement Training Center in Glynco, Georgia. While operating on the FTIU, team members are annually Leahy vetted and can be randomly selected to undergo a polygraph re-examination or drug testing.

In October 2024, ATF brought 25 Mexican law enforcement officers to the United States to attend the FTIU's Basic Training Program. We determined that each of the 25 individuals had completed a background investigation, received Leahy vetting, and passed a drug test. However, we identified two FTIU team members who did not successfully complete ATF's initial polygraph exam.²⁵ We determined that one individual had indicated deception to polygraph questions such as having "received something of value from a criminal organization" and "providing law enforcement information to a criminal organization." The other individual did not successfully complete the exam due to purposeful non-cooperation, and the ATF Polygraph Examiner recommended that the individual receive no further polygraph testing.²⁶

Based on ATF's FTIU Agent Manual, FTIU candidates must successfully complete a foreign screening polygraph exam to be eligible for the unit, and ATF will not permit retests unless authorized by the Special Operations Polygraph Branch due to an inconclusive test result or an error by the Polygraph Examiner. Based on our review, we could not find documented authorization or justification for a retest by the Special Operations Polygraph Branch, yet the aforementioned two candidates were allowed to be retested. Both candidates successfully completed their second polygraph exam.

When we asked a Polygraph Examiner why the individuals were retested, the Examiner stated that IAD officials overseeing the FTIU made the determination that the candidates should be retested. Additionally, the Examiner explained that the Polygraph Branch had not conducted many international polygraphs, and it was the first time the examiners had used language interpreters and that may have played a role in the retesting. We determined that ATF retested a total of six candidates who had not successfully completed the initial polygraph exam. Out of the six candidates, four did not successfully complete the second polygraph exam. We asked an ATF official if any additional vetting of the candidates who were retested was conducted,

²⁴ The Leahy Law refers to statutory provisions that prohibit the U.S. government from providing assistance to a unit of a foreign security force where there is credible information that such unit has committed a gross violation of human rights (GVHR).

The OIG issued a Management Advisory Memorandum (MAM) to the DEA in September 2024, notifying the DEA about instances where the DEA did not notify, within a reasonable period of time, the proper authorities at the DoS and respective U.S. Embassies of evidence of potential gross violations of human rights admitted to by foreign law enforcement officials during DEA-conducted polygraph examinations. DOJ OIG, a [Management Advisory Memorandum – Notification of Concerns Relating to the DEA's Untimely Reporting of Potential Human Rights Violations by Foreign Law Enforcement](#), MAM 24-117 (September 2024), oig.justice.gov/reports/management-advisory-memorandum-notification-concerns-relating-deas-untimely-reporting.

The FTIU Assistant Country Attaché explained that it used the draft FTIU Agent Manual as its standard during the vetting of candidates for the unit. Therefore, we utilized the draft FTIU Agent Manual as the standard during our analysis. In May 2025, ATF formally implemented and disseminated its FTIU Agent Manual.

²⁵ The polygraph examination is a procedure used to determine whether a person shows physiological and psychological reactions that are believed to accompany intentional attempts to deceive.

²⁶ Purposeful non-cooperation, or countermeasures, is a physical, mental and/or pharmacological effort intended to alter the physiological data collected during the exam.

particularly since the nature of the questions on which deception was indicated for the candidates was highly concerning. An ATF official explained that no further vetting beyond its established vetting procedures was conducted.

When we spoke to ATF's former Polygraph Branch Chief, we learned that the Polygraph Branch did not have written policies and procedures for the administration of foreign screening polygraph exams. We find it concerning that ATF was operating an international unit in a high-risk country without formalized foreign screening polygraph vetting procedures, to include criteria for determining when a foreign candidate retest can be conducted. Additionally, ATF Polygraph Examiners are trained and certified to conduct polygraph exams and ATF should not allow personnel who are not subject matter experts to make decisions regarding the administration of polygraph exams.²⁷ Without clear guidelines and expectations for the administration of foreign screening polygraph examinations, it is difficult for ATF to ensure that it is taking appropriate actions to guard against potential insider threats and security risks, and promote accountability, and consistency in its vetting processes. Therefore, we recommend that ATF establish policies and procedures for the administration of foreign screening polygraph examinations, to include criteria for determining when retests can be conducted.

Establishing Performance Metrics for IAD

IAD's mission is to protect the public against crimes of violence by conducting and coordinating investigations involving transnational criminal organizations. IAD's objectives include: (1) supporting domestic ATF offices by advancing criminal investigations through information sharing and intelligence gathering, (2) establishing liaison relationships with foreign partners, and (3) providing capacity building through training and technical assistance to ATF's international partners.

Officials we spoke to in country offices and at IAD headquarters could not directly point us to performance metrics for IAD.²⁸ Rather, ATF officials explained that country offices submit weekly reports to IAD headquarters, highlighting significant investigations, case information, meetings attended, and assistance provided to both domestic offices and host countries. An ATF official also stated that annually the OIO prepares a year-end report that includes IAD's significant achievements, notable investigations, training programs, and strategic collaborations that have enhanced global law enforcement efforts against firearms trafficking.

²⁷ According to the ATF Polygraph Branch Policy and Procedures Handbook, ATF polygraphers are GS-13 Special Agents who have successfully completed the Polygraph Examiner Training Course at the National Center for Credibility Assessment's and conducted a minimum of 25 field examinations or have reached a level of proficiency within 6 months of conducting fieldwork.

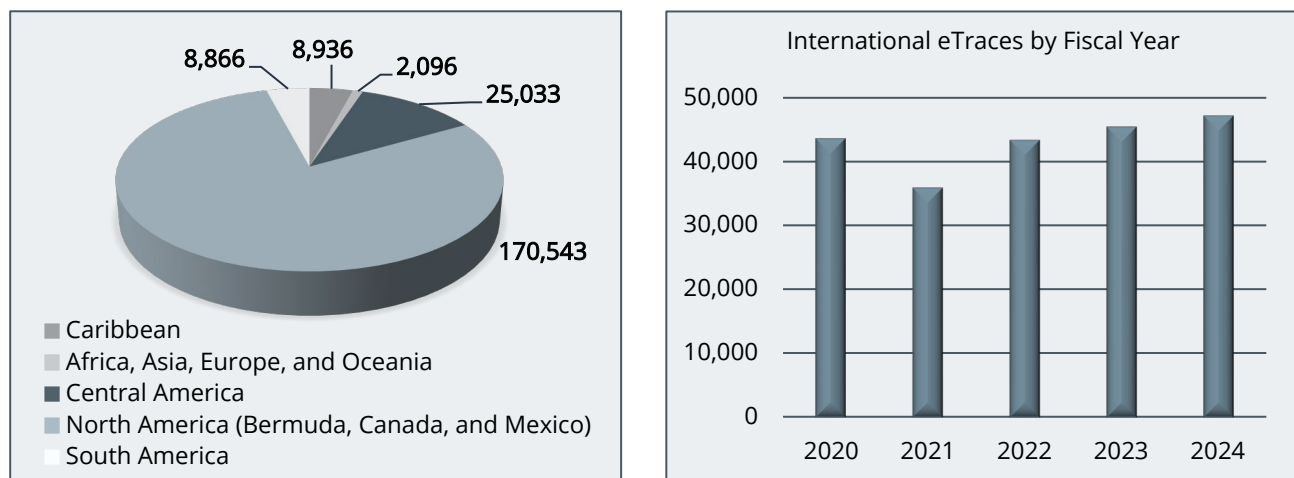
²⁸ The OIG's 2019 review of ATF's Implementation of Frontline, a business model initiative to standardize ATF operations and address management concerns identified in previous OIG reports, including insufficient oversight of field division operations, found that ATF made improvements toward standardizing best practices and increasing oversight of field office operations but needed continued improvement in areas such as effective data collection. DOJ OIG, [Review of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Implementation of the Frontline Initiative](#), Evaluation and Inspections Division Report 19-02 (February 2019), oig.justice.gov/reports/review-bureau-alcohol-tobacco-firearms-and-explosives-implementation-frontline-initiative.

