Audit Report

OFFICE OF THE INSPECTOR GENERAL

TRANSPORTATION SECURITY FOR SENSITIVE ARMS, AMMUNITION, AND EXPLOSIVES

Report No. 93-148 July 8, 1993

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Acronyms

CIIC	Controlled Inventory Item Code
DTMR	Defense Traffic Management Regulation
FINS	Freight Information System
GBL	Government Bills of Lading
ITO	Installation Transportation Office
MTMC	Military Traffic Management Command
REPSHIP	Report of Shipment
SRC	Security Risk Category
TCN	Transportation Control Number
TPS	Transportation Protective Service

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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Report No. 93-148 July 8, 1993

MEMORANDUM FOR ASSISTANT SECRETARY OF DEFENSE (PRODUCTION AND LOGISTICS)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT)
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT AND COMPTROLLER)
INSPECTOR GENERAL, DEPARTMENT OF THE ARMY
DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Report on the Audit of Transportation Security for Sensitive Arms, Ammunition, and Explosives (Project No. 2LC-0027)

Introduction

We are providing this final report for your information and use. The primary objective of the audit was to evaluate the effectiveness of internal controls and other security arrangements for sensitive shipments of conventional arms, ammunition, and explosives.

Audit Results

Our limited review disclosed no instances of sensitive items being lost or stolen while in transit. Material problems were not found regarding installation transportation offices (ITOs) requesting proper transportation protective service (TPS), carriers providing TPS as required, or receiving activities being notified of shipments enroute. However, we are concerned that DoD does not maintain a system of readily available records to permit conclusive tracking and verification of shipments of sensitive items. It was this lack of ability to conclusively trace shipments that caused us to curtail our work from an original sample of 291 TCNs to 105. The detailed results of our review and limitations involved are discussed in Enclosure 1.

This report is to advise the Office of the Assistant Secretary of Defense (Production and Logistics), Office of the Deputy Assistant Secretary of Defense (Counterintelligence) and Security Countermeasures, U.S. Transportation Command, Military Traffic Management Command (MTMC), and ITOs of potential areas that could affect the shipment of sensitive items. We found no systemic deficiencies that warranted overall DoD-wide recommendations.

Office of the Inspector General, DoD

Report No. 93-148
Project No. 2LC-0027

July 8, 1993

TRANSPORTATION SECURITY FOR SENSITIVE ARMS, AMMUNITION, AND EXPLOSIVES

EXECUTIVE SUMMARY

Introduction. Sensitive items include conventional arms, ammunition, and explosives that require transportation protective services while in-transit. These services are required because of the items' portability, potential use in criminal or terrorist acts, capability for inflicting severe casualties, and nonavailability in commercial markets.

Objective. Our primary objective was to evaluate the effectiveness of internal controls and other security arrangements for sensitive shipments of conventional arms, ammunition, and explosives.

Audit Results. The audit disclosed no systemic DoD-wide internal control weakness. We found no instances of sensitive items being lost or stolen while in transit. No material problems were identified related to installation transportation officers requesting transportation protective services, carriers providing transportation protective services as required, or of receiving activities being notified of shipments enroute. However, we are concerned that DoD does not maintain a system of readily available records to permit conclusive tracking and verification of shipments of sensitive items.

Internal Controls. We evaluated 105 items to determine the effectiveness of DoD internal controls applicable to the security arrangement for movement of sensitive items. Although no systemic DoD-wide weaknesses were identified, we observed minor internal control weaknesses at two locations involving the division of transportation officer responsibilities. The weaknesses are discussed in the audit report.

Potential Benefits of Audit. The report identifies no potential monetary benefits.

Summary of Recommendations. The report contains no recommendations.

Management Comments. We provided a draft report to the addressees on May 26, 1993. Because there were no recommendations, no formal comments were required and none were received. We have made some changes to the final report and are providing addressees an opportunity to provide comments.

Scope

The scope of our audit was restricted because DoD has no centralized data base that readily identifies all shipments of sensitive items. We could not use the MTMC Freight Information System (FINS) data base of paid Government Bills of Lading (GBL) because all sensitive items are not moved under a GBL, shipments of sensitive items are not always identified in the FINS, and some GBL shipments may not be recorded in the FINS. To identify shipments of sensitive items, we obtained data from five different Army, Navy, and Air Force inventory control points. The inventory control points were responsible for managing arms, ammunition, explosives, and other sensitive items that DoD used.

