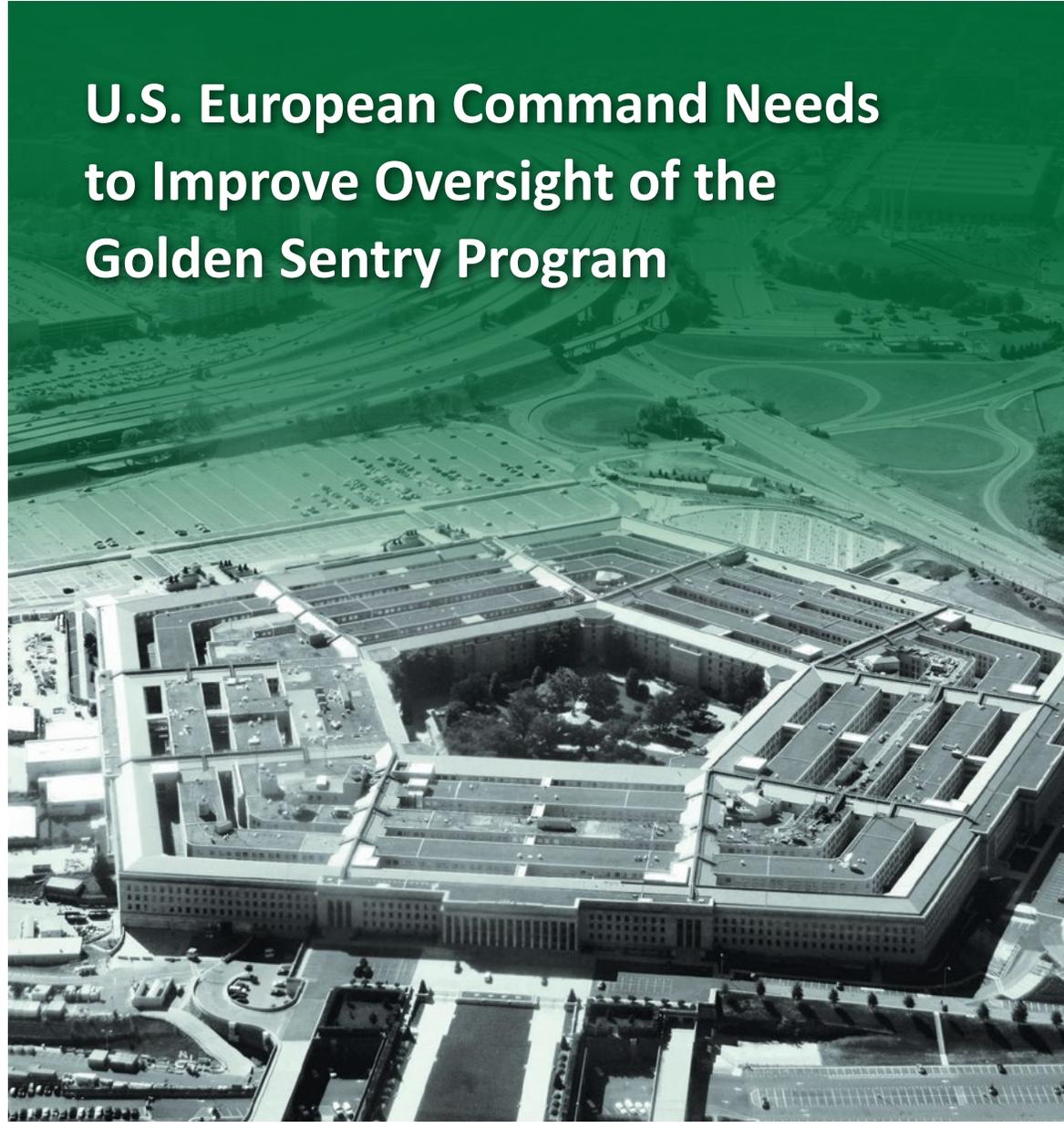


~~FOR OFFICIAL USE ONLY~~

# INSPECTOR GENERAL

*U.S. Department of Defense*

FEBRUARY 17, 2017



## U.S. European Command Needs to Improve Oversight of the Golden Sentry Program

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

The document contains information that may be exempt from mandatory disclosure under the Freedom of Information Act.

~~FOR OFFICIAL USE ONLY~~

INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

## Mission

*Our mission is to provide independent, relevant, and timely oversight of the Department of Defense that supports the warfighter; promotes accountability, integrity, and efficiency; advises the Secretary of Defense and Congress; and informs the public.*

## Vision

*Our vision is to be a model oversight organization in the Federal Government by leading change, speaking truth, and promoting excellence—a diverse organization, working together as one professional team, recognized as leaders in our field.*



Fraud, Waste, & Abuse

**HOTLINE**

Department of Defense

[dodig.mil/hotline](https://dodig.mil/hotline) | 800.424.9098

For more information about whistleblower protection, please see the inside back cover.



# Results in Brief

## *U.S. European Command Needs to Improve Oversight of the Golden Sentry Program*

February 17, 2017

### Objective

We determined whether U.S. European Command (USEUCOM) was effectively conducting enhanced end-use monitoring (EEUM) to ensure that defense articles transferred by the U.S. Government to foreign countries are used in accordance with the transfer agreement terms and conditions.

