



Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Firearm Disposal Practices



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Objectives

The OIG undertook this audit following the discovery that thousands of firearms, firearm parts, and ammunition had been stolen from the Bureau of Alcohol, Tobacco, Firearms and Explosives' (ATF) National Destruction Branch (NDB) facility in Martinsburg, West Virginia. Our audit objectives were to: (1) assess the adequacy of the ATF's controls over firearms approved for disposal, and (2) evaluate the ATF's processes for ensuring all firearms sent to its disposal facility are ultimately destroyed. This audit covers the ATF's firearm disposal practices at its NDB facility from March 2019 through April 2022.

Results in Brief

We found that the ATF has implemented several new control procedures to reduce the risk of firearm thefts from the NDB facility. However, the ATF needs to implement additional controls to safeguard and protect firearms from loss or theft while in NDB custody. Specifically, the ATF has not implemented two recommendations for improvement at the NDB facility that were first identified by an NDB Working Group in March 2019 related to staffing and storage. We also found that NDB staff do not always comply with its procedures related to facility and vault access, as well as several ATF policies regarding firearm storage and evidence tracking. Further, we identified necessary improvements to control access, and account for, all keys used to unlock firearm shipping containers. Finally, we found that NDB surveillance camera coverage should be improved to eliminate blind spots.

Recommendations

Our report contains 10 recommendations to improve the ATF's firearm disposal practices at the NDB. We requested a response to our draft audit report from the ATF, which can be found in Appendix 2. Our analysis of their response is included in Appendix 3.

Audit Results

Since September 2015, the NDB has been responsible for disposing of thousands of ATF-owned firearms and firearms seized for forfeiture each year by the ATF and other Department law enforcement agencies. In August 2019, a former contract security guard stationed at the ATF facility in Martinsburg was sentenced to 14 years in prison for stealing thousands of firearms, firearm parts, and ammunition from the NDB facility from 2016 to 2019. The events that led to this conviction triggered two internal ATF inspections of the NDB facility and an OIG investigation that resulted in the identification of several vulnerabilities that enabled the thefts to occur undetected, as well as recommendations for corrective action by the ATF's internal inspection groups.

Improvements to NDB Operations

The ATF has implemented several of the recommended corrective actions from the internal ATF inspections that will reduce the risk of thefts reoccurring in the future; however, two recommendations remain outstanding. Specifically, the NDB has not met the recommended staffing levels and items unrelated to the NDB mission are being stored at the facility. We also found that the NDB is utilizing a temporary storage space to hold firearms in long-term custody. In our judgment, implementing the remaining corrective actions recommended by the NDB Working Group will not only ensure the NDB is operating effectively and in compliance with pertinent policies, but will add an additional level of security to firearms stored at the NDB.

Compliance with Operating Procedures

We found that NDB staff does not consistently adhere to established operating procedures in place to mitigate risk of firearms being lost or stolen. Specifically, we observed NDB staff: (1) propping open doors into secure areas of the facility solely for the sake of convenience, (2) allowing visitors to enter the facility through doorways other than

the main entrance and drive their cars into the facility to unload firearms, and (3) permitting unauthorized individuals to access NDB vault storage spaces. Failure to strictly adhere to established operating procedures not only undermines the NDB's security protocol, but unnecessarily places firearms in NDB custody at risk of loss or theft.

Additional Controls and Safeguards are Needed to Properly Secure Firearms

While the NDB has implemented improved controls over firearms at its facility, we found certain overarching ATF policies that are not addressed in current NDB Standard Operating Procedures (SOP) and not evident in current NDB operations but would further mitigate the risk of firearms in NDB custody being lost or stolen without detection. Specifically, the NDB stored firearms in its custody, including evidence from the ATF's "Operation Fast and Furious" investigation, on top of its temporary vault instead of inside its more secure vault. These items are stored in shipping cases that are accessible using one of the many ladders kept in the same area of the facility. We found that this practice was inconsistent with ATF policy.

Firearms in NDB custody are at greatest risk of theft at two points in the disposal process: First, when they are removed from the shipping cases and placed onto rolling carts, and second, after the loaded carts are wheeled into the destruction area where the firearms are inventoried and destroyed. We witnessed certain NDB employees entering the secure areas of the facility during these times and handling firearms on the carts without a clear need to do so. These employees have established roles and responsibilities at the NDB that do not include handling firearms, so they should not be permitted to enter the secure areas of the facility while firearms are not secured in a locked vault or container.

Occasionally, the NDB temporarily stores firearms sent to its facility for disposal because of missing paperwork or a

discrepancy in the items received. These firearms are typically held in the NDB's temporary vault until the issue is resolved. The NDB also stores firearms seized for forfeiture by other Department law enforcement agencies, as required by ATF policy. The NDB uses a log to track these firearms held in long-term storage; however, we found that the NDB does not track firearms stored in its vault on a temporary basis. The NDB should know the whereabouts of all firearms in its custody and should track firearms held both in long-term and temporary storage.

Prior to our audit, the NDB did not adequately track the keys used to unlock shipping cases containing firearms slated for disposal. While the NDB had an inventory and a check-out log for its padlock keys, we found that the key log was not properly updated when keys were removed from the storage area. After our site visit in January 2022, the NDB corrected the log and installed a key rack in its vault where all padlock keys are kept. We noted, however, that the process for checking out keys has not been formally documented in the NDB SOP; as a result, some employees may not be aware of the log requirements.

Surveillance Camera Coverage

We identified blind spots in the NDB's surveillance camera coverage of both the interior and exterior areas of the facility that could be exploited by an individual seeking to conceal illicit activity. We also found that the low resolution of some of the surveillance video does not allow the viewer to identify individuals or discern activities conducted within certain secure areas of the facility. In addition, we found that 1 of the 13 cameras covering the facility was not functioning. This issue went unnoticed until we pointed it out to the ATF's Physical Security Programs Branch, indicating that the ATF is not regularly inspecting surveillance cameras at the NDB to ensure they are functioning.

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Introduction

The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) Asset Forfeiture and Seized Property Division's National Disposal Branch (NDB) is responsible for disposing of excess ATF-owned and forfeited firearms.¹ The NDB also destroys forfeited firearms for other Department law enforcement agencies. Since September 2015, the ATF has utilized the NDB, formerly the National Firearms and Ammunition Destruction Branch, to centralize and streamline the disposal process of firearms, as well as to ensure that all firearm disposals are completed within a timely manner, while reducing errors and duplication of efforts. Each year the NDB destroys thousands of firearms and firearm accessories, such as silencers. From December 2021 through February 2022 alone, the NDB destroyed nearly 5,000 firearms and accessories.