Information on sensitive items was maintained in automated data systems at each inventory control point. However, the systems were not compatible with each other. Therefore, we extracted the TCN and the supplementary address fields from each system to develop a consolidated audit data base. The TCN is a 17-character data element assigned to control and manage movements of items. The TCN for each movement is unique. The supplemental address identifies the receiving activity. The consolidated data base showed that 79,125 TCNs were recorded for sensitive items involving 2,630 different addresses within CONUS from January 1, through December 31, 1991. The value of the items shipped and the transportation cost incurred for the universe could not be determined because required information was not available in all data sources.

Our Quantitative Methods Division assisted us in selecting a sample of TCNs of sensitive items from the audit data base. We reviewed 105 TCNS out of a sample of 291 TCNs to determine if sensitive items were lost or stolen during transit, origin ITOs requested proper TPS, carriers provided TPS as required, and destination ITOs received notification that the shipment was enroute.

Since 4 of 13 ITOs visited did not retain reports of shipment (REPSHIP) past 120 days of the shipment receipt date, we selected a judgmental sample of 25 shipments made within the preceeding 90 days to determine if destination ITOs were being properly notified of shipments enroute. A REPSHIP is a message from the origin ITO notifying the destination ITO to prepare to receive a shipment of sensitive items that is enroute. Further details concerning the audit sample and limitations involved are discussed in Enclosure 1.

This economy and efficiency audit was made from February 1992 through February 1993 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD, and accordingly, included such tests of internal controls as were considered necessary. The organizations visited or contacted during the audit are listed in Enclosure 5.

Internal Controls

For the 105 TCNs reviewed, we evaluated the effectiveness of DoD internal controls applicable to the security arrangements for movement of sensitive items. No systemic DoD-wide weaknesses were identified; however, we observed minor internal control weaknesses at two locations involving the division of transportation officer responsibilities. At one location, the transportation officer's responsibilities were split between an Army and a Navy activity and at another location the responsibilities were split between the supply and ordnance divisions at the same activity. This resulted in communication problems and a breakdown in procedures involving followup on REPSHIPs and the inspection of shipments upon arrival. We made no recommendations in this area because the weaknesses were not systemic and management at the activities involved indicated that immediate corrective action would be taken.

Prior Audits and Other Reviews

The Office of the Inspector General, DoD, issued Report No. 87-098, "Survey of Transportation Security for Sensitive Weapons and Ammunition," January 1987, which disclosed three specific problems in the shipment of sensitive items. Activities receiving sensitive items were not adequately notified of shipments enroute, shipments were not given adequate security protection, and DoD did not have adequate guidelines regarding the use of weapons by armed guards. The survey was terminated to allow management time to complete and implement ongoing revisions to regulations involving transportation of sensitive items.

General Accounting Office Report No. NSIAD 92-96 (OSD Case No. 8913), "Ineffective Oversight Contributed to Freight Losses," June 1992, disclosed that DoD did not have adequate controls to protect property in transit because the systems for identifying, reporting, and recovering lost freight and monitoring carrier performance were in disarray. The General Accounting Office recommended that DoD improve the quality of the transportation system by identifying freight mismanagement as a significant material weakness, ensuring the implementation of sound transportation practices throughout the defense transportation network, and fostering a corporate culture that places a high value on protecting Defense property. Additionally, the General Accounting Office recommended that the Inspector General, DoD, place more emphasis on identifying weaknesses in transporting Defense property. DoD generally agreed with the recommendations and stated that corrective actions will be implemented to ensure that Defense property is more effectively monitored.

Background

Sensitive items require TPS because of their portability, potential use in criminal or terrorists acts, capability for inflicting severe casualties, and nonavailability in commercial markets. Items that must be accounted for, secured, segregated, or handled in a special manner to ensure their safety or integrity are designated as controlled inventory items. Controlled items are assigned controlled inventory item codes (CIIC) when they enter DoD inventories. CIICs are used to assign items to security risk categories (SRC) for transportation purposes. The SRC of a sensitive item is based on the item's relative utility, attractiveness, and availability to criminal elements. (Types of sensitive items by SRC are defined in Enclosure 2.) A SRC identifies the type of TPS required for the transport of an item. (See Enclosure 3 for types of TPS.) The type of TPS required is determined by the origin transportation officer, in accordance with guidance contained in the joint "Defense Traffic Management Regulation" (DTMR), which comprises Army Regulation 55-355, Navy Supply Instruction 4600.70, Air Force Regulation 75-2, Marine Corps Order P4600.14B, and Defense Logistics Agency Regulation 4500.3. Types of TPS required for each SRC are shown in Enclosure 4.