The DoD's end-use monitoring (EUM) program is referred to as the Golden Sentry program. We nonstatistically selected 4 of the 32 countries in the USEUCOM area of responsibility with EEUM-designated defense articles for our audit. See Appendix A for a discussion of the sample selection.

### Finding

USEUCOM was not effectively conducting the Golden Sentry program. Specifically, the Security Cooperation Organization Golden Sentry Program Managers (SCO PMs) for two out of four countries did not correctly perform oversight duties when conducting EEUM for defense articles, including Javelin Missiles and night vision devices.

The SCO PMs did not correctly perform their oversight duties because:

- USEUCOM's Golden Sentry Program Manager (USEUCOM PM) and the Office of Defense Cooperation Support Division focused their oversight only on countries scheduled for Defense Security Cooperation Agency (DSCA) or the USEUCOM Office of Inspector General (OIG) inspections and did not ensure SCO PMs for other countries, not facing DSCA or USEUCOM OIG inspections, were complying with Golden Sentry program requirements;
- the DSCA security checklists and USEUCOM standard operating procedures (SOPs) did not provide the SCO PMs with

### Finding (cont'd)

adequate instructions on how they should verify that the recipient countries were complying with the security checklist requirements; and

- DSCA officials did not provide the SCO PMs with adequate initial training on the correct use of the security checklists.

Not complying with Golden Sentry program requirements increases the risk that recipient countries could misuse EEUM-designated defense articles in violation of the transfer agreement terms and conditions. Misuse could compromise the technological advantages and security of the United States and its allies. Although we did not identify any misuse of these defense articles, their compromise, theft, or misuse could jeopardize the safety and security of DoD personnel, missions, and installations worldwide.

### Recommendations

We recommend that the Director, USEUCOM, J5/8 – Policy, Strategy, Partnering and Capabilities, develop and implement a plan of action to ensure that USEUCOM is providing adequate oversight for all SCO PMs in the USEUCOM area of responsibility and not just those with upcoming DSCA and USEUCOM OIG inspections.

We also recommend that the Principal Director, Security Assistance and Equipping Directorate, DSCA:

- update the security checklists to include instructions on when, where, and how the checklists should be used; who should use the checklists; and how that person should verify that the recipient country complied with the security checklist requirements; and
- update the Defense Institute of Security Cooperation Studies' Security Cooperation Management Overseas training course to include training that addresses the use of security checklists and demonstrates how to verify the recipient country complied with the security checklist requirements.

We further recommend that the USEUCOM PM update USEUCOM's SOPs to include standards and expectations on how the SCO PMs should verify that the recipient country complied with the security checklist requirements.



# Results in Brief

## *U.S. European Command Needs to Improve Oversight of the Golden Sentry Program*

### Management Comments and Our Response

The Deputy Commander, USEUCOM, responding for the Director, J5/8 – Policy, Strategy, Partnering and Capabilities, addressed all specifics of the recommendation to develop and implement a plan of action to ensure that USEUCOM is providing adequate oversight for all SCO PMs in the USEUCOM area of responsibility. Therefore, the recommendation is resolved and will be closed once we verify completion of the proposed plan of action. The Principal Director, Security Assistance and Equipping Directorate, DSCA, addressed all specifics of the recommendations to update the security checklists and the Security Cooperation Management Overseas training course; therefore, the recommendations are resolved. We will close the recommendations once we review and analyze the updated EUM policy guidance, Security Cooperation Information Portal instruction, and training course and determine that the updates fully address the use of the security checklists and the verification process.

The Deputy Commander, USEUCOM, responding for the USEUCOM PM, partially addressed the recommendation to update USEUCOM SOPs so that the SOPs provide standards and expectations on how the SCO PMs should verify that the recipient country complied with the security checklist requirements; therefore, the recommendation is unresolved. The USEUCOM PM should provide comments to the final report describing how he will update USEUCOM's SOPs so that the SCO PMs have standards and expectations on how to verify that the recipient country complied with the security checklist requirements. We request that the USEUCOM PM provide comments to the final report by March 17, 2017. Please see the Recommendations Table on the next page.

**Recommendations Table**

Management	Unresolved Recommendations	Resolved Recommendations	Closed Recommendations
Director, U.S. European Command, J5/8 – Policy, Strategy, Partnering and Capabilities		1	None
Principal Director, Security Assistance and Equipping Directorate, Defense Security Cooperation Agency		2.a, 2.b	None
U.S. European Command Golden Sentry Program Manager	3		None

Please provide Management Comments by March 17, 2017.





**INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
4800 MARK CENTER DRIVE  
ALEXANDRIA, VIRGINIA 22350-1500**

February 17, 2017

MEMORANDUM FOR COMMANDER, U.S. EUROPEAN COMMAND  
DIRECTOR, DEFENSE SECURITY COOPERATION AGENCY  
U.S. EUROPEAN COMMAND INSPECTOR GENERAL

SUBJECT: U.S. European Command Needs to Improve Oversight of the Golden Sentry Program (Report No. DODIG-2017-056)

We are providing this report for review and comment. The U.S. European Command was not effectively conducting the Golden Sentry program. Specifically, the Security Cooperation Organization Golden Sentry Program Managers for two of the four countries in our nonstatistical sample did not correctly perform their Golden Sentry program oversight duties when conducting enhanced end-use monitoring for defense articles, including Javelin Missiles and night vision devices. Although we did not identify any misuse of enhanced end-use monitoring-designated defense articles, not complying with Golden Sentry program requirements increases the risk that recipient countries could misuse the defense articles. We conducted this audit in accordance with generally accepted government auditing standards.