NDB Thefts and Subsequent Inspections and Investigation

In August 2019, a former Department of Homeland Security Federal Protective Service (FPS) contract security guard stationed at the ATF facility where the NDB is located was sentenced to 14 years in prison for stealing thousands of firearms, firearm parts, and ammunition from the NDB facility over the course of 3 years from 2016 to 2019. These thefts went undetected until February 2019 when the Philadelphia Police Department, during a traffic stop, recovered a firearm containing parts from a former ATF duty firearm that had supposedly been destroyed by the NDB in December 2018. The events that led to this conviction triggered two internal ATF inspections of the NDB facility and an OIG investigation.²

NDB Working Group

The ATF convened the NDB Working Group in March 2019 to evaluate and reorganize the NDB. Specifically, the working group was tasked with evaluating the Standard Operating Procedures (SOP), personnel, onsite accountability protocols, storage, destruction equipment, and building layout to bring about enhanced accountability and oversight of the NDB. The assessment resulted in the identification of 13 key vulnerabilities, 12 significant SOP revisions, and 8 recommendations to address the vulnerabilities. Examples of some key findings included:

1. The NDB SOP did not allow for sufficient oversight of property during the disposal process.
2. The NDB facility did not have a standardized ATF storage vault on site.
3. The NDB destruction equipment was unable to efficiently destroy typical ATF firearms.
4. Access to the NDB destruction area needed to be further restricted.

Office of Professional Responsibility and Security Operations Assessment

The ATF Office of Professional Responsibility and Security Operations (OPRSO) security assessment was completed in March 2019 at the request of the ATF Deputy Director immediately after the firearm thefts

¹ All ATF offices, except for the Guam Field Office, are required to use NDB for the disposal of all firearms.

² The OIG conducted the investigation jointly with the ATF and the Department of Homeland Security (DHS) OIG.

were discovered. This assessment evaluated NDB's security practices to identify existing vulnerabilities and potential threats and evaluated the need for improved security measures that would further mitigate risks. The assessment identified 15 security vulnerabilities with corresponding recommendations to mitigate the risks, including an associated cost estimate totaling approximately \$625,000 to implement all recommendations. Key findings included:

1. Cameras, card readers, and storage vault alarms needed to be added in the NDB warehouse.
2. The ATF did not have procurement, background investigation, or adjudicative authority, or supervisory or managerial responsibility, over the security guards stationed at the facility, and could only make recommendations to the FPS on security posts and practices, which limited its ability to ensure guards meet security metrics.
3. The facility's external surveillance camera network needed to be upgraded.

OIG Investigation

In November 2021, the DOJ OIG released a summary of its investigation of the NDB thefts, conducted jointly with the ATF and the Department of Homeland Security (DHS) OIG. The investigation found several vulnerabilities at NDB that enabled the thefts to occur undetected and without the assistance of others.³ Most notably, the investigation found:

1. The FPS contract security guard was granted unrestricted access to NDB facilities and firearm storage areas, including during night and weekend shifts when NDB employees were not present.
2. NDB employees disassembled the firearms prior to destruction and only the firearm frames were destroyed – the remaining intact parts were placed directly into the unsecured scrap bins along with the destroyed frames.⁴
3. During one period when the destruction machinery was not operational, intact weapons awaiting destruction remained for days in unsecured boxes and unlocked containers at the NDB.

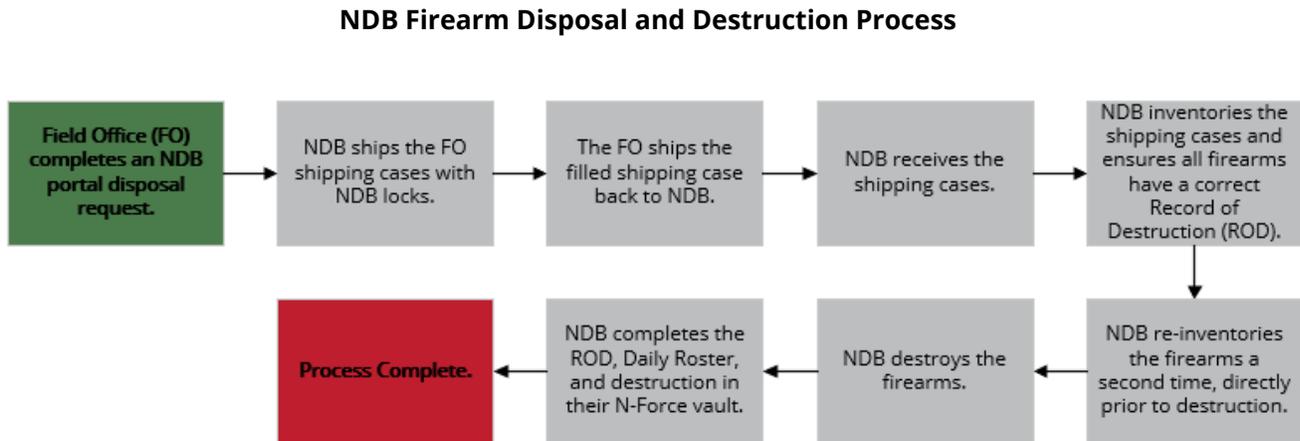
³ DOJ-OIG, [Investigative Findings Related to the Theft of Firearms, Firearms Parts, and Ammunition from the Alcohol, Tobacco, Firearms and Explosives' National Firearms Destruction Facility](https://www.oig.justice.gov/reports/investigative-findings-related-theft-firearms-firearms-parts-and-ammunition-alcohol-tobacco) Investigative Summary 22-004 (November 2021), www.oig.justice.gov/reports/investigative-findings-related-theft-firearms-firearms-parts-and-ammunition-alcohol-tobacco.

⁴ The Gun Control Act stipulates that a firearm frame should be considered a functional firearm.

NDB Firearm Disposal and Destruction Process

Beginning in September 2019 the NDB has made several revisions to its disposal procedures. Figure 1 reflects the NDB's firearm disposal process as of January 2022.

Figure 1



Source: OIG

Destruction Requests and Shipments

Firearms slated for disposal are documented and approved using a Report of Destruction (ROD). With an approved ROD, ATF and other DOJ field offices submit a request to destroy firearms through the NDB's online portal, providing pertinent information such as the quantity, type, and length of firearms to be destroyed. Upon receipt of the online request, the NDB ships appropriately sized shipping containers to the requesting field office that includes a return shipping label and two keyed padlocks for which NDB maintains the only keys. Field offices are instructed to place firearms slated for disposal in the case with an approved ROD for each item, lock the case with both padlocks, affix the shipping label to the outside of the case, and ship the case back to the NDB on the scheduled date which is set by the NDB. According to the NDB Chief, firearm deliveries at the NDB facility are intentionally scheduled to limit the time period during which the firearms are outside of ATF custody. Additionally, NDB schedules its deliveries to ensure it can destroy all firearms the same day they are delivered. In instances when deliveries are made too late in the workday or when the NDB does not have adequate staff on site to facilitate the destruction process, firearms are kept locked in their shipping container and secured overnight in a temporary storage vault until they can be properly inventoried and destroyed.

Firearm Processing and Inventory

Deliveries at the facility are accepted by NDB staff and each case is checked off a delivery manifest prepared in advance by the NDB to ensure that it receives all expected cases. Two NDB staff, one of which must be an ATF Special Agent, and another Special Agent or a Seized Property Investigator open each case inside the NDB's processing vault and inventory the contents by matching each firearm's make, model, and serial number or property ID number against its ROD. Any discrepancies are noted on the ROD and reconciled with the appropriate field office prior to destroying the firearm. In the event that a firearm is missing from

the shipping case, or is not accompanied by an approved ROD, NDB staff re-lock the case, including all other firearms that were originally inside it, and place it in a temporary storage vault until the issue is corrected. If an issue is not corrected within 5 business days, the entire case is shipped back to the field office. If all firearms are accounted for, they are placed on a numbered rolling cart and kept inside the vault until all delivered cases have been opened and inventoried. Immediately prior to performing the destruction, all loaded carts are wheeled into the area of the warehouse where the destruction machinery is kept and inventoried a second time by at least two NDB staff –an ATF Special Agent and an ATF Industry Operations Investigator, acting as a disinterested party.