However, an ATF country office official we spoke to stated that the office does not submit weekly reports to IAD headquarters. Additionally, based on our review of OIO's FY 2024 Year-End Report, we noted that it lacked standardized reporting from all country offices and did not include performance metrics linked to each of IAD's objectives. Speaking to ATF officials in multiple country offices, we confirmed that IAD does not have a central repository for performance data, and each country office determines which performance data to track and how long to maintain it. One ATF country office official we spoke to stated that the country office did not track any performance data.

To determine IAD's performance during FYs 2020 through 2024, we spoke with ATF officials about which data would be the most relevant in assessing IAD's performance and worked with ATF's data analytics team to extract data from multiple ATF databases. We requested data related to international eTraces conducted, gun trafficking cases opened with an international crime nexus, Suspicious Activity Reports (SAR) prepared by country offices, and the number of leads generated from IAD.²⁹ Suspicious activity and information provided to an IAD country office is written up by a Special Agent as a SAR and entered in ATF's case management system. Personnel from ATF's Crime Gun Intelligence Centers review the SARs and convert significant SARs into leads, which are then provided to ATF domestic field offices for further review. Some leads will generate the opening of a gun trafficking case. As shown in Figure 9, between FYs 2020 and 2024, ATF received 215,474 international requests to trace crime guns.

Figure 9

**International eTraces
FYs 2020 through 2024**



Source: OIG analysis of ATF data

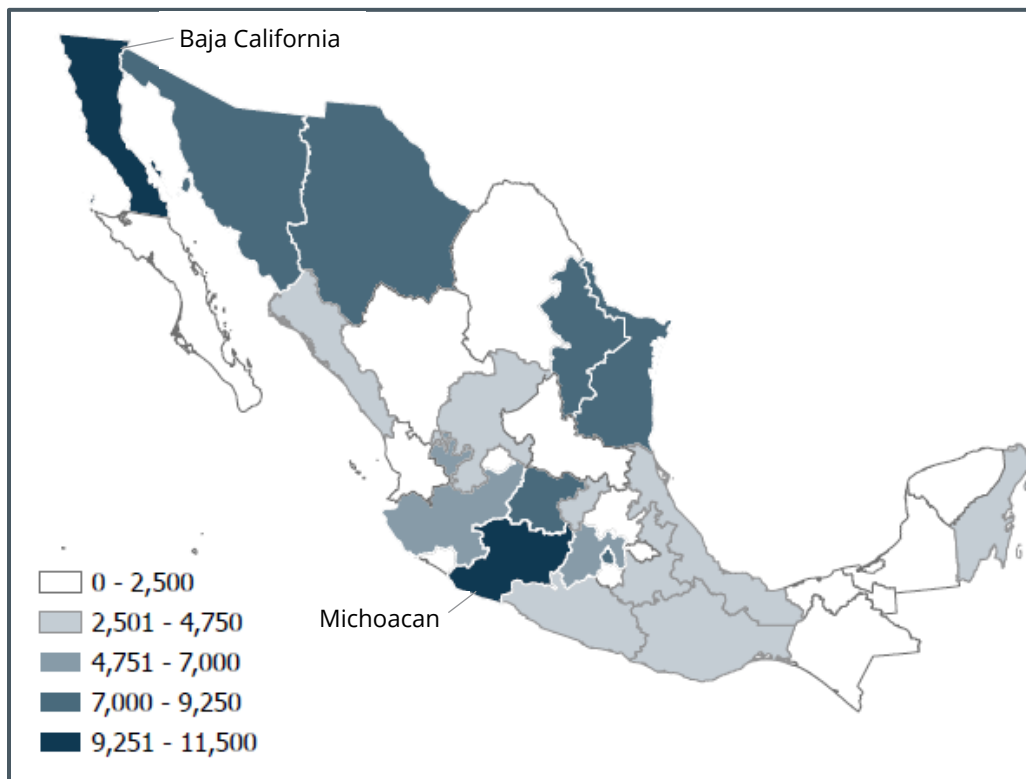
On average, ATF received approximately 43,000 foreign eTrace requests a year and the vast majority (79 percent) came from North America and more specifically 127,518 of the total 215,474 requests for these years (59 percent) came from Mexico. Because our audit primarily focused on IAD's Mexico operations, we also analyzed the total number of eTraces conducted by each Mexican state. As shown in Figure 10,

²⁹ We received data from ATF's eTrace database and multiple case management systems.

between FYs 2020 and 2024, most Mexican law enforcement requests to trace crime guns came from Michoacan (11,271 eTraces) and Baja California (9,522 eTraces). Such crime gun data is vital for law enforcement to disrupt the flow of illicit guns across the U.S.-Mexico border, prevent future crime gun violence, and to help connect crime guns recovered to the source and to other crimes.