We considered management comments on a draft of this report when preparing the final report. DoD Instruction 7650.03 requires that recommendations be resolved promptly. Comments from the Deputy Commander, U.S. European Command, responding for the Director, J5/8 – Policy, Strategy, Partnering and Capabilities, addressed all specifics of Recommendation 1; therefore, the recommendation is resolved. The Principal Director, Security Assistance and Equipping Directorate, Defense Security Cooperation Agency, addressed all specifics of Recommendations 2.a and 2.b; therefore, the recommendations are resolved. The Deputy Commander, U.S. European Command, responding for the U.S. European Command Golden Sentry Program Manager, partially addressed Recommendation 3 and therefore, the recommendation is unresolved. We request that the U.S. European Command Golden Sentry Program Manager provide additional comments on Recommendation 3 by March 17, 2017.

Please send a PDF file containing your comments to [audrco@dodig.mil](mailto:audrco@dodig.mil). Copies of your comments must have the actual signature of the authorizing official for your organization. We cannot accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 699-7331 (DSN 312-499-7331).

A handwritten signature in black ink that reads "Carol N. Gorman".

Carol N. Gorman  
Assistant Inspector General  
Readiness and Cyber Operations

# Contents

---

## Introduction

Objective.....	1
Background.....	1
Review of Internal Controls.....	5

## Finding. USEUCOM Did Not Effectively Conduct the Golden Sentry Program..... 6

USEUCOM Did Not Ensure All SCO PMs Correctly Performed Their Golden Sentry Oversight Duties.....	7
USEUCOM Did Not Provide Adequate Oversight to Ensure Compliance With the Golden Sentry Program.....	10
DSCA Security Checklists and USEUCOM Standard Operating Procedures Did Not Contain Adequate Instructions.....	13
DSCA Did Not Provide Adequate Security Checklist Training.....	14
Increased Risk of Defense Article Misuse.....	15
Management Comments on the Finding and Our Response.....	15
Recommendations, Management Comments, and Our Response.....	16

## Appendixes

Appendix A. Scope and Methodology.....	20
Use of Computer-Processed Data.....	21
Prior Coverage.....	22
Appendix B. Enhanced End-Use Defense Articles.....	25
Appendix C. Security Checklist for Javelin Missiles and CLUs.....	26

## Management Comments

U.S. European Command.....	40
Defense Security Cooperation Agency.....	42

## Acronyms and Abbreviations..... 44

# Introduction

---

## Objective

(FOUO) We determined whether the U.S. European Command (USEUCOM) was effectively conducting enhanced end-use monitoring (EEUM) to ensure that defense articles<sup>1</sup> transferred by the U.S. Government to foreign countries are used in accordance with the transfer agreement terms and conditions. We nonstatistically selected 4 out of the 32 countries in the USEUCOM area of responsibility with EEUM-designated defense articles for our audit—[REDACTED]. See Appendix A for a discussion of the scope and methodology and prior coverage, Appendix B for a list of defense articles that require EEUM, and Appendix C for an example of a security checklist.

## Background

The Arms Export Control Act<sup>2</sup> required the President to establish an end-use monitoring (EUM) program to improve accountability of U.S. defense articles and services that are sold, leased, or exported to recipient countries. The President delegated<sup>3</sup> EUM responsibilities to the Secretary of State for commercial exports<sup>4</sup> and to the Secretary of Defense for defense articles and services sold, leased, or transferred under the Foreign Military Sales program.<sup>5</sup> Under the Arms Export Control Act, the United States may sell defense articles and services to recipient countries when the President determines that the sale will strengthen the security of the United States and promote world peace. In accordance with the Foreign Military Sales program, the U.S. Government and a foreign government enter into a government-to-government sales agreement called a Letter of Offer and Acceptance (LOA).

The LOA contains the terms of sale and transfer of defense articles and includes the recipient country's responsibilities under those terms, which are established by the Defense Security Cooperation Agency (DSCA) and the Military Departments. The LOA also contains requirements for EUM depending on the specific defense articles and services that are sold or transferred.

---

<sup>1</sup> A defense article is any item or technical data designated in Title 22 Code of Federal Regulations, chapter I, subchapter M, part 121, section 121.1, "General. The United States Munitions List."

<sup>2</sup> Public Law 104-164, July 21, 1996, codified by section 2785, title 22, United States Code, "End-use Monitoring of Defense Articles and Defense Services," 2010 Edition.

<sup>3</sup> Executive Order 11958, "Administration of Arms Export Controls," January 18, 1977 as amended on March 8, 2013.

<sup>4</sup> When a U.S. business directly sells defense articles or services to foreign countries using a Department of State-issued license.

<sup>5</sup> The Foreign Military Sales program is a form of security assistance authorized by the Arms Export Control Act and is a fundamental tool of U.S. foreign policy.

## ***End-Use Monitoring Program***

The DoD's EUM program, known as the Golden Sentry program, includes all actions to ensure that recipient countries:

- use the defense articles, training, and services only for their intended purpose;
- prohibit the transfer or possession of any defense article or related training to anyone not an official representative of the recipient country or the U.S. Government without prior written consent of the U.S. Government;
- maintain security over the defense articles with substantially the same protection afforded by the U.S. Government; and
- permit observation and review, and furnish necessary information to U.S. Government representatives on the use of the defense articles.