Destruction

Once all firearms are accounted for and verified against their approved ROD, NDB Special Agents and vetted contractors place them into one of four industrial destruction machines that cut, shred, or pulverize the firearms until they are fully destroyed and unusable. NDB Special Agents consider the size and composition of each firearm to determine which machine will be used to destroy it, and occasionally use multiple machines or run firearms through a machine more than once before the NDB Special Agent deems them fully destroyed. Figure 2 depicts the destruction machinery the NDB uses to destroy firearms.

Figure 2

NDB Destruction Machinery



Source: OIG

All firearm scraps are fed or placed into a tear-proof bag at which point NDB considers the scraps to be garbage and no longer accountable property. When the bags are full, they are sealed with metal strapping and stored on shelves in the NDB facility. Once the NDB accumulates several full bags, they are loaded into NDB's box truck and two NDB employees drive it to a nearby metal scrap yard for final disposal.

Administrative Procedures

Once all firearms have been destroyed for the day, each ROD receives two stamps, one with the date and another certifying that disposal has been completed. Each NDB employee who participated in the destruction process signs a daily roster, indicating which roles they performed during the two inventories and what machinery they operated or were stationed at. All completed RODs are then uploaded to the DOJ Consolidated Asset Tracking System (CATS) and are used to record final disposal of each firearm in N-Force (the ATF's case management system) and CATS.

Disposal of ATF-owned Firearms

The destruction process is similar for ATF-owned firearms, except for the documentation requirements. Excess ATF-owned firearms approved for disposal are documented using an ATF "Property Transfer/Disposal Record" form and are not shipped to the NDB, but hand delivered by the ATF's Firearms and Ammunition Technology Division (FATD) in an adjacent building on the same site in Martinsburg. According to an NDB official, FATD records final disposals in the ATF's accountable property management system.

OIG Audit Approach

Considering the firearm thefts and subsequent investigation and internal reviews, we conducted this audit to evaluate the actions taken by the NDB to mitigate the risk of thefts occurring in the future. Our objectives were to: (1) assess the adequacy of the ATF's controls over firearms approved for disposal, and (2) evaluate the ATF's processes for ensuring all firearms sent to its disposal facility are ultimately destroyed. Our audit focused on efforts by the NDB to improve its operational and security practices for firearm disposals from March 2019 through April 2022.

We conducted an on-site inspection of the NDB facility in January 2022 where we observed the NDB's practices in the scheduling, shipping, delivery, intake processing, storage, accountability, documentation, and destruction of firearms received and handled by staff at its facility. We interviewed several ATF officials, including the Chief and Deputy Chief of the ATF's Asset Forfeiture and Seized Property Division, the NDB Acting Branch Chief, and the NDB Acting Program Manager. We also reviewed ATF policies regarding the proper handling of seized property and the NDB's SOP. Furthermore, in order to validate the testimony of ATF officials and confirm our on-site observations, we viewed nearly 3 months' worth of NDB surveillance video from November 2, 2021, through January 25, 2022. Finally, we examined a judgmental sample of completed RODs to ensure the NDB accurately documented firearm disposals and recorded the status of destroyed firearms in N-Force (the ATF's case management system) and the DOJ Consolidated Asset Tracking System (CATS). Appendix 1 contains further details on our audit objectives, scope, and methodology.

Audit Results

The ATF has implemented several new control procedures to reduce the risk of firearm thefts reoccurring at the NDB facility. Disposal scheduling practices in place at the NDB should also ensure that all firearms sent to the facility for disposal are destroyed in a timely manner. However, the ATF has not implemented all improvements to NDB operations recommended over 3 years ago. Additionally, NDB employees do not consistently comply with its procedures for facility and vault access. We also identified several ATF policies regarding firearm storage and evidence tracking with which the NDB is not in compliance, and other areas where NDB controls could be further improved. Finally, we found blind spots in the ATF's network of surveillance cameras installed at the NDB facility that would enable an individual to conceal illicit activity.

The ATF Has Implemented New Safeguards but Some Recommended Improvements Remain Outstanding

As previously stated, the NDB Working Group made eight recommendations after its March 2019 inspection to improve accountability and oversight of the NDB, including 12 recommended significant revisions to NDB's SOP. While we found that the ATF has fully or partially implemented six recommended improvements that significantly reduce the risk of firearms being stolen from the NDB facility without detection, some Working Group recommendations remain outstanding.

Improvements Made to Prevent Theft

Based on the NDB Working Group findings and recommendations, the ATF made the following improvements at the NDB facility to reduce the risk of future thefts:

1. Removed NDB building access from all FPS security guards, who must now be escorted while on the premises.
2. Dedicated the entire building to NDB operations, which it had previously shared with the ATF's FATD.
3. Purchased improved destruction machinery allowing NDB to destroy whole firearms in a single process and without requiring disassembly.
4. Updated the NDB SOP to align with recommended improvements from the Working Group and document new disposal practices.
5. Non-NDB personnel conducted a monitoring inspection of NDB operations in May 2021.

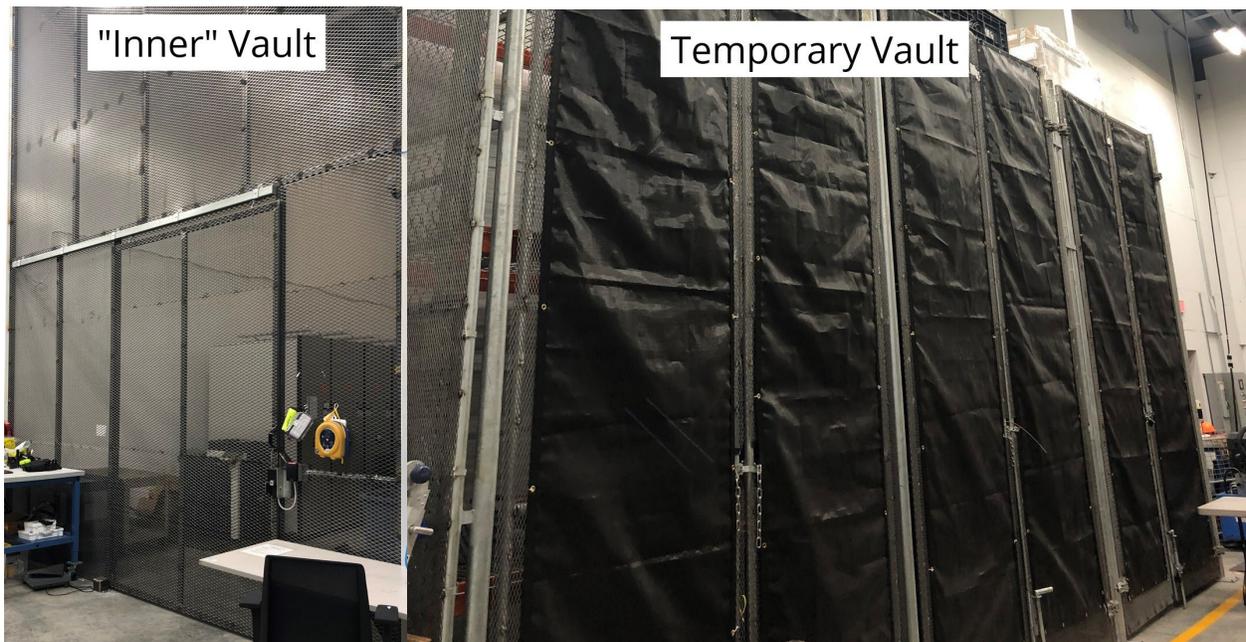
Firearm Storage Vaults

The Working Group recommended that NDB install two "inner" vault spaces – one to store incoming firearms that need to be checked into NDB's vault, and another for long-term storage of non-ATF firearms

