

# GAO Highlights

Highlights of [GAO-17-532](#), a report to congressional committees

## Why GAO Did This Study

Since 1991, DOD has reported transferring more than \$6 billion worth of its excess controlled and non-controlled personal property to more than 8,600 federal, state, and local law enforcement agencies through the LESO program, which is managed by DLA. According to DOD, about 4 to 7 percent of the total excess property transferred is controlled property, which typically involves sensitive equipment and items that cannot be released to the public.

The National Defense Authorization Act of 2016 included a provision that GAO conduct an assessment of DOD's excess property program. This report addresses the extent to which (1) DLA has taken actions to enhance processes, including internal controls, related to its transfers of excess controlled property; and (2) DLA has addressed the statutory requirement to maintain a public Internet site that provides transparency about controlled property transfers and about the recipients of such property. GAO reviewed DOD policies and procedures, interviewed cognizant officials, and conducted independent testing of LESO's application and DLA's transfer process.

## What GAO Recommends

GAO is making four recommendations to DLA, including strengthening internal controls over the approval and transfer of DOD excess controlled property to law enforcement agencies, and conducting a fraud risk assessment to institute comprehensive fraud prevention and mitigation measures. DOD concurred with all four recommendations and highlighted actions to address each one.

View [GAO-17-532](#). For more information, contact Zina Merritt at (202) 512-5257, [merrittz@gao.gov](mailto:merrittz@gao.gov) or Wayne McElrath at (202) 512-2905, [mcelrath@gao.gov](mailto:mcelrath@gao.gov).

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## DOD EXCESS PROPERTY

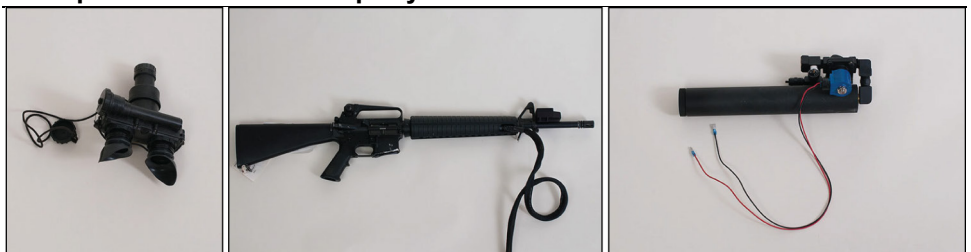
### Enhanced Controls Needed for Access to Excess Controlled Property

## 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 goggle

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.