EUM is conducted by U.S. Government personnel assigned to Security Cooperation Organizations (SCOs)<sup>6</sup> or deployed to the recipient countries in support of SCO functions. The Golden Sentry program consists of two types of EUM—routine and enhanced. The SCO Golden Sentry Program Managers (SCO PMs) conduct routine EUM using publicly available sources of information.<sup>7</sup> For example, EUM of U.S. Government vehicles sold to a recipient country could consist of the SCO observing a military convoy moving down a public highway in the recipient country. EEUM is required for certain defense articles (See Appendix B) and includes such requirements as annual security and accountability assessments. For example, all defense articles that require EEUM must be accounted for by serial number annually, and facilities storing these defense articles must undergo annual security assessments.

## ***Security Checklist Requirements for EEUM-Designated Defense Articles***

To facilitate EEUM, the DSCA and the Military Departments prepared security checklists that align with the LOA requirements, and include physical security and accountability control requirements. See Appendix C for an example of a security checklist. The SCO PMs are required to use the checklists when conducting EEUM inventories to ensure that the recipient country is complying with the LOA terms.

---

<sup>6</sup> SCOs encompass all DoD elements, regardless of actual title, located in a foreign country to carry out security cooperation and security assistance management functions under the Arms Export Control Act of 1976. The SCO also manages DoD security cooperation programs under the guidance of the combatant command.

<sup>7</sup> Routine EUM can also be the personal observation of any U.S. military or Government personnel or locally employed staff members working for the U.S. Government.

Each EEUM-designated defense article should have a security checklist. For example, the security checklist for Javelin Missiles and Command Launch Units (CLUs)<sup>8</sup> require the SCO PMs to verify that the recipient country has:<sup>9</sup>

- (FOUO) [REDACTED]
- (FOUO) [REDACTED]

### ***Security Cooperation Information Portal***

EUM articles that have been sold or transferred to other countries are tracked in the Security Cooperation Information Portal (SCIP). SCIP contains an EUM database used to track defense articles transferred by the United States to foreign recipients. EEUM-designated defense articles are tracked at the serial number level on a country-by-country basis. The SCIP EUM application provides reports that help the SCO PMs plan for inventories and identify items that are considered “delinquent.” Delinquent items are those that the SCO PMs have not inspected or inventoried within required timeframes.

### ***Roles and Responsibilities***

The principal DoD organizations responsible for implementing the Golden Sentry program are the DSCA, the combatant commands, and the SCOs.

### ***Defense Security Cooperation Agency***

The DSCA manages the Golden Sentry program and:

- develops and promotes EUM guidance within the DoD using the Security Assistance Management Manual (SAMM)<sup>10</sup>—the primary guidance for the EUM program that describes the procedures for monitoring defense articles;
- ensures that defense technologies and weapons systems designated for EEUM have appropriate security and accountability requirements included in the LOAs;

<sup>8</sup> Javelin has two major components, a reusable CLU and a missile sealed in a disposable launch tube assembly. The CLU provides a stable platform for firing the missile.

<sup>9</sup> See Appendix C for a full list of requirements the SCO PM has to review for Javelin Missiles.

<sup>10</sup> DSCA Manual 5105.38-M, Security Assistance Management Manual, Chapter 8, “End-Use Monitoring,” April 30, 2012.

- reports possible Arms Export Control Act violations; and
- provides professional training and education for the SCOs through the Defense Institute of Security Cooperation Studies (DISCS),<sup>11</sup> a subordinate organization of the DSCA.

### *Combatant Commands*

The combatant commands, including USEUCOM, implement the Golden Sentry program for countries within their area of responsibility. The combatant commands are required to maintain a primary Golden Sentry Program Manager, who is responsible for ensuring that the SCO PMs:

- participate in Regional EUM Forums;
- are assigned the Golden Sentry program as a primary responsibility;
- conduct routine EUM and EEUM in accordance with Golden Sentry program policy and procedures; and
- update all accountability and physical security assessments in SCIP.

### *Security Cooperation Organizations*

The term SCO encompasses all DoD offices<sup>12</sup> in a foreign country that conduct security cooperation<sup>13</sup> and security assistance management<sup>14</sup> under the Arms Export Control Act. The SCO PM is the primary Golden Sentry program point of contact for the country to which the SCO PM is assigned. The SCO PM:

- conducts, in accordance with established checklists, EEUM to verify that recipients are complying with the physical security and accountability requirements in LOAs;
- reports immediately to the DSCA the destruction or loss of any EEUM-designated defense articles; and
- conducts annual serial number inventories to verify that all EEUM-designated defense articles are accounted for, including the verification and recording of an item's final disposition (for example, whether it was fired, lost, or destroyed) into SCIP.

<sup>11</sup> DISCS was formerly known as Defense Institute of Security Assistance Management.

<sup>12</sup> (FOUO) The personnel responsible for EEUM in [REDACTED] work for the Defense Attaché Office and are not SCOs. However, they do perform SCO responsibilities for EEUM-designated defense articles. We will refer to them as SCO PMs in this report.

<sup>13</sup> Security cooperation includes all activities undertaken by the DoD to encourage and enable international partners to work with the United States to achieve strategic objectives. This includes interactions with foreign defense and security establishments that build defense and security relationships, promote specific U.S. security interests, develop allied and friendly military capabilities for self-defense and multinational operations, and provide U.S. forces with peacetime and contingency access to host nations.