being held by the NDB pursuant to a Memorandum of Understanding (MOU) with another DOJ entity.⁵ ATF Order 1720.1F, "Physical Security Program," outlines the configuration requirements for firearm and evidence storage, the first of which requires the walls of such a space to extend from the floor the ceiling. During our site visit, we found that NDB constructed two secure spaces within the NDB facility for processing, inventory, and storage of firearms, which are depicted in Figure 3. However, only one of the spaces meets ATF's requirements for firearm and evidence storage and can be considered an "inner" vault. The second space consists of a metal cage housing industrial shelving and is only suitable for storing items temporarily, according to ATF policy defining "outer" vault storage spaces. Despite its qualification as a temporary storage area, we observed NDB using this temporary "outer" vault space for long-term storage of evidence. As of April 2022, the NDB has moved some, but not all, of its long-term storage items from the temporary cage into the more secure "inner" vault, as required.

Figure 3

NDB Vault Spaces



Source: OIG

Remaining Recommendations

We found that the ATF still has not implemented two of the NDB Working Group recommendations. The remaining recommendations pertain to NDB staffing and storage of items unrelated to the NDB mission.

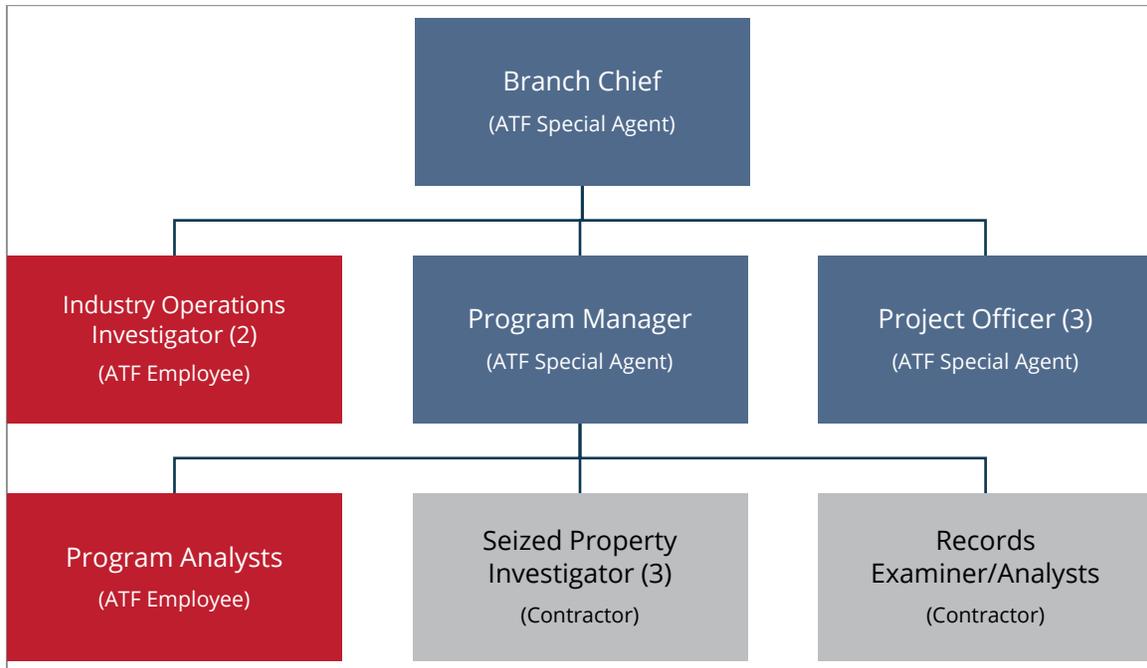
⁵ Pursuant to Memoranda of Understanding, the ATF has been delegated as a substitute custodian for firearms seized by other Department law enforcement agencies. As of April 2022, the NDB is in custody of several of these firearms, which are kept in long-term storage until they are slated for destruction.

Staffing

The NDB Working Group recommended that the NDB establish a personnel structure consisting of certain staffing levels to ensure it completes its mission, as shown in Figure 4.

Figure 4

Recommended NDB Personnel Structure and Recommended Staffing Levels



Source: OIG

As of March 2022, the NDB was staffed by three ATF Special Agents, two other full-time ATF employees, and five contractors. The positions identified in Figure 4 have been filled by at least one ATF employee or contractor, however, not all positions have a permanent employee in place. In addition to their roles as Project Officers, two of the three Special Agents also serve as the Acting Branch Chief and Acting Program Manager, respectively. Additionally, during our visit to the NDB in January 2022, the NDB employed a fourth ATF Special Agent who served as a Project Officer on a temporary basis. According to the prior staffing recommendation, the NDB still needs two Special Agent Project Officers, one Industry Operations Investigator, and one Seized Property Investigator to fully implement the NDB Working Group recommendation. While we do not have concerns with the NDB's ability to adequately complete its mission with the current staffing levels, filling the vacant positions could: (1) ensure the NDB maintains adequate separation of duties in the destruction process; and (2) prevent work stoppages that may occur if key staff members are out of the office or otherwise unavailable to assist in the destruction process. Therefore, we recommend the ATF implement the necessary staffing changes recommended by the NDB Working Group.

Storage of ATF Evidence at NDB

The NDB Working Group recommended that items housed within the NDB facility should only be related to the NDB mission such as items for destruction and non-ATF items housed in the facility pursuant to the previously mentioned MOUs with other Department law enforcement agencies. During our site visit, we found the NDB was storing ATF evidence that is not directly related to its mission in and on top of its temporary vault. Specifically, NDB officials stated that the ATF evidence being stored at the facility is from the ATF's "Operation Fast and Furious" firearms trafficking investigation and are not firearms slated for disposal. Additionally, according to an NDB official, these items are not subject to the same annual inventory requirements as the other items stored at the facility and are only required to be inventoried every few years instead of annually. Since these items are not directly related to the NDB mission, and are not inventoried annually, housing them at the NDB facility puts them at unnecessary risk in the event of a security breach. Therefore, we recommend the ATF implement the NDB Working Group recommendation to remove all items held for storage at the NDB facility that are unrelated to the NDB mission, including evidence from the ATF's Operation Fast and Furious firearms trafficking investigation.

NDB Staff Should More Consistently Comply with Established Operating Procedures

We found that NDB staff does not consistently adhere to established operating procedures in place to mitigate the risk of firearms being lost or stolen. Specifically, we observed, in the NDB facility surveillance footage, staff occasionally circumventing controls pertaining to facility and vault access solely for the sake of convenience.

