DOD EXCESS PROPERTY
Enhanced Controls Needed for Access to Excess Controlled Property

What GAO Found
The Defense Logistics Agency (DLA) has taken some actions and is planning additional actions to address identified weaknesses in its excess controlled property program. However, internal control deficiencies exist for, among other things, ensuring that only eligible applicants are approved to participate in the Law Enforcement Support Office (LESO) program and receive transfers of excess controlled property. DLA is establishing memorandums of understanding with participating federal agencies intended to, among other things, establish general terms and conditions for participation, revise its program application to require additional prospective participant information, and plans to provide additional online training for participating agencies that is expected to begin in late 2017. However, GAO created a fictitious federal agency to conduct independent testing of the LESO program’s internal controls and DLA’s transfer of controlled property to law enforcement agencies.

Through the testing, GAO gained access to the LESO program and obtained over 100 controlled items with an estimated value of $1.2 million, including night-vision goggles, simulated rifles, and simulated pipe bombs, which could be potentially lethal items if modified with commercially available items (see photos).

GAO’s testing identified that DLA has deficiencies in the processes for verification and approval of federal law enforcement agency applications and in the transfer of controlled property, such as DLA personnel not routinely requesting and verifying identification of individuals picking up controlled property or verifying the quantity of approved items prior to transfer. Further, GAO found that DLA has not conducted a fraud risk assessment on the LESO program, including the application process. Without strengthening DLA and LESO program internal controls over the approval and transfer of controlled property to law enforcement agencies, such as reviewing and revising policy or procedures for verifying and approving federal agency applications and enrollment, DLA lacks reasonable assurance that it has the ability to prevent, detect, and respond to potential fraud and minimize associated security risks.

Examples of Controlled Property Items Obtained

Night-vision goggles
Simulated M-16A2 rifle
Pipe Bomb Trainer

Source: GAO photos of DOD excess controlled property items obtained. | GAO-17-532

DLA maintains a public Internet site to address statutory requirements to provide information on all property transfers to law enforcement agencies. DLA’s public Internet site shows all transferred property, and, as of April 2017, in response to GAO’s findings, has included a definition of controlled property to distinguish for the general public what items are considered controlled.