Safe, secure, and controlled transport of sensitive items requires the cooperation of DoD, commercial carrier, and contractor monitoring personnel. The Office of the Deputy Assistant Secretary of Defense (Counter Intelligence and Security Countermeasures) formulates worldwide uniform policy, standards, and procedures for the physical security of nuclear weapons; devices; reactor materials; and conventional arms, ammunition, and explosives in the possession or custody of DoD Components. MTMC is the designated single manager for military traffic, land transportation, and common-user ocean terminals and is responsible for maintaining oversight on shipments of sensitive military traffic in accordance with DoD Directive 5100.76-M, "Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives," and the DTMR. MTMC investigates and approves carriers; develops, administers, and maintains transportation security procedures; ensures that complete inquiries are conducted on all transportation security incidents; negotiates TPS with carriers and publishes them as appropriate, and routes shipments of sensitive items.

The Services' origin ITO and destination ITO are vital to transportation security. The origin ITO is to ensure that sensitive items are routed and shipped by qualified carriers in accordance with the DTMR, proper TPS is requested, carriers are prepared to provide the required TPS before release of the shipment, and the destination ITO is properly notified via a REPSHIP that the shipment is enroute. The destination ITO is to ensure that appropriate arrangements are made to receive the shipment, the origin ITO and appropriate MTMC area command are notified of item shortages or delayed shipments, and shipments are inspected upon arrival.

Commercial carriers are responsible for providing continuous TPS from a shipment's origin to its destination. Under MTMC's "Transportation Safety and Security Program," an independent contractor surveils randomly selected shipments made by carriers of sensitive items to determine if the drivers are following established procedures. The carrier and its drivers are not aware of the surveillance until after its completion and the independent contractor reports the results of the surveillance to MTMC. DoD has implemented satellite tracking for all sensitive motor shipments in SRCs I, II, III, and IV and is in the process of implementing satellite tracking for uncategorized Class A and B explosives from origin to destination via the DoD Transportation Tracking System.

Discussion

Our limited tests found no instances of sensitive items being lost or stolen while in transit. However, we are concerned with DoD's lack of readily available records to permit conclusive tracking and verification by us or by logistics officials regarding the transportation of such sensitive items. On 5 of the 105 items examined, we could not locate any data to determine what type of transaction they represented, or if they were erroneous entries. Another 28 did not have a REPSHIP in the shipment file to show whether the receiving activity had been notified of the pending shipment. Nine of the 105 TCNs did not identify the activity that would actually receive the shipment. Further, some ITOs could not access shipment files by TCN because their files were organized by GBL number. We obtained information from other sources, such as the shipper, to complete our review of the sample items. While we did not make any recommendations because we did not find instances of loss, we are making senior DoD transportation officials aware of the difficulties in validating controls over the shipment and receipt of sensitive items. The availability and compatibility of the records makes it very difficult for transportation managers to verify transportation security of sensitive items.

Management Comments

We provided a draft of this report to the addressees on May 26, 1993. Because there were no recommendations, no official comments were required and none were received. However, we did receive one unofficial suggestion from a Traffic Management Officer for our consideration. It was suggested that REPSHIPs be addressed to the destination ITO with an information copy to the end user of the material shipped to ensure that all parties concerned are aware that a shipment is enroute. This final report contains changes from the draft report. Therefore, if you choose to comment on this final report, please do so by September 9, 1993.

The courtesies extended to the audit staff are appreciated. If you have questions on this audit, please contact Mr. John S. Gebka at (703) 692-3303 (DSN 222-3303) or Mr. Albert L. Putnam at (703) 692-3460 (DSN 222-3460). The planned distribution of this report is listed in Enclosure 6.

Edward R. Jones
Deputy Assistant Inspector General
for Auditing

Enclosures

Audit Sample

We extracted information from data bases at five different inventory control points to develop a consolidated audit data base, which included 79,125 TCNs for sensitive items related to 2,630 different addresses within CONUS from January 1 through December 31, 1991. Our Quantitative Methods Division used this consolidated data base as the universe from which a statistical random sample of 291 TCNs was selected.