Figure 10

**Number of eTraces Conducted by Mexican States
FYs 2020 through 2024**

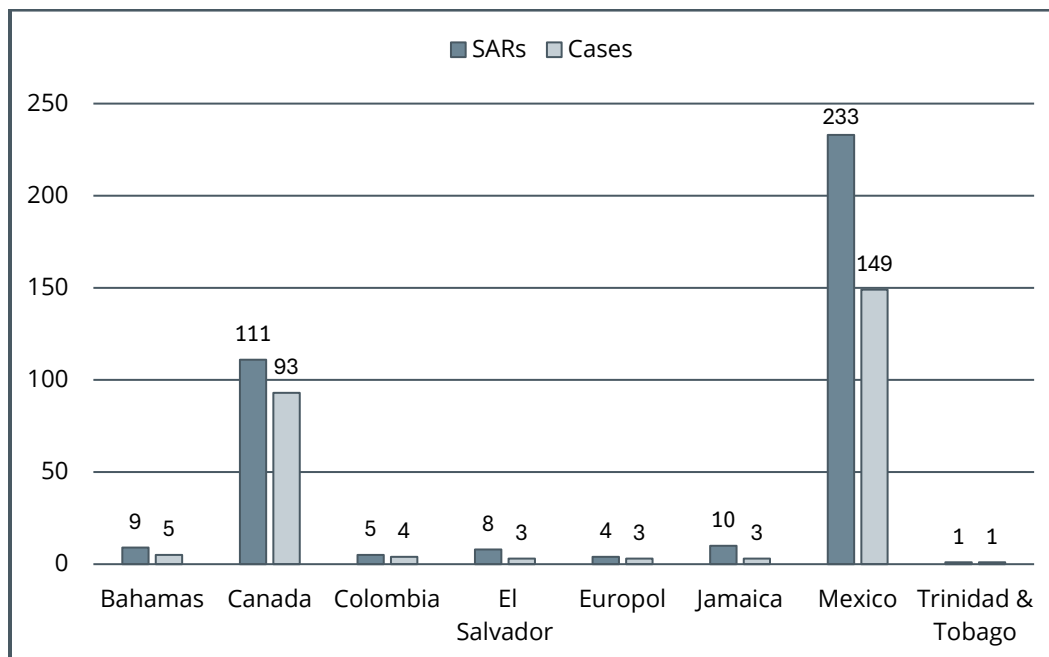


Source: OIG Analysis of ATF data

ATF was unable to provide the total number of SARs and leads generated by IAD between FYs 2020 and 2024 because its prior case management system (which was retired in December 2023) did not readily track this information. An ATF official stated that its new case management system that came online in December 2023 can separately track SARs and leads initiated by IAD. As shown in Figure 11, in FY 2024, 381 SARs were prepared by IAD country offices, generating 261 domestic gun trafficking cases.

Figure 11

Significant Activity Reports and Domestic Cases with an International Crime Nexus
FY 2024



Note: We excluded six SARs and four Cases, which we could not attribute to a country office but did originate from IAD.

Source: OIG Analysis of ATF data

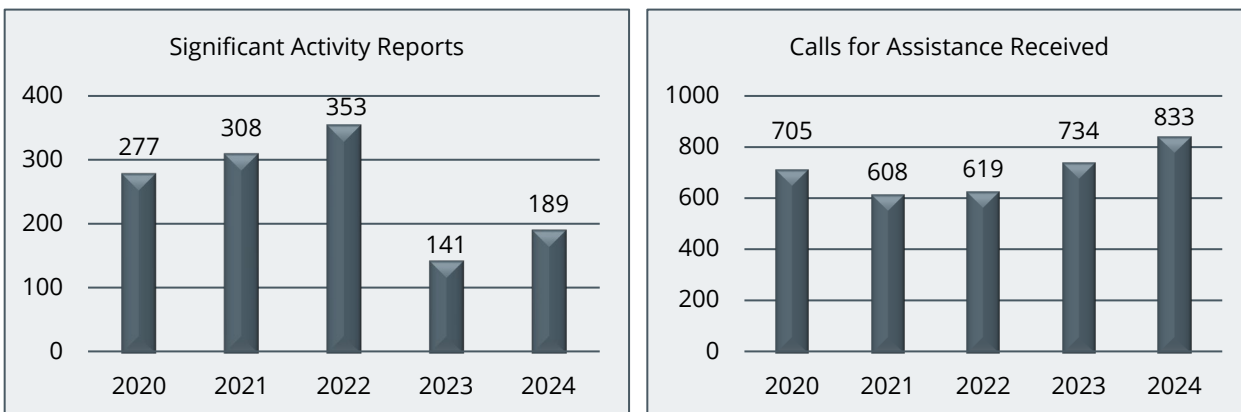
Because of the limitations of the previous case management system, our universe of IAD investigative activity and case data may be incomplete. However, we were able to identify that between FYs 2020 and 2024, at least 919-gun trafficking cases had been opened with an international crime nexus and 547 of those cases (59.5 percent) were initiated from crime gun traces and other information received from IAD's Mexico offices.

In the absence of division-wide performance metrics, we found that the Mexico City country office had independently created spreadsheets to track SARs and calls for assistance requested by domestic field offices and the Government of Mexico.³⁰ As shown in Figure 12, we found that between FYs 2020 and 2024, ATF's Mexico operations had generated 1,268 SARs and fielded 3,499 calls for assistance. When we spoke to officials from other country offices, we determined that performance data was not being tracked in such a manner.

³⁰ IAD's Mexico City country office maintained operational and statistical information for each of its suboffices in Guadalajara, Juarez City, Monterrey, and Tijuana.

Figure 12

Mexico SARs and Calls for Assistance
FYs 2020 through 2024



Source: OIG Analysis of ATF data

When we compared Mexico City's country office internal tracking data to information maintained in ATF's case management system, we found that the information did not reconcile. For example, ATF's case management system showed 233 SARs for Mexico in FY 2024, while the Mexico City country office's tracking spreadsheet showed 189 SARs for Mexico in FY 2024. An ATF official explained that the Mexico City country office's tracking spreadsheet is prepared and maintained by an FSN, who does not have access to ATF's case management system to reconcile the information. ATF personnel also do not reconcile the information.

In 2016, GAO conducted a review of the DoS and other U.S. agencies, to include ATF, efforts to build the capacity of foreign partners in Belize, Guatemala, and Mexico to stop the flow of illicit firearms across shared borders.³¹ In that review GAO recommended that ATF enhance its performance monitoring of counter-firearms trafficking activities by establishing and documenting performance targets. In response, ATF stated that it would establish performance metrics to include tracking the percentage of SARs and leads received by its country offices that were converted into criminal cases resulting in an arrest or interdiction of illicit firearms. As previously noted, we found that only the Mexico City country office was manually tracking and reporting performance data as part of its Interagency Agreement with the DoS. Additionally, prior to August 2024, ATF's prior case management system did not readily track the total number of SARs and leads generated by country offices.

By establishing formal performance metrics, and standardizing and tracking performance data across the division, IAD can better understand trends and fluctuations, provide a more accurate picture of growth and demand in country offices, and make informed strategic decisions and resource allocations. Therefore, we

³¹ U.S. Government Accountability Office (GAO), *Building Partner Capacity U.S. Agencies Can Improve Monitoring of Counter-Firearms Trafficking Efforts in Belize, Guatemala, and Mexico*, GAO-16-235 (January 2016), www.gao.gov/assets/gao-16-235.pdf (accessed May 13, 2026), 1-2.

recommend ATF's IAD establish division-wide performance metrics, supported by tracking mechanisms and controls that align with both IAD's objectives and ATF's larger overall strategic mission.

Maintaining Training Records and Performance Data

IAD is also responsible for coordinating and facilitating the delivery of basic, advanced, and specialized training programs to international law enforcement and government agencies. The training includes firearms, explosives, arson, and forensics-related courses. Prior to attending training, each foreign partner is required to be Leahy vetted by DoS officials. We selected three ATF training courses conducted between FYs 2022 and 2024 to determine if ATF ensured each of the foreign partners were properly vetted prior to attending training. However, because IAD had no policy or procedures in place for maintaining international training and vetting records, ATF was unable to provide documentation of who attended training, if all participants were Leahy vetted, and who completed the course. Without tracking and maintaining training-related information, IAD cannot accurately report on and assess its efforts toward capacity building and training international partners. Additionally, ATF cannot ensure that it is complying with the Leahy Law. We recommend ATF establish policies and procedures to maintain records related to IAD training conducted.