Employee and Visitor Access Controls

The NDB SOP requires employees to use their PIV cards to access certain areas of the facility. This control not only prevents unauthorized entry but enables the ATF and the NDB to monitor when certain access points are being used and by whom. The door between the NDB office space and the loading bay utilizes a PIV card reader to ensure only approved personnel can enter the NDB warehouse. In addition, the door between the loading bay and the destruction area utilizes a PIV card reader to ensure only approved personnel can access the firearm storage vaults and destruction machines. This access point is adjacent to a roll-up door that is opened most often to move deliveries into the secure processing area. We found that NDB employees often leave this roll-up door open during business hours allowing unrestricted and unmonitored access into a secure area of the facility housing both NDB storage vaults. Of particular concern, we discovered several instances when this door remained open while firearms were being processed, inventoried, and destroyed. Another area of the NDB facility requiring PIV card access is the interior door between the main entrance and the NDB office space. We found that NDB personnel routinely prop this door open throughout the workday and in some instances left it propped open overnight. The NDB SOP requires exterior doors to remain closed except when shipping or receiving deliveries. In our judgement, this requirement should also pertain to all secure interior doors and access points. Allowing these access points to remain open not only undermines the NDB's security protocol but unnecessarily places firearms in NDB custody at risk of loss or theft. Therefore, we recommend the ATF revise the NDB SOP to require that all interior and exterior doors equipped with PIV card readers, and both roll-up doors, remain closed except when actively moving bulky items between the loading bay and processing areas of the facility.

All visitors to the NDB facility are required to enter and exit through the main entrance and sign a visitor logbook upon entry. However, we observed visitors occasionally being granted access through the delivery bay door. Additionally, visitors did not always sign the visitor logbook upon entry. We also witnessed in the surveillance footage several incidents of the door in the rear of the building being propped open and used by maintenance contractors working in the NDB facility as an entrance and exit. The NDB SOP also requires firearms in NDB custody to be secured in the vault while visitors are present. Despite this, we found that federal law enforcement personnel delivering firearms to the NDB for destruction were occasionally allowed to drive their vehicles into the NDB facility to unload the firearms and enter the evidence vaults and destruction areas to witness NDB staff process and destroy the firearms. Although the surveillance footage showed that visitors were regularly escorted or monitored by NDB staff while on site, it is critical for NDB staff to ensure that all facility security measures are enforced at all times, not simply when it is convenient. Therefore, we recommend that the ATF ensure that all NDB employees comply with the NDB SOP related to proper facility access controls.

Vault Access Controls

Pursuant to the NDB SOP, only designated NDB vault custodians are permitted to enter and remove items from the NDB's secure storage vaults. The NDB Acting Branch Chief has formally designated the Acting Program Manager, one Project Officer, and its Seized Property Technician as the NDB's vault custodians. However, we observed two NDB employees – one ATF employee and one contract employee, neither of whom are designated vault custodians – opening the temporary storage vault. When designated as a vault custodian, the NDB has evaluated the qualifications and suitability of these individuals and provided them with the necessary guidance and training to ensure they are aware of their duties and responsibilities. As such, these designated vault custodians should be the only NDB employees accessing either vault space. Granting unauthorized individuals access to the vault storage spaces places the items held within them at increased risk of improper storage, handling, tracking, loss, or theft. Therefore, we recommend that the ATF require the NDB to change the combination of its temporary vaults and restrict access to designated vault custodians in accordance with the NDB SOP.

Implementing Additional Safeguards Will Further Mitigate the Risk of Lost or Stolen Firearms

In addition to the NDB SOP, ATF Order 3400.1E, "Property Taken into Bureau Custody," prescribes basic procedures governing the handling of seized evidence while in ATF custody. While the NDB has implemented improved controls over firearms at its facility, we found certain overarching ATF policies that were not being followed at NDB and are not included in the current NDB SOP. We believe that the NDB's adherence to these overarching ATF policies would further mitigate the risk of firearms in NDB custody being lost or stolen without detection.

Firearm Storage Policies

ATF policy requires that all evidence in ATF custody be stored in a vault or other secure facility. We found that the NDB stored firearms in its custody, including evidence from the ATF's "Operation Fast and Furious" investigation, on top of its temporary vault, despite having space for the items inside the vault, as shown in Figure 5. While these firearms were secured in shipping cases, the cases could be accessed by an individual using one of the ladders kept in the same area of the facility. Additionally, NDB occasionally receives bulk

deliveries of firearms stored in large shipping containers. Instead of adjusting the shelving to accommodate the largest cases or repackaging them into smaller cases, NDB staff placed them on top of the vault.

Figure 5

Improper Vault Storage



Source: NDB Surveillance Video and OIG.

Occasionally, firearms are mistakenly sent to the NDB and must be shipped back to the field office. When this occurs, an NDB employee packages the item in a shipping case, locks it with padlocks, and holds it in the facility until it is picked up. However, we found that often these cases were kept in the loading bay with other outgoing shipments instead of inside an NDB vault. We also noted that the area of the loading bay where outgoing shipments are held is not covered by surveillance cameras and would not allow security to detect if a case went missing. Not only do these instances of improper storage demonstrate NDB's noncompliance with ATF policy, they also place the items at greater risk of loss or theft. Therefore, we recommend that the ATF ensure that all firearms are stored inside an NDB vault while in NDB custody, in accordance with ATF policy.

NDB Employee Access to Firearms

Firearms in NDB custody are at greatest risk of theft at two points in the disposal process: First, when they are removed from the shipping cases and placed onto rolling carts, and second, after the loaded carts are wheeled into the destruction area where the firearms are inventoried and destroyed. In the surveillance footage, we witnessed certain NDB employees entering the secure areas of the facility and handling firearms during these times without a clear need to do so. ATF policy states that access to the evidence storage facility must be limited to a need-only basis. In addition, the NDB SOP defines the roles for all its employees, specifying who is responsible for participating in the handling of firearms during the destruction process. As the defined roles for NDB Program Analysts, Seized Property Technicians, and Records

Examiner/Analysts do not include handling firearms during processing, inventory, and disposal, individuals holding such positions do not have a valid need to enter the secure areas of the facility while firearms are out in the open and accessible to passing employees. Further restricting access to secure areas of the NDB facility during these times will also mitigate the risk of firearms being stolen. This issue was also a finding in the NDB Working Group inspection report, which stated that access to the NDB destruction area needs to be restricted to Special Agents, Seized Property Investigators, and Industry Operations Investigators. Therefore, we recommend that the ATF prohibit Program Analysts, Seized Property Technicians, Records Examiner/Analysts, and all non-NDB personnel, from entering the secure areas of the facility while firearms are actively being processed, inventoried, and destroyed.