<sup>14</sup> Security assistance is a group of programs, authorized under Title 22 authorities, by which the United States provides defense articles, military education and training, and other defense-related services by grant, loan, credit, cash sales, or lease. Security assistance programs that are administered by the DoD are a subset of security cooperation.

SCO PMs are required to take the DISCS 3-week Security Cooperation Management Overseas training course. In addition, the SCO PMs are encouraged to attend the annual DSCA Regional EUM Forum. The Regional EUM Forums provide the SCO personnel with updated Golden Sentry program policy guidance and hands-on SCIP training.

## Review of Internal Controls

(~~FOUO~~) DoD Instruction 5010.40<sup>15</sup> requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. We identified internal control weaknesses related to USEUCOM oversight of the Golden Sentry program. The SCO PMs for two of the four countries in our nonstatistical sample did not correctly perform their Golden Sentry program oversight duties for EEUM-designated defense articles. Specifically, the SCO PM for [REDACTED] did not use the security checklist during the 2015 annual inventory and did not obtain disposal documentation for fired Javelin Missiles. In addition, the SCO PM for [REDACTED] did not verify that security and accountability controls were in place for night vision devices (NVDs), perform 100-percent inventory inspections, or review NVDs within 90 days of receipt. We will provide a copy of the report to the senior officials responsible for internal controls in USEUCOM and the DSCA.

---

<sup>15</sup> DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

## Finding

### USEUCOM Did Not Effectively Conduct the Golden Sentry Program

(~~FOUO~~) USEUCOM was not effectively conducting the Golden Sentry program. Specifically, the SCO PMs for [REDACTED] did not correctly perform their Golden Sentry program oversight duties when conducting EEUM for defense articles, including Javelin Missiles and NVDs.

The SCO PMs did not correctly perform their oversight duties because:

- USEUCOM's Golden Sentry Program Manager (USEUCOM PM) and Office of Defense Cooperation (ODC)<sup>16</sup> Support Division<sup>17</sup> focused their oversight only on countries scheduled for DSCA or USEUCOM Office of the Inspector General (OIG) inspections and did not ensure that the SCO PMs for other countries, not facing DSCA or USEUCOM OIG inspections, were complying with Golden Sentry program requirements;
- the DSCA security checklists and USEUCOM standard operating procedures (SOPs) did not provide the SCO PMs with adequate instructions on how the SCO PMs should verify that the recipient countries were complying with the security checklist requirements; and
- DSCA officials did not provide the SCO PMs with adequate initial training on the correct use of the security checklists.

Not complying with Golden Sentry program requirements increases the risk that recipient countries could misuse EEUM-designated defense articles in violation of the transfer agreement terms and conditions. Misuse could compromise the technological advantages and security of the United States and its allies. Although we did not identify any misuse of these defense articles, their compromise, theft, or misuse could jeopardize the safety and security of DoD personnel, missions, and installations worldwide.

<sup>16</sup> The DoD's European partners use the term ODC rather than SCO.

<sup>17</sup> (~~FOUO~~) According to the Deputy Division Chief for the ODC Support Division, the ODC Support Division is a group of [REDACTED] military and civilian personnel responsible for supporting the ODC within the USEUCOM area of responsibility.

## USEUCOM Did Not Ensure All SCO PMs Correctly Performed Their Golden Sentry Oversight Duties

(FOUO) USEUCOM was not effectively conducting the Golden Sentry program within the USEUCOM area of responsibility. We reviewed the EEUM activities conducted by the SCO PMs for [REDACTED]. We also inventoried 4,518 EEUM-designated defense articles during our site visits as shown in the following Table.

(FOUO) Table. EEUM Countries and EEUM-Designated Defense Articles Reviewed

(FOUO) Country	(FOUO) EEUM Defense Articles	(FOUO) EEUM Defense Articles Reviewed*
(FOUO) [REDACTED]	5,489	3,908
(FOUO) [REDACTED]	92	92
(FOUO) [REDACTED]	502	456
(FOUO) [REDACTED]	439	62
<b>Total</b>	<b>6,522</b>	<b>4,518</b>

\* We reviewed 100 percent of EEUM-designated defense articles at each site we visited in a country. We did not visit all sites that contained EEUM-designated defense articles for each country.

(FOUO) During our site visits, we verified that the serial numbers for the EEUM-designated defense articles at the sites in [REDACTED] and [REDACTED] matched the serial numbers and physical item description identified in SCIP for that site. We observed the SCO PMs conducting the annual inventories and the security and accountability reviews at each site to determine whether the SCO PMs were correctly performing their Golden Sentry program oversight duties. We also obtained and analyzed designation letters, SOPs, security checklists, disposal documents, and training certificates to determine whether the SCO PMs were complying with Golden Sentry program EEUM requirements listed in the SAMM.

(FOUO) During our site visits, we accounted for the EEUM-designated defense articles at our sample sites in [REDACTED] and determined that the SCO PMs for those countries were correctly performing their Golden Sentry program oversight duties. Although we accounted for the EEUM-designated defense articles at our sample sites in [REDACTED], we determined that the SCO PMs for those countries were not correctly performing their Golden Sentry program oversight duties when conducting EEUM.