Conclusion and Recommendations

ATF's International Affairs Division (IAD) collaborates with foreign law enforcement partners around the world to disrupt transnational firearms trafficking and reduce violent gun crime. Between FYs 2020 and 2024, ATF received more than 200,000 requests to trace guns recovered from crime scenes in 122 countries. ATF has opened more than 900-gun trafficking investigations with an international crime nexus. More than half of those cases originated from traces and intelligence received by IAD's Mexico country offices and related to combating gun trafficking across the U.S.-Mexico border.

We determined that ATF did not have adequate policies and procedures in place to identify and mitigate critical personnel-related risks associated with operating internationally. ATF utilizes Foreign Service Nationals (FSNs), employed by the DoS, to provide investigative and operational assistance to support ATF's mission abroad. FSNs are hired at the request of ATF and ATF bears the responsibility for all aspects of the employment relationship. We found FSNs were not appropriately supervised, and performance and conduct-related matters were not adequately documented and addressed in a timely manner. We also found Special Agents and FSNs utilized unapproved communication channels and FSNs used personal electronic devices and accounts to carry out ATF-related duties, creating significant security risks for ATF personnel and operations abroad.

In 2023, ATF established a Firearms Trafficking Investigations Unit (FTIU), made up of Mexican law enforcement officials, with the goal of increasing parallel U.S.-Mexico firearms investigations and seizing illegal weapons from organized criminal networks. As of March 2025, the FTIU had 15 ongoing firearms trafficking investigations. We identified foreign law enforcement officials operating on the unit who did not pass ATF's foreign screening polygraph exam, and ATF does not have a secure system for the exchange of critical information and intelligence sharing between ATF and the FTIU. Without such a system, we found ATF's FTIU case information and performance data to be incomplete and did not match the information reported to the DoS.

Lastly, IAD does not have division-wide performance metrics, which are based on IAD's goals and objectives, and the overall strategic mission of ATF. Without standardized metrics and methods to track and report data, ATF cannot easily measure progress and accomplishments across the division, identify patterns and trends essential for combating international gun trafficking, and provide actionable intelligence to disrupt criminal networks.

Therefore, to more effectively manage the risks inherent in operating internationally, we recommend that ATF:

1. Strengthen its policies and procedures and implement controls to improve the management and oversight of FSNs working in IAD offices.
2. Establish policies and procedures for the use of messaging platforms and electronic communications by IAD personnel.
3. Implement controls to ensure IAD personnel and FSNs adhere to its electronic communication policy.

4. Establish an account at the Mexico U.S. Embassy and review its policies and procedures for replenishing agent cashier funds in its international offices.
5. Continue its efforts to work with Mexico to establish an MOU, but if the Government of Mexico continues to decline requests to enter an MOU, and in lieu of a formal MOU, ATF should ensure the terms and conditions of verbal agreements with the Government of Mexico are documented and maintained by ATF personnel and such documentation should be reviewed and updated periodically to reflect the most current status of the verbal agreement.
6. Implement a secure and efficient database for the exchange of critical information and intelligence sharing between ATF and the FTIU that was described in its FY 2024 workplan.
7. Establish policies and procedures for the administration of foreign screening polygraph examinations, to include criteria for determining when retests can be conducted.
8. Establish division-wide performance metrics, supported by tracking mechanisms and controls, that align with both IAD's objectives and ATF's larger overall strategic mission.
9. Establish policies and procedures to maintain records related to IAD training conducted.

APPENDIX 1: Objective, Scope, and Methodology

Objective

The objective of this audit was to determine whether the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) has adequate controls in place to identify and mitigate critical personnel-related risks associated with operating internationally.

Scope and Methodology

The scope of our audit focused on ATF International Affairs Division's (IAD) activities from FYs 2020 through 2024. For the purposes of this audit, we focused on IAD's Mexico operations; to include the use of Foreign Service National (FSN) personnel and the Mexico Firearms Trafficking Investigative Unit (FTIU). We also reviewed IAD performance data, IAD's use of confidential informants, and information from multiple ATF case management systems.

To accomplish our objective, we reviewed federal policies and guidance, including those specific to ATF's international operations and the Department of State's (DoS) administration of FSNs. We conducted fieldwork at ATF headquarters and at field offices in Mexico City and Tijuana, Mexico; and San Diego and El Centro, California. We interviewed ATF personnel, including the IAD Division Chief, Deputy Division Chief, the Polygraph Branch Chief, Country Attachés, Assistant Country Attachés, Special Agents, an Intelligence Research Specialist, Foreign Service Nationals, and FTIU members. We also spoke to DoS officials including: (1) Regional Security Officers, (2) an Assistant Regional Security Officer, (3) a Deputy Human Resources Officer, and (4) a Political Section Chief.

During the audit, we examined program documentation, including case files and international training records. We analyzed a sample of personnel-related documents to determine if IAD was properly managing its FSNs. We also reviewed polygraph reports and data to determine if FTIU members were properly vetted. In addition to conducting onsite visits in Mexico and California, we virtually interviewed ATF officials in Canada, Netherlands, Colombia, and two additional offices in Mexico. We also spoke to officials from the Federal Bureau of Investigation and the Drug Enforcement Administration to identify FSN best practices within the DOJ law enforcement community.

Statement on Compliance with Generally Accepted Government Auditing Standards

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). 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 objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objective. We did not evaluate the internal controls of ATF to provide assurance on its internal control structure as a whole. ATF management is responsible for the establishment and maintenance of internal controls in

accordance with OMB Circular A-123. Because we do not express an opinion on ATF's internal control structure as a whole, we offer this statement solely for the information and use of ATF.³²

We assessed the operating effectiveness of these internal controls and identified deficiencies that we believe could affect ATF's ability to effectively minimize risk, specifically, the risks associated with managing FSN personnel and vetting FTIU members. The internal control deficiencies we found are discussed in the Audit Results section of this report. However, because our review was limited to those internal control components and underlying principles that we found significant to the objective of this audit, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

Compliance with Laws and Regulations

In this audit we also tested, as appropriate given our audit objective and scope, selected transactions, records, procedures, and practices, to obtain reasonable assurance that ATF's management complied with federal laws and regulations for which non-compliance, in our judgment, could have a material effect on the results of our audit. Our audit included examining, on a test basis, ATF's compliance with the following laws and regulations that could have a material effect on ATF's operations:

- Title 19 U.S.C. § 1619 (2018).
- Title 31 U.S.C. § 3302 (2018).

This testing included interviewing ATF, DoS, and host country personnel, analyzing data, assessing internal control procedures, examining procedural practices, and reviewing complaints and internal investigations.