Evidence Tracking Logs

ATF policy requires all vault custodians to use a vault visitor's entry log, specifying that it must be a permanent bound ledger with pre-printed, sequentially numbered pages that reflect the date, time in, time out, identity of all persons entering the vault and purpose of the entry, as well as the investigation number and specific items of evidence moved. We found that the NDB only maintains a log for long term evidence storage and does not use the log to track the movement of evidence stored in the vault temporarily. In our judgment, using the vault visitor's entry log to record the movement of all evidence stored in the NDB vault, including items stored temporarily, not only complies with ATF policy, but enables the NDB to detect the loss or theft of evidence and ensure the NDB is aware of all evidence in its custody. In addition, while the NDB SOP states that the vault visitor's entry log must be stored inside the secured processing area of the facility, the SOP does not align with ATF policy by providing guidance on how the log is to be used and what information should be recorded within it. Therefore, we recommend that ATF revise the NDB SOP to require movement of all evidence stored in the NDB vaults, including firearms held temporarily, to be tracked in a vault visitor's entry log in accordance with overarching ATF policy.

NDB Padlock Keys

As previously stated, all shipping cases sent back to the NDB are secured with padlocks to which the NDB maintains the only keys. This control helps ensure that the NDB is the only entity that can open the cases once they are locked. As such, it is critical that the NDB properly safeguards and strictly controls access to its padlock keys. At the time of our site visit, ATF secured its padlock keys in a box within its temporary vault and kept a key inventory and a log of keys checked out to individual NDB employees. We noted, however, that these controls have not been formally documented in NDB's SOP. Additionally, we discovered that NDB employees had not properly updated the key log when removing keys from the vault, as they were unable to immediately produce all padlock keys when we asked, making it clear that they were not consistently using the key log. NDB was eventually able to locate all of the padlock keys, one of which was located outside of the secure area of the facility. These practices increase the risk that the keys could be lost, stolen, replicated, or used by unauthorized individuals. As a result of our audit, the NDB updated the key log with the current whereabouts of all padlock keys, purchased a key rack, and installed it within its processing vault allowing NDB staff to easily see that all keys are present and properly secured. However, NDB should formalize these processes in its SOP, ensure all staff are aware of the storage and key log requirements, and conduct regular checks to ensure all keys are properly accounted for in the key log. Doing so will ensure the NDB always knows the whereabouts of its padlock keys. Therefore, we recommend that the ATF revise the NDB SOP to formally establish controls over all padlock keys, ensuring all keys are properly secured and that all keys are accounted for in the key log.

NDB Surveillance Camera Coverage Could Be Improved

After completing its physical security assessment of the NDB facility in March 2019, three of ATF OPRSO's recommendations were to improve current, or install additional, surveillance cameras in and around the building. ATF installed 7 additional cameras for a total of 13 cameras that monitor the interior and exterior of the NDB facility 24 hours per day. However, we identified blind spots in the NDB's surveillance camera coverage that could be exploited by an individual seeking to conceal illicit activity. The OIG provided the ATF details on the identified blind spots.

We also found that the low resolution of some of the surveillance video does not allow the viewer to identify individuals or discern activities conducted within certain secure areas of the facility. In addition, we found that 1 of the 13 cameras covering the facility was not functioning. This issue went unnoticed until we pointed it out to the ATF's Physical Security Programs Branch. Finally, the ATF sent us footage for two more cameras that it presumed were of the NDB facility, but the video only displayed the message "Video Loss" for all the video footage we reviewed from November 2, 2021, through January 25, 2022. An official from the Physical Security Programs Branch was unable to explain where these cameras are located, what areas they are supposed to cover, or why the "Video Loss" message was displayed. Complete and adequate surveillance camera coverage is an important tool that the ATF can utilize to prevent and detect unauthorized access, employee misconduct, and potential firearm thefts. Therefore, we recommend that the ATF ensure that all interior and exterior cameras installed at the NDB facility are operational, assess the risk posed by blind spots and low video resolution, and make improvements to address those risks.

Conclusion and Recommendations

While the ATF has taken several steps to improve operations at the NDB, more could be done to ensure firearms are properly secured and safeguarded from loss and theft. Specifically, the ATF needs to implement the two remaining recommendations for improved operations from a 2019 inspection of the NDB facility that found that the NDB: (1) needs additional staffing, and (2) is storing items that do not pertain to its mission. We also found that NDB staff need to be reminded to comply with security procedures related to employee, visitor, and vault access to ensure the secure areas of the facility remain accessible only to authorized individuals with a valid need. Furthermore, we found that additional security measures and improved surveillance camera coverage are necessary at the NDB facility to not only address control weaknesses and improve safeguards over firearms, but to ensure compliance with ATF policies. Based on our findings, we make 10 recommendations to improve the ATF's firearm disposal practices at the NDB.

We recommend that the ATF:

1. Implement the necessary staffing changes recommended by the NDB Working Group.
2. Implement the NDB Working Group recommendation to remove all items held for storage at the NDB facility that are unrelated to the NDB mission, including evidence from the ATF's Operation Fast and Furious firearms trafficking investigation.
3. Revise the NDB SOP to require that all interior and exterior doors equipped with PIV card readers, and both roll-up doors, remain closed except when actively moving bulky items between the loading bay and processing areas of the facility.
4. Ensure that all NDB employees comply with the NDB SOP related to proper facility access controls.
5. Require the NDB to change the combination of its temporary vaults and restrict access to designated vault custodians in accordance with the NDB SOP.
6. Ensure that all firearms are stored inside an NDB vault while in NDB custody, in accordance with ATF policy.
7. Prohibit Program Analysts, Seized Property Technicians, Records Examiner/Analysts, and all non-NDB personnel, from entering the secure areas of the facility while firearms are actively being processed, inventoried, and destroyed.
8. Revise the NDB SOP to require movement of all evidence stored in the NDB vaults, including firearms held temporarily, to be tracked in a vault visitor's entry log in accordance with overarching ATF policy.

9. Revise the NDB SOP to formally establish controls over all padlock keys, ensuring all keys are properly secured and that all keys are accounted for in the key log.
10. Ensure that all interior and exterior cameras installed at the NDB facility are operational, assess the risk posed by blind spots and low video resolution, and make improvements to address those risks.

APPENDIX 1: Objectives, Scope, and Methodology

Objectives

The objectives of the audit were to: (1) assess the adequacy of the ATF's controls over firearms approved for disposal and (2) evaluate the ATF's processes for ensuring all firearms sent to its disposal facility are ultimately destroyed.

Scope and Methodology

Our audit covers the ATF's firearm disposal practices at the NDB from March 2019 through April 2022. To accomplish our objectives, we visited the NDB facility to observe the firearm disposal process and the physical controls and safeguards over firearms received, handled, stored, and destroyed by the NDB. We interviewed ATF personnel, including officials from the NDB and the Asset Forfeiture and Seized Property Division. We evaluated actions taken by the ATF in the wake of the firearm thefts that occurred at the NDB. We also reviewed ATF policies and procedures related to firearm disposal and examined completed Reports of Destruction (RODs) to ensure they adhered to policy requirements and were recorded in the ATF case management system and DOJ asset tracking system. Finally, we viewed NDB surveillance video recorded from November 2, 2021, through January 25, 2022, in order to validate the testimony of ATF officials and confirm our on-site observations.