## **(FOUO) The SCO PM for ██████ Did Not Adequately Conduct EEUM**

(FOUO) The SCO PM for ██████ did not correctly perform her Golden Sentry program oversight duties when conducting EEUM for the Javelin Missiles and CLUs in ██████. Specifically, the SCO PM did not use the security checklists and did not verify and obtain final disposition documentation<sup>18</sup> for all Javelin Missiles fired during training exercises.

### *Security Checklists Were Not Used During Annual Inventories*

(FOUO) The SCO PM for ██████ did not use the security checklist for Javelin Missiles and CLUs during the required annual inventories. According to the SAMM, the SCO PM is required to conduct EEUM in accordance with established checklists, to verify recipient countries are complying with the physical security and accountability requirements designated in the LOAs. According to inventory records, the SCO PM inventoried the Javelin Missiles and CLUs by serial number in April 2015 and April 2016. However, during the April 2015 inventory, the SCO PM did not use or complete the security checklists. Performing only an inventory review is not adequate because it does not assess the security and accountability controls over the defense articles. During our site visit to ██████ in April 2016, we informed the SCO PM that she was required to complete the security checklists in addition to performing the required annual inventory. As a result, during the April 2016 inventory, the SCO PM completed the security checklist for the facility that stored Javelin Missiles but did not complete the checklist for the facility that stored the CLUs.

During the April 2015 inventory, the SCO PM did not use or complete the security checklists.

### *Documentation Was Not Obtained to Determine Final Disposal of Items*

(FOUO) The SCO PM for ██████ did not obtain final disposition documentation for 16 of the 28 Javelin Missiles fired over the 5-year period ending April 6, 2016. The SCO PM recorded Javelin Missiles in SCIP as being expended (fired) but did not obtain documentation supporting that the items had been fired. The SAMM states that the SCO PM is to verify and document an item's final disposition (for example, whether it was fired, lost, or destroyed) into SCIP. The security checklists also required the SCO PM to verify that ██████ reported and documented the missile firings. The ██████ SOP also stated that the SCO PM will ensure missile firings are reported and that information and final disposition

<sup>18</sup> An example of final disposition documentation is firing reports and demilitarization certifications with items listed by serial number.

(FOUO) documentation is entered into SCIP. However, the SCO PM accepted verbal confirmation that the [REDACTED] had fired Javelin Missiles rather than obtaining final disposition documentation as required. As a result of our site visit, the SCO PM stated that the [REDACTED] has agreed to start completing and providing missile firing documentation to the SCO PM after each training event.

**(FOUO) The SCO PM for [REDACTED] Did Not Adequately Conduct EEUM**

(FOUO) The SCO PM for [REDACTED] did not correctly perform his Golden Sentry program oversight duties when conducting EEUM for the NVDs held by [REDACTED]. Specifically, the SCO PM did not:

- verify that security and accountability controls were in place for NVDs,
- conduct a 100-percent inventory check for 56 NVDs in 2015, or
- verify the arrival of new defense articles within 90 days of receipt.

***Security and Accountability Controls for NVDs Were Not Verified***

(FOUO) The SCO PM for [REDACTED] did not verify that security and accountability control requirements were in place for NVDs during his May 2016 annual inventory at two sites in [REDACTED]. He stated on the security checklist that the [REDACTED] military complied with security and accountability controls listed on the checklists without verifying that the controls were actually in place. For example, during the inventory we observed that the SCO PM did not evaluate the access and key controls<sup>19</sup> for any of the facilities or rooms in which the NVDs were stored. However, on the checklist he completed for the site, he stated that the physical security controls were effective for those buildings and rooms. Also during the inventory, we observed that the SCO PM relied on verbal confirmation from the [REDACTED] military that the [REDACTED] military had been conducting quarterly inventories as required in the LOA. When we asked the [REDACTED] military personnel to provide documentation to support the inventories, they admitted that they did not have supporting documentation because they had not been conducting the inventories. In addition, the SCO PM did not complete a separate checklist for each building inspected. Instead, he used a single checklist to document the security and accountability controls (although not correctly) for three different buildings on two different bases when he should have completed one for each building.

<sup>19</sup> (FOUO) [REDACTED]

### *100-Percent Inventory Inspection Was Not Performed*

(FOUO) The SCO PM for ██████ did not perform a 100-percent physical inventory check in 2015 for EEUM-designated defense articles held by ██████. According to the SMM, SCO PMs must perform 100-percent physical inventory of in-country EEUM-designated defense articles annually. However, the SCO PM for ██████ did not conduct a 100-percent inventory check for 56 NVDs in 2015. The last time that the previous SCO PM inspected the 56 NVDs was on January 28, 2014. The current SCO PM began his SCO duties on September 1, 2014, but did not inspect the NVDs until February 11, 2016. Therefore, more than 2 years had passed between physical inventory inspections for the 56 NVDs. The annual inventory requirement is an integral part of the EEUM process and confirms that the host nation is properly taking care of the defense articles. It also ensures the items have not been misused, lost or stolen.

More than 2 years had passed between physical inventory inspections for the 56 NVDs.

### *Items Were Not Reviewed Within 90 Days of Receipt*

(FOUO) The SCO PM for ██████ did not follow the SMM requirement to verify the arrival of 81 new EEUM-designated defense articles within 90 days of delivery to ██████. The SMM states that SCOs must arrange with the host nation to verify in-country receipt of EEUM-designated defense articles by serial number within 90 days of delivery. We identified that the SCO PM did not verify receipt of 57 NVDs received by the ██████ military on August 28, 2015, and another 24 NVDs received on March 1, 2016 within 90 days. Although the SCO PM was aware that in-country verification was required, he did not inspect all the new NVDs until the end of June 2016.