We visited or contacted 33 activities to complete our review of 105 of the 291 TCNs selected. We encountered data base and documentation problems in reviewing the 105 TCNs. Of the 105 TCNs reviewed, 46 represented internal installation movements, which did not involve commercial carriers and did not require TPS. We could not locate any data on five of the TCNs; therefore, we could not determine if the five TCNs were internal installation movements, cancellations, data entry errors, or commercial movements. The shipment files for the remaining 54 TCNs with items valued at approximately $24.4 million, were reviewed to determine if the items were delivered, the origin ITO requested the proper TPS, the carrier provided the required TPS, and receiving activities were notified of shipments enroute. No items were reported as lost or stolen and the required TPS was requested on all 54 sample shipments. No ITO discrepancy or MTMC contractor monitoring reports were available to indicate that the carriers did not provide the required TPS.

Of the 54 sample shipments, 28 did not have the required REPSHIP in the shipment file to show that the receiving activity had been properly notified of the shipment being enroute. The major reason for not having the REPSHIPs was that REPSHIPs were discarded 90 to 120 days after the shipment was received. Time had elapsed for all 54 shipments in our sample. Therefore, we extracted a judgmental sample of 25 shipments issued from three activities within the preceeding 90 days to determine whether the destination ITO received REPSHIPs. Only one shipment file lacked the required REPSHIP.

We did not review the remaining 186 of the 291 TCNs in the statistical sample because of the lack of ability to conclusively trace shipments and our review of the first 105 sample items did not identify any systemic control problems. We made no statistical projections from the data because the entire random sample was not reviewed.

Security Risk Category Definitions

Category I - Non-nuclear missiles and rockets in a ready to fire configuration, such as Redeye, Stinger, Dragon, and Viper. Category I also applies to a situation in which the launcher and explosive rounds, though not in a ready to fire configuration, are jointly stored or transported.

Category II - Sensitive munitions such as grenades, antipersonnel mines, plastic explosives, and automatic weapons.

Category III - Missiles and rockets such as launch tube and gripstock for the Stinger missile, tracker for the Dragon missile, grenades and fuses for high explosives, and detonating cords.

Category IV - Shoulder fired weapons (other than grenade launchers) that are not fully automatic, handguns, recoilless rifles up to and including 106mm and ammunition with nonexplosive projectiles having an unpacked weight of 100 pounds or less each.

Uncategorized Class A and B Explosives - Explosives possessing a mass (instantaneous explosion of entire load) explosion hazard or projection hazard lacking a mass explosion hazard. Class A and B explosives generally include large or heavy aerial bombs and missiles, torpedos, etc. These items are not assigned to an SRC, but require the same TPS as items in SRC III and IV.

Enclosure 2

Types Of Transportation Protective Services

Armed Guard - A service which requires two drivers, at least one of whom is armed, to maintain constant surveillance over a shipment. This service was terminated for motor shipments after the introduction of satellite motor surveillance.

Constant Surveillance - A service which requires a qualified carrier representative to constantly watch a shipment.

Dual Driver - A service which requires continuous attendance and surveillance of a shipment by at least one of the two qualified drivers assigned to transport the shipment.

Motor Surveillance - A service which requires the carrier's drivers to notify the consignor via telephone of the vehicle location and security status at times specified by the origin transportation officer. Motor surveillance will be terminated after satellite motor surveillance has been fully implemented.

Pier - When ships are at berth, this service requires that piers be patrolled by a security patrol at regular intervals not to exceed 30 minutes.

Railroad Surveillance - A service which requires a carrier to inspect the railcar(s) 1 hour after each stop and reinspect it at least once an hour during each stop. Carriers perform additional security procedures, which include tracing the security seals and inspecting rail movement of unclassified cargo.

Satellite Motor Surveillance - A service which provides the DoD Transportation Tracking System with truck locations, in-transit truck status changes, and emergency situation notification. Trucks are equipped with satellite surveillance equipment; and communications and tracking are accomplished via satellite.

Security Escort Vehicle - A service which requires two unarmed drivers in an escort vehicle to maintain constant surveillance over a freight shipment. This service was terminated after the introduction of satellite motor surveillance.

Transportation Protective Services
by
Security Risk Category

SRC (By Mode of Shipment)	TPS					
	AGPS[1]	CSS[2]	DDPS[3]	PS[4]	RSS[5]	SMSS[6]
Air						
I		X	X			X
II		X				
III&IV		X				
Motor						
I			X			X
II			X			X
III&IV			X			X
Rail						
I	X					
II					X	
III&IV					X	
Water						
I			X	X		X
II				X		
III&IV				X		

[1] Armed Guard Protective Service.
[2] Constant Surveillance Service.
[3] Dual Driver Protective Service.
[4] Pier Service.
[5] Railroad Surveillance Service.
[6] Satellite Motor Surveillance Service.