Statement on Compliance with Generally Accepted Government Auditing Standards

We conducted this performance audit in compliance 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 objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objectives. We did not evaluate the internal controls of the 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 the ATF's internal control structure as a whole, we offer this statement solely for the information and use of the ATF.⁶

In planning and performing our audit, we identified internal control components and underlying internal control principles as significant to the audit objective. Specifically, we assessed the design, implementation, and operational effectiveness of ATF's written policies and process controls pertaining to the NDB's firearm disposal practices. The internal control deficiencies we identified are discussed in the Audit Results section of this report. However, because our review was limited to those internal control components and

⁶ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

underlying principles that we found to be significant to the objectives of this audit, it may not disclose all internal control deficiencies that may have existed at the time of this audit.

Sample-Based Testing

To accomplish our audit objective, we performed sample-based testing to determine if firearm disposals were properly documented in an approved ROD, and if those destructions were subsequently recorded in the appropriate ATF and DOJ case management system. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the areas we reviewed. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

Computer-Processed Data

During our audit, we obtained information from N-Force and the Consolidated Assets Tracking System – the ATF and DOJ's respective case management and asset tracking systems. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems were verified with documentation from other sources.

APPENDIX 2: The ATF's Response to the Draft Audit Report



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives

Assistant Director

Washington, DC 20226

www.atf.gov

400000:MTD
8310

MEMORANDUM TO: Inspector General
U.S. Department of Justice

FROM: Assistant Director (Management)/CFO

SUBJECT: Audit of the Bureau of Alcohol, Tobacco, Firearms and
Explosives' Firearms Disposal Practices

This memorandum responds to the Office of Inspector General's (OIG) report titled "Audit of the Bureau of Alcohol, Tobacco, Firearms and Explosives' Firearms Disposal Practices." We welcome the OIG's comments and appreciate the opportunity to respond.

Recommendation 1: Implement the necessary staffing changes recommended by the National Destruction Branch (NDB) Working Group.

ATF concurs with this recommendation. ATF will be working within the constraints set out by the current Office of Personnel Management (OPM) audit to implement the staffing changes recommended by the NDB working group.

Recommendation 2. Implement the NDB Working Group recommendation to remove all items held for storage at the NDB facility that are unrelated to the NDB mission, including evidence from the ATF's Operation Fast and Furious firearms trafficking investigation.

ATF concurs with this recommendation. We have confirmed that all criminal investigations, internal Department of Justice reviews, and civil suits relating to Operation Fast and Furious have been concluded. As such, stored evidence from that investigation need not be preserved for judicial or Departmental purposes. Following notice to relevant Congressional committees,

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ATF will destroy all weapons and ammunition held in relation to that case and work within the confines of federal regulations to dispose of any additional evidence being held. Additionally, ATF will work within the parameters of its Memoranda of Understanding with its customer agencies to return or destroy the firearms that are currently held in the NDB facility for those agencies.

Recommendation 3: Revise the NDB Standard Operating Procedure (SOP) to require that all interior and exterior doors equipped with PIV card readers, and both roll-up doors, remain closed except when actively moving bulky items between the loading bay and processing areas of the facility.

ATF concurs with this recommendation. ATF will update the NDB SOP to require that all interior and exterior doors be closed during processing and destruction except when actively moving bulky items between the loading bay and processing areas of the facility.

Additionally, NDB has implemented serialized door seals to the secured processing/destruction area. Seals are logged daily and will indicate unauthorized access independent of camera coverage.

Recommendation 4: Ensure that all NDB employees comply with the NDB SOP related to proper facility access controls.

ATF concurs with this recommendation. NDB management will conduct quarterly training to reinforce the policies and procedures as it relates to access controls.

Recommendation 5: Require the NDB to change the combination of its temporary vaults and restrict access to designated vault custodians in accordance with the NDB SOP.

ATF concurs with this recommendation. ATF will replace the combination locks with special chipped keys and locks (both door and padlock) which will further restrict access to the outer vaults and log each use of a key to open any outer vault storage area.

ATF will also revise its SOP to clarify that only vault custodians will have unescorted access to the inner vault and that only Special Agents will have unescorted access to the outer vault.

Recommendation 6: Ensure that all firearms are stored inside an NDB vault while in NDB custody, in accordance with ATF policy.

ATF concurs with this recommendation. ATF will revise its NDB SOP to be consistent with ATF O 3400.1E and require that firearms always be in the inner or outer vault.

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Recommendation 7: Prohibit Program Analysts, Seized Property Technicians, Records Examiner/Analysts, and all non-NDB personnel, from entering the secure areas of the facility while firearms are actively being processed, inventoried, and destroyed.

ATF concurs with this recommendation. ATF will revise the NDB SOP to clarify that Program Analysts, Seized Property Technicians and Records Examiner/Analysts will not have access to the secure areas of the facility while firearms are actively being processed, inventoried, and destroyed.

Recommendation 8: Revise the NDB SOP to require movement of all evidence stored in the NDB vaults, including firearms held temporarily, to be tracked in a vault visitor's entry log in accordance with overarching ATF policy.

ATF concurs with this recommendation. ATF will revise ATF O 3400.1E to require that movement of all evidence in and out of the inner vault will be tracked in the vault visitor's entry log.

Recommendation 9: Revise the NDB SOP to formally establish controls over all padlock keys, ensuring all keys are properly secured and that all keys are accounted for in the key log.

ATF concurs with this recommendation. ATF will replace the combination locks with special chipped keys and locks (both door and padlock) which will further restrict access to the outer vaults and log each use of a key to open any outer vault storage area.

ATF will also revise the NDB SOP to document the process of using and monitoring the padlock key controls.

Recommendation 10: Ensure that all interior and exterior cameras installed at the NDB facility are operational, assess the risk posed by blind spots and low video resolution, and make improvements to address those risks.

ATF concurs with this recommendation.

The camera identified by OIG as inoperable was damaged during construction work inside the NDB and will require repairs by a contractor. The contractor's assessment is due by September 2, 2022, and the repairs will be completed by October 28, 2022. ATF has and will continue to conduct operability checks of security equipment on a regular basis. We do not believe that the failure of a single camera under non-routine circumstances (construction) is reflective of ATF's commitment to continued maintenance and facility protection.

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To provide more comprehensive interior coverage, ATF will install three additional cameras within NDB. We expect to receive an assessment from the contractor by September 2, 2022, with the installation complete no later than March 3, 2023.

OIG also expressed concerns over the video resolution of our existing cameras. The installed high-definition cameras operate at the highest resolution available (1080p) with the current analog connection. Even with the analog connection, the resolution suffices for security and protection purposes. Nevertheless, ATF will conduct market research to identify options for higher quality Internet Protocol (IP) cameras. We plan to complete the market research no later than September 30, 2022, with a goal of contract approval, award, and completion no later than December 29, 2023.

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

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Francis H. Frandé

APPENDIX 3: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Report

The OIG provided a draft of this audit report to the ATF. The ATF's response is incorporated as Appendix 2 of this final report. In response to our draft audit report, the ATF concurred with our recommendations and discussed the actions it will implement in response to our findings. As a result, the audit report is resolved. The following provides the OIG analysis of the response and summary of actions necessary to close the report.

Recommendations for the ATF:

1. Implement the necessary staffing changes recommended by the NDB Working Group.

Resolved. The ATF concurred with our recommendation. The ATF stated in its response that it will be working within the constraints set out by the current Office of Personnel Management (OPM) audit to implement the staffing changes recommended by the NDB working group. As a result, this recommendation is resolved.