## **USEUCOM Did Not Provide Adequate Oversight to Ensure Compliance With the Golden Sentry Program**

The USEUCOM PM and ODC Support Division focused their oversight only on countries scheduled for DSCA or the USEUCOM OIG inspections and did not ensure SCO PMs for other countries, not facing DSCA or USEUCOM OIG inspections, were complying with Golden Sentry program requirements. The SMM requires USEUCOM to ensure the SCO PMs conduct EUM in accordance with Golden Sentry program policy and procedures within USEUCOM's area of responsibility. USEUCOM appointed a USEUCOM PM to oversee the SCO PMs and had personnel from USEUCOM's ODC Support Division conduct site inspections at the SCOs. However, USEUCOM focused its personnel resources on countries that the DSCA

or the USEUCOM OIG had already scheduled for oversight inspections. While the SCO PMs for those countries were better prepared to pass the DSCA and USEUCOM OIG inspections, other SCO PMs received only minimal oversight.

The DSCA and the USEUCOM OIG perform rotating inspections of the countries with EEUM-designated defense articles. The DSCA conducts 5 to 6 inspections per year for the USEUCOM area of responsibility, and the USEUCOM OIG conducts 12 inspections per year on a 3-year cycle. The DSCA inspections assess the SCO PM's compliance with Golden Sentry program policy and the host nation's compliance with physical security and accountability agreements, requirements, and other terms of sale. The USEUCOM OIG conducts compliance inspections for the SCO PMs. For example, the USEUCOM OIG verifies that the SCO PM completes the required paperwork, including the security checklists, when performing EEUM, but does not assess the host nations' compliance with physical security and accountability agreements.<sup>20</sup>

(FOUO) The USEUCOM PM focused on countries with upcoming DSCA inspections to ensure that the SCO PMs passed the inspections. For example, from December 2015 through November 2016, the DSCA scheduled [REDACTED]

[REDACTED] for inspections. According to the USEUCOM PM, he visited all seven of these countries before the DSCA inspections. The USEUCOM PM stated that since he was appointed as the USEUCOM PM in December 2015, he had time to perform in-depth oversight for only those countries scheduled to have a DSCA inspection in the current fiscal year. For example, he ensured that documentation, including checklists and disposition reports, was uploaded to SCIP and conducted site visits to the countries before the DSCA inspections. He stated that he performed only minimal oversight of the other countries. In addition, he did not consider the USEUCOM PM responsibilities as his primary position. He stated that he considered his primary role to be the chief, combined education and training branch for USEUCOM. However, he was also assigned responsibilities for the Foreign Military Financing program, the Foreign Military Sales program, tradeshows, monitoring of multiple funds,<sup>21</sup> and many other responsibilities, in addition to his USEUCOM PM responsibilities.<sup>22</sup> According to the

He had time to perform in-depth oversight for only those countries scheduled to have a DSCA inspection.

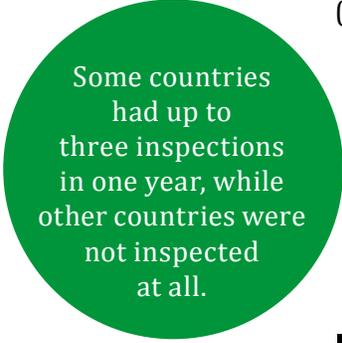
<sup>20</sup> According to the SAMM, only the DSCA and the SCO PMs are responsible for assessing the host nation's compliance with security and accountability agreements.

<sup>21</sup> Department of State USEUCOM Challenge Fund, Department of State USEUCOM Security Assistance Fund, and Ukraine Security Assistance Fund.

<sup>22</sup> The USEUCOM PM's specific EUM responsibilities, as outlined in the SAMM, included ensuring that the SCO PMs for 42 countries conducted routine EUM and EEUM in accordance with Golden Sentry program policy and procedures. Of the 42 countries, 32 countries had EEUM-designated defense articles.

(~~FOUO~~) USEUCOM J5/8, Chief, Security Cooperation and Partnering Division, he assigned the USEUCOM PM responsibilities to the Chief, Combined Education and Training Branch because he did not have the manpower to dedicate a full-time position to the USEUCOM PM responsibilities.

The ODC Support Division focused on countries with upcoming USEUCOM OIG inspections to ensure that the SCO PMs passed those inspections. Personnel from the ODC Support Division perform about 12-13 inspections per year that include reviewing the SCO PM's compliance with EEUM Golden Sentry program requirements. According to the ODC Support Division's Deputy Division Chief, the ODC Support Division conducts the same inspections as the USEUCOM OIG. She stated that the purpose of these reviews is to ensure that the SCO for the country inspected "is being run appropriately" before the USEUCOM OIG performs its inspection and to ensure countries are looked at more frequently. However, by looking only at countries already scheduled for an USEUCOM OIG inspection, the ODC Support Division is missing an opportunity to provide oversight of countries with no scheduled inspections.



Some countries had up to three inspections in one year, while other countries were not inspected at all.