Sample-Based Testing

To accomplish our audit objective, we performed sample-based testing for employment files. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets related to FSNs that we reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

Upon initiating our audit, we were informed that between 2017 and 2024, three FSNs were terminated due to misconduct and other issues. Some of the violations included misuse of a government vehicle, smuggling weapon parts from the U.S. into Mexico and downloading inappropriate images on ATF-issued devices. Based on the serious nature of these offenses and the risks associated with hiring and vetting FSNs, we selected all three personnel files to determine if ATF supervisors had conducted mid-year performance discussions, completed end-of-year performance reports, and appropriately addressed and documented performance and conduct issues.

³² This restriction is not intended to limit the distribution of this report, which is a matter of public record.

Computer-Processed Data

During our audit, we obtained information from multiple ATF databases. We noted that ATF's prior case management system had limited capabilities and could not provide the OIG with a complete universe of IAD investigative activity and case-related data. We did not test the reliability of those systems as a whole, and therefore, any findings identified involving information from those systems were verified with documentation from other sources.

APPENDIX 2: eTrace MOUs

Country	Organizations ^a	Date Entered
Albania	Albanian State Police	07/17/2013
Anguilla (Territory of United Kingdom)	Royal Anguilla Police Force	04/06/2009
Antigua and Barbuda	Royal Antigua and Barbuda Police Force	04/06/2009
Aruba	Korps Politie Aruba	03/31/2009
Australia	Australian Crime Commission	08/20/2007
Australia	New South Wales Police Force	11/06/2007
The Bahamas	Royal Bahamas Police Force	10/04/2005
Barbados	Royal Barbados Police Force	04/06/2009
Belgium	Belgian Federal Police	03/25/2010
Belize	Belize Police Department	12/12/2008
Bermuda	Bermuda Police Service	08/22/2013
Brazil	Departamento de Polícia Federal	08/30/2017
British Virgin Islands	Royal Virgin Islands Police Force	05/02/2011
Canada	Criminal Intelligence Service Alberta	09/27/2024
Canada	Quebec Provincial Police	09/12/2022
Canada	Ontario Provincial Police	06/27/2007
Canada	Royal Canadian Mounted Police	10/28/2005
Cayman Islands	Royal Cayman Police Department	11/30/2009
Chile	Chile Ministry of Interior	11/14/2022
Colombia	Policía Nacional de Colombia	12/14/2011
Costa Rica	The Ministry of Public Security	12/12/2008
Curacao	Korps Politie Curacao	04/06/2009
Czech Republic	Police of the Czech Republic	07/22/2013
Dominica	Commonwealth of Dominica Police Force	04/06/2009
Dominican Republic	Dominican Republic National Police	05/19/2005
Ecuador	Policía Nacional del Ecuador	11/13/2022
El Salvador	National Civilian Police of El Salvador	12/12/2008
Finland	National Bureau of Investigation	01/04/2013
Germany	Bundeskriminalamt Wiesbaden	12/27/2006
Grenada	Royal Grenada Police Force	04/06/2009

Guatemala	Departamento de Control de Armas y Municiones Decam	12/12/2008
Guatemala	INACIF	02/13/2013
Guyana	Guyana Police	05/12/2009
Haiti	Haitian National Police	11/16/2023
Honduras	Secretary of State for the Ministry of Public Security of the Republic of Honduras	12/12/2008
Jamaica	Jamaican Constabulary Force	05/19/2005
Japan	National Police Agency	06/27/2007
Mexico	PGR Forensic Laboratory	03/25/2008
Montserrat	Royal Montserrat Police Service	08/01/2013
Netherlands	The Netherlands Police	06/29/2017
New Zealand	New Zealand Police	02/22/2022
Nicaragua	National Police of Nicaragua	12/12/2008
Panama	The Panamanian National Police	12/12/2008
Paraguay	Ministerio Público de Paraguay	04/15/2016
Philippines	Philippine National Police	08/17/2015
Republic of Kosovo	Ministry of Internal Affairs	03/21/2013
Saint Kitts and Nevis	Royal St. Kitts and Nevis Police Force	04/06/2009
Saint Lucia	Royal St. Lucia Police Force	05/22/2009
Saint Vincent and the Grenadines	Royal St. Vincent and the Grenadines Police Force	04/06/2009
Slovakia	Presidium of the Police Force	06/06/2013
Spain	Ministerio del Interior de Espana	07/01/2013
Suriname	Ministry of Justice and Police	05/22/2009
Trinidad and Tobago	Trinidad and Tobago Police Service	08/06/2009
Turks and Caicos	Royal Turks and Caicos Islands Police Department	12/21/2021
United Arab Emirates	Dubai Police	08/10/2023
United Kingdom	National Ballistics Intelligence Service	06/19/2007
Uruguay	National Police of Uruguay	01/27/2020

^a Organization names were taken from ATF's International Listing of MOUs.

Source: ATF

APPENDIX 3: The Bureau of Alcohol, Tobacco, Firearms and Explosives' Response to the Draft Audit Report



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives

Assistant Director

Washington, DC

www.atf.gov

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August 14, 2026

MEMORANDUM TO: David Gaschke
Regional Audit Manager
San Francisco Regional Audit Office
Office of the Inspector General

FROM: Assistant Director
(Office of Professional Responsibility and Security Operations)

SUBJECT: Audit of the Bureau of Alcohol, Tobacco, Firearms and
Explosives' Controls Over Personnel-Related Risks Associated with
Operating Internationally

This memorandum serves to transmit ATF's response to the above-cited report. Attached is a summary of the status of the actions taken relative to the open recommendation.

Should you have any questions or need additional information, please contact the Chief of ATF's Audit Liaison Office, Adam Pallotto at (202) 446-4691.

TIMOTHY
JONES

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Timothy W. Jones

Attachment

cc: Director
Assistant Director/OIO
Assistant Director, Audit Liaison Group, Department of Justice



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives

Office of Intelligence Operations

99 New York Avenue, NE
Washington, DC 20226
www.atf.gov

13 August 2026

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MEMORANDUM TO: Assistant Director
Office of Professional Responsibility and Security Operations

FROM: Assistant Director
Office of Intelligence Operations

SUBJECT: OIG Audit of the ATF's Controls Over Personnel-Related
Risks Associated with Operating Internationally

This memorandum responds to the recommendations contained in the Office of Inspector General's (OIG) report titled "Audit of the ATF's Controls Over Personnel-Related Risks Associated with Operating Internationally." We welcome OIG's constructive comments and appreciate the opportunity to respond.

Recommendation 1: Strengthen its policies and procedures and implement controls to improve the management and oversight of FSNs working in IAD offices.

ATF concurs with this recommendation. The International Affairs Division (IAD) had a new Division Chief report in July of 2026 and a new Deputy Division Chief is expected to report early in Fiscal Year 2027. Both supervisors will reiterate to each of the Country Attachés and Assistant Attachés their responsibilities as identified in this recommendation. While not a performance metric for the Attachés, FSN performance updates will be incorporated in the quarterly evaluation meetings that the IAD Chief and/or Deputy Chief hold with the Country Attachés and Assistant Attachés. This will ensure regular communication about FSN performance and that timely and appropriate disciplinary measures are taken when warranted.