This recommendation can be closed when we receive documentation that the NDB has achieved the staffing levels recommended by the NDB Working Group.

2. Implement the NDB Working Group recommendation to remove all items held for storage at the NDB facility that are unrelated to the NDB mission, including evidence from the ATF's Operation Fast and Furious firearms trafficking investigation.

Resolved. The ATF concurred with our recommendation. The ATF stated in its response that it has confirmed that all criminal investigations, internal DOJ reviews, and civil suits relating to Operation Fast and Furious have concluded and that stored evidence from that investigation no longer needs to be preserved. Following notice to relevant congressional committees, the ATF intends to destroy all weapons and ammunition held in relation to that case and work within the confines of federal regulations to dispose of any additional evidence being held. Additionally, the ATF stated that it will work within the parameters of its Memoranda of Understanding with other Department law enforcement agencies to return or destroy the firearms that are currently held in the NDB facility for those agencies. As a result, this recommendation is resolved.

This recommendation can be closed when we receive documentation that all items held for storage at the NDB facility that are unrelated to the NDB mission, including evidence from Operation Fast and Furious, have been destroyed or removed from the facility.

3. Revise the NDB SOP to require that all interior and exterior doors equipped with PIV card readers, and both roll-up doors, remain closed except when actively moving bulky items between the loading bay and processing areas of the facility.

Resolved. The ATF concurred with our recommendation. The ATF stated in its response that it will update the NDB SOP to require that all interior and exterior doors be closed during processing and destruction except when actively moving bulky items between the loading bay and processing areas of the facility. Additionally, the NDB has implemented serialized door seals to the secured

processing/destruction area. Seals are logged daily and will indicate unauthorized access independent of camera coverage. As a result, this recommendation is resolved.

This recommendation can be closed when we receive the updated NDB SOP requiring all interior and exterior doors equipped with PIV card readers and both roll-up doors to remain closed except when actively moving bulky items between the loading bay and processing areas of the facility.

4. Ensure that all NDB employees comply with the NDB SOP related to proper facility access controls.

Resolved. The ATF concurred with our recommendation. The ATF stated in its response that NDB management will conduct quarterly training to reinforce the policies and procedures as it relates to access controls. As a result, this recommendation is resolved.

This recommendation can be closed when we receive documentation that all NDB employees have completed the forthcoming quarterly training reinforcing NDB policies and procedures, including any training aids or presentations given to the employees, and established program steps for the ATF's annual inspection of the NDB facility that include tests of compliance with facility access controls such as reviewing surveillance video or keycard access logs.

5. Require the NDB to change the combination of its temporary vaults and restrict access to designated vault custodians in accordance with the NDB SOP.

Resolved. The ATF concurred with our recommendation. The ATF stated in its response that it will replace the combination locks with special chipped keys and locks (both door and padlock) which will further restrict access to the outer vaults and log each use of a key to open any outer vault storage area. The ATF will also revise its SOP to clarify that only vault custodians will have unescorted access to the inner vault and that only Special Agents will have unescorted access to the outer vault. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that the NDB has installed all chipped keys and locks and revised its SOP clarifying which employees have unescorted access to its vault spaces.

6. Ensure that all firearms are stored inside an NDB vault while in NDB custody, in accordance with ATF policy.

Resolved. The ATF concurred with our recommendation. The ATF stated in its response that it will revise the NDB SOP to be consistent with ATF O 3400.1E and require that firearms always be in the inner or outer vault. As a result, this recommendation is resolved.

This recommendation can be closed when we receive the revised NDB SOP requiring all firearms be stored inside an NDB vault while in NDB custody, and established program steps for the ATF's annual inspection of the NDB facility that include tests of compliance with NDB SOP.

7. Prohibit Program Analysts, Seized Property Technicians, Records Examiner/Analysts, and all non-NDB personnel, from entering the secure areas of the facility while firearms are actively being processed, inventoried, and destroyed.

Resolved. The ATF concurred with our recommendation. The ATF stated in its response that it will revise the NDB SOP to clarify that Program Analysts, Seized Property Technicians and Records Examiner/Analysts will not have access to the secure areas of the facility while firearms are actively being processed, inventoried, and destroyed. As a result, this recommendation is resolved.

This recommendation can be closed when we receive the revised NDB SOP prohibiting the stated individuals from accessing the secure areas of the facility while firearms are actively being processed, inventoried, and destroyed.

8. Revise the NDB SOP to require movement of all evidence stored in the NDB vaults, including firearms held temporarily, to be tracked in a vault visitor's entry log in accordance with overarching ATF policy.

Resolved. The ATF concurred with our recommendation. The ATF stated in its response that it will revise ATF O 3400.1E to specify that the movement of evidence in and out of the inner vault only should be tracked in the vault visitor's entry log. This proposed action does not meet the intent of our recommendation. However, in our judgment, the NDB's planned installation of chipped keys and locks on its outer vaults and further restricting unescorted access to its vault spaces (as discussed in recommendation number 5) should ensure items stored in the NDB's outer vault are adequately safeguarded from loss or theft. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that ATF O 3400.1E has been revised to require the movement of all evidence in and out of the inner vault to be tracked in the vault visitor's entry log, the outer vaults have been equipped with chipped keys and locks, and the NDB SOP has been updated to allow only special agents unescorted access to the outer vault spaces.

9. Revise the NDB SOP to formally establish controls over all padlock keys, ensuring all keys are properly secured and that all keys are accounted for in the key log.

Resolved. The ATF concurred with our recommendation. The ATF stated in its response that it will replace the combination locks with special chipped keys and locks (both door and padlock) which will further restrict access to the outer vaults and log each use of a key to open any outer vault storage area. The ATF will also revise the NDB SOP to document the process of using and monitoring the padlock key controls. As a result, this recommendation is resolved.

This recommendation can be closed when we receive evidence that the NDB SOP has been revised to establish controls over all padlock keys, including those used to access the NDB's vault spaces and shipping containers, ensuring that all keys are properly secured and accounted for in the key log.

10. Ensure that all interior and exterior cameras installed at the NDB facility are operational, assess the risk posed by blind spots and low video resolution, and make improvements to address those risks.

Resolved. The ATF concurred with our recommendation. The ATF stated in its response that the

inoperable camera identified by the OIG was damaged during construction work and will require repairs by a contractor. The ATF stated that it expected to have a contractor assessment by September 2, 2022, and the repairs will be completed by October 28, 2022. The ATF further stated that it has and will continue to conduct operability checks of security equipment on a regular basis. Additionally, to provide more comprehensive interior coverage, the ATF will install three additional cameras within the NDB facility. The ATF stated that it expected to receive an assessment from the contractor by September 2, 2022, with the installation completed no later than March 3, 2023. Furthermore, the ATF stated that the current camera resolution suffices for security and protection purposes at the NDB facility. Nevertheless, the ATF will conduct market research to identify options for higher quality cameras, which it plans to complete no later than September 30, 2022, with a goal of contract approval, award, and completion no later than December 29, 2023. As a result, this recommendation is resolved.

This recommendation can be closed when we receive documentation that the inoperable camera has been repaired, the three new cameras have been installed, all cameras are functioning as expected, and the ATF has completed its market research into options for higher quality cameras and made a decision based on the results of that research demonstrating that the camera resolution issue has been addressed.