Enclosure 4

Organizations Visited Or Contacted

Office of the Secretary of Defense

Assistant Secretary of Defense (Production and Logistics), Washington, DC
Deputy Assistant Secretary of Defense (Counterintelligence and Security Countermeasures), Washington, DC

Department of the Army

Headquarters, Department of the Army, Washington, DC
Headquarters, Army Materiel Command, Alexandria, VA
Headquarters, Military Traffic Management Command, Falls Church, VA
Military Traffic Management Command, Eastern Area, Bayonne, NJ
Military Traffic Management Command, Europe, Rotterdam, Holland
Military Traffic Management Command, Western Area, Oakland, CA
U.S. Army Armament, Munitions and Chemical Command, Rock Island, IL
Theater Army Movement Command, Zweibruchen, Germany
1st Transportation Movement Control Agency, Frankfurt, Germany
Anniston Army Depot, Anniston, AL
Crane Army Ammunition Activity, Crane, IN
Fort Benning, Columbus, GA
Hawthorne Army Depot, Hawthorne, NV
Kansas Army Ammunition Plant, Parsons, KS
Lone Star Army Ammunition Plant, Texarkana, TX
Pueblo Depot Activity, Pueblo, CO
Red River Army Depot, Texarkana, TX
Savanna Army Depot Activity, Savanna, IL
Seneca Army Depot, Romulus, NY
Tooele Army Depot, Tooele, UT
Umatilla Army Depot, Hermiston, OR

Department of the Navy

Deputy Chief of Naval Operations (Logistics), Washington, DC
Naval Sea Systems Command, Washington, DC
Military Sealift Command, Washington, DC
Headquarters Marine Corps Systems Command, Arlington, VA
Naval Air Facility, El Centro, CA
Naval Air Station, Alameda, CA

Department of the Navy (cont'd)

Naval Air Station, Miramar, CA
Naval Air Station North Island, San Diego, CA
Naval Underwater Warfare Center, Keyport, WA
Naval Warfare Support Center, Crane, IN
Naval Weapons Station, Concord, CA
Naval Weapons Station Earle, Colts Neck, NJ
Naval Weapons Station, Seal Beach, CA
Naval Weapons Station, Yorktown, VA
Navy Material Transportation Office, Norfolk, VA
Marine Corps Air Station, El Toro, CA
Marine Corps Air Station, Yuma, AZ
Marine Corps Base, Quantico, VA

Department of the Air Force

Deputy Chief of Staff (Logistics and Engineering), Washington, DC
Ogden Air Logistics Center, Hill Air Force Base, Ogden, UT
Warner Robins Air Logistics Center, Robins Air Force Base, GA
Cannon Air Force Base, Clovis, NM
Langley Air Force Base, Hampton, VA
Tinker Air Force Base, Oklahoma City, OK

Defense Agencies

Defense Logistics Agency, Alexandria, VA
Defense Distribution Depot, Oklahoma City, OK

Other Federal Agencies

Bureau of Alcohol, Tobacco and Firearms, Washington, DC
Federal Bureau of Investigations, Washington, DC

Non-Government Organization

Stanley Associates, Alexandria, VA

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Assistant Secretary of the Navy (Financial Management)
Auditor General, Naval Audit Service

Department of the Air Force

Secretary of the Air Force
Assistant Secretary of the Air Force (Financial Management and Comptroller)
Air Force Audit Agency

Defense Agencies

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, Defense Logistics Studies Information Exchange
Inspector General, Defense Intelligence Agency
Headquarters, U.S. Transportation Command

Non-Defense Federal Organizations

Office of Management and Budget
U.S. General Accounting Office
- National Security and International Affairs Division, Technical Information Center
- National Security and International Affairs Division, Defense and National Aeronautics Space and Administration Management Issues
- National Security and International Affairs Division, Military Operations and Capabilities Issues

Non-Defense Federal Organizations (cont'd)

Chairman and Ranking Minority Member of Each of the Following Congressional Committees and Subcommittees:

Senate Committee on Appropriations
Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Government Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Operations
House Subcommittee on Legislation and National Security, Committee on Operations

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