IAD has already scheduled a meeting with the Department of State during which FSN management will be discussed. IAD will request information from the Department of State directly and/or other departments and agencies with FSNs about best practices and obtaining examples of FSN performance evaluations that have been developed and implemented. With

those documents, or without - should they not be available, IAD will develop its own performance evaluation document to be used for mid-year and end-of-year performance discussions and the end-of-year performance report that will accurately reflect the expectations of a FSN at ATF. A SOP for FSN performance management will also be developed to provide consistency in application and maintenance of these documents.

Efforts will be made to have the implementation completed by the conclusion of the second quarter of Fiscal Year 2027 to facilitate mid-year performance discussions. However, as this recommendation is focused on an annual performance cycle, at least one full fiscal year will be necessary to ensure the successful implementation and development of a FSN performance evaluation system.

2. Establish policies and procedures for the use of messaging platforms and electronic communications by IAD personnel.

ATF concurs with this recommendation. IAD has already begun discussions with Country Attachés and Assistant Attachés to ensure the use of personal phones, email accounts, and/ or social media accounts for official business by IAD personnel, to include FSNs members, is discontinued.

As stated in the Audit, using the messaging application is an operational necessity in Mexico and therefore efforts are underway to identify means by which it can be employed. Specifically ATF's Office of Intelligence Operations (OIO) directorate is working with the Office of Science and Technology (OST) to obtain the messaging application for IAD personnel, to include FSNs. Presently it appears this may be feasible through a waiver granted by DOJ; however, efforts are ongoing by OST to determine how that waiver can be obtained and whether that would allow the messaging application to be downloaded to an ATF issued cell phone that is connected to the ATF network. As these efforts are ongoing, it is anticipated that a resolution on whether the messaging application could be downloaded on an ATF issued device should be obtained by the end of the calendar year.

To that point, OIO and OST are also working to obtain secondary cellphones that the messaging application could be downloaded on should efforts to obtain a waiver on government issued cell phones prove unsuccessful. In doing so, ATF will endeavor to equip FSNs with a cell phone for the same purpose that would be for official use only. Successful implementation of this option is also expected by the end of the calendar year.

3. Implement controls to ensure IAD personnel and FSNs adhere to its electronic communication policy.

ATF concurs with this recommendation. OIO, in concert with ATF's Office of Chief Counsel, will review existing ATF and DOJ policy as they relate to cell phone use and preservation of communications/information to determine whether new policies and/or procedures specific to IAD personnel and/or FSNs are warranted.

In furtherance of ensuring that IAD personnel and FSNs adhere to any existing or developed policies, IAD will implement a practice whereby all policy relevant and applicable to IAD personnel assigned to an OCONUS location is provided within the first three months of their report date and a record of completion of review is retained by IAD. The same requirement will be implemented for FSNs within the first three months of starting with ATF.

This policy review, development of new policy as needed, and implementation of a record of review by IAD personnel should be completed by the conclusion of Fiscal Year 2027.

4. Establish an account at the Mexico U.S. Embassy and review its policies and procedures for replenishing agent cashier funds in its international offices.

ATF concurs with this recommendation. IAD will examine this issue at all OCONUS posts of duty that have an Agent Cashier box. Specific to the Mexico Country Office (MCO) in Mexico City, Mexico, the Acting Country Attaché and another member of the MCO have become registered users at the United States Embassy in which the MCO is located, allowing them to cash checks from U.S. sources. OIO will review the updated ATF Agent Cashier Manual to determine whether there are any issues concerning its application to IAD OCONUS posts of duty and by the end of calendar year 2026 report any findings.

5. Continue its efforts to work with Mexico to establish an MOU, but if the Government of Mexico continues to decline requests to enter an MOU, and in lieu of a formal MOU, ATF should ensure the terms and conditions of verbal agreements with the Government of Mexico are documented and maintained by ATF personnel and such documentation should be reviewed and updated periodically to reflect the most current status of the verbal agreement.

ATF concurs with this recommendation. IAD has already initiated contact with other federal law enforcement agencies that have a presence in Mexico to understand their efforts in obtaining MOUs and/or documenting agreements made with the Government of Mexico (GOM) through other means. With insight from these other agencies, IAD will review its current MOUs and determine whether revisions would assist in obtaining a signature from GOM officials. For example, another agency has successfully completed a "Declaration of Intent" with GOM and obtained the necessary signature.

If these efforts are unsuccessful, IAD will hold scheduled meetings with GOM personnel when discussing MOUs and, if the MOU is not signed, document the efforts and any agreements that were made via an internal memo addressed to the Assistant Director of OIO. IAD will implement this practice with renewed efforts for signing a FTIU MOU. An internal review of this practice and its success will be conducted semi-annually.

IAD's FTIU Agent Manual will continue to be revised as updates become necessary based on the recommendations provided in this Audit. Based on the timelines provided in response to the recommendations in this Audit the FTIU Manual will be finalized in the second quarter of Fiscal Year 2027.

6. Implement a secure and efficient database for the exchange of critical information and intelligence sharing between ATF and the FTIU that was described in its FY 2024 workplan.

ATF concurs with this recommendation; however, in reference to a “database”, funding has yet to be allocated to the development of a secure information sharing system. If funding was available, the recommended system would need to be approved for access by both ATF (DOJ) and FSNs (Government of Mexico entities) which may present its own set of challenges that could not be placed on a timeline for completion.

Consistent with the response to Recommendation #1 (improving the management and oversight of FSNs working in IAD offices) discussions about the contents of the quarterly progress report that is provided to the Department of State will be included for discussion as part of the quarterly evaluation meetings that the IAD Chief and/or Deputy Chief hold with the Country Attachés and Assistant Attachés. Present for this portion of the review will be the ATF Special Agent and FSN assigned to oversee the FTIU. This will ensure regular communication on FTIU activities and that reporting to DoS is reviewed and consistent with the information provided to the Mexico Country Office, IAD, and any GOM entities that reporting is provided to. Efforts will be made to have the implementation completed by the conclusion of the second quarter of Fiscal Year 2027. In this time, IAD will also ensure that the spreadsheet maintained by an ATF FSN to track FTIU investigative activity is sanitized of any law enforcement sensitive information and captures information relevant for reporting to ATF and DOS (ie: number of firearms seized).

During an in-person meeting at ATF Headquarters in July 2026, the IAD Division Chief began collaborating with the Country Attachés and Assistant Attachés (specifically including the ATF Special Agent assigned to supervising the FTIU) on alternative ways of facilitating real-time information sharing, documenting and reporting on critical information between ATF and the FTIU, as well as referrals provided to ATF domestic field offices or the FTIU. This discussion and the following efforts will attempt to modernize the current practice of sharing printed reports or maintaining multiple Excel spreadsheets to track investigative efforts through manually data entry likely through a commercial off-the-shelf system. IAD will endeavor to have a product(s) identified by the second quarter of Fiscal Year 2027 with procurement by the end of Fiscal Year 2027 dependent on funding.

7. Establish policies and procedures for the administration of foreign screening polygraph examinations, to include criteria for determining when retests can be conducted.

ATF concurs with this recommendation. IAD has engaged with the Office of Field Operations, Special Operations Division, Polygraph Branch, to address revisions to the ATF Order on pre-employment polygraphs. In the revision, a specific section is being added related to the FTIU vetted unit onboarding. IAD will adhere to the updated ATF Order which should be certified within the first quarter of Fiscal Year 2027.

Consistent with the response to Recommendation #5, IAD’s FTIU Agent Manual will continue to be revised as updates become necessary based on the recommendations

provided in this Audit. Based on the timelines provided in response to the recommendations in this Audit, the FTIU Manual will be finalized in the second quarter of Fiscal Year 2027 and will address polygraph examinations of FTIU candidates.

8. Establish division-wide performance metrics, supported by tracking mechanisms and controls, that align with both IAD's objectives and ATF's larger overall strategic mission.

ATF concurs with this recommendation. The International Affairs Division (IAD) had a new Division Chief report in July of 2026 that has already engaged with the Country Attachés and Assistant Attachés on development of a domain assessment for their respective area of responsibility (AOR). The assessment, a standardized reporting by all Country Offices, identifies the geographical area the office encompasses, number of personnel assigned, criminal trends and patterns experienced within the AOR, resource gaps and significant issues, amongst other data. IAD will include reporting on relationships with foreign partners in the AOR as a part of the assessment. While this domain assessment is in development, the content it captures will be finalized in Fiscal Year 2027 for implementation in Fiscal Year 2028.

In addition to the implementation of annual domain assessments, IAD has engaged the Office of Field Operations, Field Management Staff Division, Spartan Case Management Branch to enhance tracking and reporting on SARs initiated and investigations opened by an IAD Country Office. Additionally, IAD is working to develop a standard for SARs relative to each Country Office's particular violent crime, discussing with other divisions in OIO what holdings they may lend to further development of the SAR, and incorporating the priorities of the domestic ATF field division most likely to receive the SAR. These efforts are expected to result in a majority of SARs being converted to criminal investigations and further define them in reference to an investigative lead. The case management branch has stated that the adjustment to the system can be made by the end of calendar year 2026. By the end of Fiscal Year 2027, IAD should have enough data to conclude that the SARs are trackable and the rate of conversion to a criminal investigation is directly proportionate to the quality of the SAR.

9. Establish policies and procedures to maintain records related to IAD training conducted.

ATF concurs with this recommendation. Within IAD is the International Training Program which supports requests for training by various host nations. Further, ITP coordinates with the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL) to conduct training at the International Law Enforcement Academies (ILEA) located in Bangkok, Budapest, Gaborone and San Salvador. IAD will develop and implement standard operating procedures (SOPs) for documenting who attended training, if all participants were Leahy vetted, and who completed the course. The SOP will also identify where these records are maintained and for how long. The SOP and format used to document this information will be implemented by the conclusion of Fiscal Year 2026.

Please let me know if I can be of further assistance on this or any other matter.

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James Ferguson

APPENDIX 4: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

The Office of the Inspector General (OIG) provided a draft of this audit report to the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF). ATF's response is incorporated in Appendix 3 of this final report. In response to our audit report, ATF concurred with each of our recommendations and discussed actions already taken as well as additional planned measures to address each of our findings. As a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and a summary of actions necessary to close the report.

Recommendations for ATF:

- 1. Strengthen its policies and procedures and implement controls to improve the management and oversight of FSNs working in IAD offices.**

Resolved. In its response, ATF concurred with our recommendation. ATF stated that a new Division Chief for the International Affairs Division (IAD) reported in July 2026, and a new Deputy Division Chief is expected to report in early fiscal year (FY) 2027. ATF stated that it will ensure that both supervisors reiterate to each of the Country Attachés and Assistant Attachés their responsibilities as identified in the recommendation. Additionally, Foreign Service Nationals' (FSN) performance updates will be incorporated in quarterly evaluation meetings to ensure regular communication about FSN performance and that timely and appropriate disciplinary measures are taken when warranted.

ATF also stated that IAD will meet with Department of State and other agency officials to obtain best practices and examples of FSN performance evaluations. ATF stated that it will develop its own performance evaluation documents, to be used for mid-year and end-of-year performance discussions, to ensure that end-of-year performance reports accurately reflect ATF's performance expectations for FSNs. ATF stated that it will also develop Standard Operating Procedures to provide consistency in application and maintenance of FSN documents. ATF stated that it plans to implement these changes by the end of the second quarter of FY 2027 to better facilitate mid-year FSN performance discussions. However, ATF stated that it may take longer to fully develop and implement ATF's FSN performance evaluation system.

This recommendation can be closed when ATF provides evidence that it has strengthened its policies and procedures and implemented controls to improve the management and oversight of FSNs working in IAD offices.

- 2. Establish policies and procedures for the use of messaging platforms and electronic communications by IAD personnel.**

Resolved. In its response, ATF concurred with our recommendation. ATF stated that it has already begun discussions with Country Attachés and Assistant Attachés to ensure the use of personal phones, email accounts, and/or social media accounts for official business by IAD personnel, to include FSNs, is discontinued.

ATF stated that the messaging application is an operational necessity in Mexico and therefore efforts are underway by ATF to identify means by which it can be employed. Specifically, ATF's Office of Intelligence Operations (OIO) directorate is working with the Office of Science and Technology (OST) to obtain the messaging application for IAD personnel, to include FSNs. Presently it appears this may be feasible through a waiver granted by DOJ; however, efforts are ongoing by OST to determine how that waiver can be obtained and whether that would allow the messaging application to be downloaded to an ATF-issued cell phone that is connected to the ATF network. ATF anticipates a resolution by the end of calendar year 2026 on whether the messaging application could be downloaded on an ATF-issued device.

ATF is also working to obtain secondary cell phones so that the messaging application could be downloaded should efforts to obtain a waiver of government-issued cell phones prove unsuccessful. In doing so, ATF stated that it will try to equip FSNs with a cell phone for the same purpose that would be for official use only. ATF anticipates this will be implemented by the end of the calendar year 2026. Given the risks involved, as described in the report, ATF should ensure that its planned actions comply with all DOJ security and records management requirements.

This recommendation can be closed when we receive evidence that ATF has established policies and procedures for the use of messaging platforms and electronic communications by IAD personnel.

3. Implement controls to ensure IAD personnel and FSNs adhere to its electronic communication policy.

Resolved. In its response, ATF concurred with our recommendation. ATF stated that OIO, in concert with the Office of Chief Counsel, will review existing ATF and DOJ policy as they relate to cell phone use and preservation of communications to determine whether new policies and procedures specific to IAD personnel and/or FSNs are warranted.

ATF also stated that it will implement a practice whereby all personnel assigned to a location Outside the Contiguous United States (OCONUS) are provided relevant policy applicable to IAD within the first 3 months of their report date and that IAD will retain a record that the policy was reviewed. ATF stated that the same requirement will be implemented for FSNs within the first 3 months of starting with ATF. ATF's policy review, including the development of new policy as needed, and implementation should be completed by the end of FY 2027.

This recommendation can be closed when we receive evidence that ATF has implemented controls to ensure IAD personnel and FSNs adhere to its electronic communication policy.

4. Establish an account at the Mexico U.S. Embassy and review its policies and procedures for replenishing agent cashier funds in its international offices.

Resolved. In its response, ATF concurred with our recommendation. ATF stated that it will examine this issue at all OCONUS posts of duty that have an agent cashier box. For ATF's Mexico country office, ATF stated that its Acting Country Attaché and another member of the Mexico country office have become registered users at the U.S. Embassy in Mexico, allowing ATF to cash checks from U.S.

sources at the U.S. Mexico Embassy. ATF stated that OIO will review the updated ATF Agent Cashier Manual to determine whether there are any issues concerning its application to IAD OCONUS posts of duty and by the end of calendar year 2026 report any findings.

This recommendation can be closed when we receive evidence that ATF has established an account at the Mexico U.S. Embassy and reviewed its policies and procedures for replenishing agent cashier funds in its international offices.

5. **Continue its efforts to work with Mexico to establish a Memorandum of Understanding (MOU), but if the Government of Mexico (GOM) continues to decline requests to enter an MOU, and in lieu of a formal MOU, ATF should ensure the terms and conditions of verbal agreements with the GOM are documented and maintained by ATF personnel and such documentation should be reviewed and updated periodically to reflect the most current status of the verbal agreement.**

Resolved. In its response, ATF concurred with our recommendation. ATF stated that IAD has contacted other federal law enforcement agencies that have a presence in Mexico to understand their efforts in obtaining an MOU and/or documenting agreements made with the GOM through other means. ATF stated that IAD will also review its current MOUs to determine whether revisions will assist in obtaining signatures from GOM officials.

If these efforts are unsuccessful, ATF stated that IAD will hold scheduled meetings with GOM officials when discussing MOUs and, if an MOU is not signed, document the efforts and any resulting agreements in an internal memorandum addressed to the Assistant Director of OIO. ATF stated that IAD will implement this practice with renewed efforts for signing a Firearms Trafficking Investigations Unit (FTIU) MOU and that an internal review of this practice and its success will be conducted semi-annually. ATF also stated that IAD's FTIU Agent Manual will continue to be revised in response to the recommendations provided in this audit and such updates will be finalized in the second quarter of FY 2027.

This recommendation can be closed when we receive evidence that ATF has continued its efforts to work with Mexico to establish an MOU, but if the GOM continues to decline requests to enter an MOU, ATF should ensure the terms and conditions of verbal agreements with the GOM are documented and maintained by ATF personnel and such documentation is reviewed and updated periodically to reflect the most current status of the verbal agreement.

6. **Implement a secure and efficient database for the exchange of critical information and intelligence sharing between ATF and the FTIU that was described in its FY 2024 workplan.**

Resolved. In its response, ATF concurred with our recommendation. ATF stated that funding has not yet been allocated to the development of a secure information sharing system and that if funding were available, the recommended system would need to be approved for access by both ATF and the GOM entities, which may present challenges.

ATF stated that during an in-person meeting at ATF headquarters in July 2026, the IAD Division Chief began collaborating with the Country Attachés and Assistant Attachés on alternative ways of

facilitating real-time information sharing, documenting and reporting on critical information between ATF and the FTIU, as well as referrals provided to ATF domestic field offices or the FTIU. ATF will attempt to modernize its current practice of sharing printed reports or maintaining multiple spreadsheets to track investigative efforts with a commercial off-shelf system. IAD will attempt to have a product identified by the second quarter of FY 2027 with procurement by the end of FY 2027 dependent on funding.

This recommendation can be closed when we receive evidence that ATF has implemented a secure and efficient database or system for the exchange of critical information and intelligence sharing between ATF and the FTIU as described in its FY 2024 workplan.

7. Establish policies and procedures for the administration of foreign screening polygraph examinations, to include criteria for determining when retests can be conducted.

Resolved. In its response, ATF concurred with our recommendation. ATF stated that it has engaged with the Office of Field Operations, Special Operations Division, Polygraph Branch, to address revisions to ATF's order on pre-employment polygraphs. ATF stated that a specific section is being added related to FTIU onboarding. ATF stated the updated order will be certified in the first quarter of FY 2027.

As previously mentioned in Recommendation Number 5, ATF stated that its FTIU Agent Manual continues to be revised as necessary based on the recommendations provided in this report. ATF stated that it plans for the updated manual to be finalized in the second quarter of FY 2027, to include polygraph examinations of FTIU candidates.

This recommendation can be closed when ATF provides evidence that it has established policies and procedures for the administration of foreign screening polygraph examinations, to include criteria for determining when retests can be conducted.

8. Establish division-wide performance metrics, supported by tracking mechanisms and controls, that align with both IAD's objectives and ATF's larger overall strategic mission.

Resolved. In its response, ATF concurred with our recommendation. ATF stated that a new IAD Division Chief reported in July 2026 and has engaged with the Country Attachés and Assistant Attachés on the development of a domain assessment for their respective areas of responsibility (AOR). ATF noted that the assessment will be a standardized reporting by all country offices to include the: (1) geographical area the office encompasses, (2) number of personnel assigned, (3) criminal trends and patterns experienced within the AOR, (4) resource gaps, (5) status update on foreign partnerships, and (6) any other significant issues. While the assessment is in development, the content it captures will be finalized in FY 2027 for implementation in FY 2028.

ATF also stated that IAD engaged the Office of Field Operations, Field Management Staff Division, to enhance tracking and reporting on Significant Activity Requests (SARs) initiated and investigations opened by an IAD country office. Additionally, ATF reported it is working to develop a standard for SARs relative to each country office's particular violent crime and incorporating the priorities of the

domestic ATF field division likely to receive the SAR. These efforts are expected to result in a majority of SARs being converted to criminal investigations and further define them in reference to an investigative lead. ATF stated that the update to its system can be made by the end of calendar year 2026. By the end of FY 2027, ATF plans to have enough data to conclude that the SARs are trackable and the rate of [conversion] to a criminal investigation is directly proportionate to the quality of the SAR.

This recommendation can be closed when ATF establishes division-wide performance metrics, supported by tracking mechanisms and controls that align with both IAD's objectives and ATF's larger overall strategic mission.

9. Establish policies and procedures to maintain records related to IAD training conducted.

Resolved. In its response, ATF concurred with our recommendation. ATF stated that it will develop and implement SOPs for documenting who attended training, if all participants were Leahy vetted, and who completed the course. ATF also stated that the SOPs will identify where these records are maintained and for how long. ATF plans to implement its SOPs by the conclusion of FY 2026.

This recommendation can be closed when ATF provides evidence that it has established policies and procedures to maintain records related to IAD training conducted.