(~~FOUO~~) Because USEUCOM focused its personnel resources on countries already scheduled for inspections, some countries had up to three inspections in one year, while other countries were not inspected at all. For example, the DSCA, the USEUCOM OIG, and the USEUCOM PM inspected [REDACTED] between December 2015 and November 2016, while other countries like [REDACTED] [REDACTED] had no inspections during the same timeframe.

This is a concern because the two countries in our sample that were not complying with EEUM security and accountability requirements were countries that had never had a DSCA or USEUCOM OIG inspection [REDACTED] or had no DSCA or USEUCOM OIG inspections in the 2 years before our site visit in May 2016 [REDACTED]. USEUCOM should not limit its EEUM oversight efforts to only those countries with upcoming DSCA or USEUCOM OIG inspections. Instead, we recommend that the Director, USEUCOM, J5/8 – Policy, Strategy, Partnering and Capabilities, develop and implement a plan of action to ensure that USEUCOM is providing adequate oversight for all SCO PMs in the USEUCOM area of responsibility and not just those with upcoming DSCA and USEUCOM OIG inspections.

## DSCA Security Checklists and USEUCOM Standard Operating Procedures Did Not Contain Adequate Instructions

The DSCA security checklists and USEUCOM SOPs did not provide the SCO PMs with adequate instructions on how to verify that the recipient countries were complying with the security checklist requirements. Specifically, the security checklists did not have complete instructions on how the SCO PMs should use the security checklist and how the SCO PMs should verify the recipient country was complying with the checklist requirements. In addition, the USEUCOM PM did not provide the SCO PMs with SOPs instructing the SCO PMs how to verify that the recipient country was complying with the security checklist requirements.

(~~FOUO~~) The DSCA coordinated with the Military Departments to establish security checklists for the SCO PMs to use during their EEUM assessments. Some of the security checklists include pictures to inform the SCO PM of what the defense articles should look like, where to find serial numbers on the items, and what physical security features to look for during the inspection. For example, some of the pictures identify what [REDACTED]

[REDACTED]. (See Appendix C pages 26-39)

Although the checklists serve as a good tool for the SCO PMs, the DSCA could improve the checklist instructions. Specifically, none of the checklists had instructions on how to verify that the recipient country complied with the security and accountability requirements listed on the checklist. The checklists also did not state that the SCO PM needed to complete a checklist for each facility housing EEUM-designated defense articles, although this was the DSCA's expectation.



None of the checklists had instructions on how to verify that the recipient country complied with the security and accountability requirements.

(~~FOUO~~) The USEUCOM PM did not provide the SCO PMs with SOPs that detailed how the SCO PMs should verify the recipient country complied with the security checklist requirements. According to the SAMM, the USEUCOM PM is responsible for developing and disseminating EUM SOPs for USEUCOM. Although USEUCOM's SOPs included SCO PM responsibilities and basic procedures for conducting EUM, they did not include procedures on how to verify that the recipient country complied with the requirements on the checklist. Specifically, USEUCOM's SOPs stated that the SCO PM should use the security checklists, but the SOPs do not specify how to complete or verify that the recipient country complied

(~~FOUO~~) with the checklist requirements. As a result, the verification procedures were open to the interpretation of the individual SCO PMs for each country. For example, the SCO PM for [REDACTED] asked the person in charge of the NVDs whether they did a quarterly inventory by serial number, but did not verify that their response was correct. However, the SCO PM for [REDACTED] verified the answers provided by the host nation by requesting supporting documentation.

(~~FOUO~~) The SCO PM for [REDACTED] stated that she did not complete a physical security inspection for the facility where the Javelin CLUs were located because she was unaware that it was a requirement, even though she had a copy of the security checklist. Additionally, the SCO PM for [REDACTED] stated that he was unaware of how to verify that the recipient country complied with the checklist requirements. The Principal Director, Security Assistance and Equipping Directorate, DSCA, should update the security checklist to include instructions on when, where, and how the checklists should be used; who should use the checklists; and how that person should verify that the recipient country complied with the security checklists requirements. In coordination with the DSCA, the USEUCOM PM should update USEUCOM's SOPs to include standards and expectations on how the SCO PMs should verify the recipient country complied with the security checklist requirements.

## **DSCA Did Not Provide Adequate Security Checklist Training**

DSCA officials did not provide the SCO PMs with adequate initial training on the correct use of the security checklists. According to DoD Instruction 5132.13,<sup>23</sup> the Director of the DSCA will establish overall requirements, criteria, and procedures for training personnel engaged in security cooperation activities, and provide guidance for the operation of DISCS. The Instruction requires the SCO PMs to attend the 15-day (95.75 hours) Security Cooperation Management Overseas course to learn the basic skills that will help them effectively apply security cooperation aspects of U.S. foreign policy. The course covers EUM polices and requirements; however, it does not include instructions on how the SCO PMs are to use security checklists or verify that the recipient country complied with checklist requirements.

(~~FOUO~~) Of the 95.75 hours allocated for the Security Cooperation Management Overseas course, the DSCA designated less than 2 hours for EUM—50 minutes for SCIP Practical Exercises and 50 minutes for an EUM program overview. The SCO PM for [REDACTED] stated that she was unaware that she was required to complete a security inspection of the facility where the Javelin CLUs were stored.

<sup>23</sup> DoD Instruction 5132.13, "Staffing of Security Cooperation Organizations (SCOs) and the Selection and Training of Security Cooperation Personnel," January 9, 2009.

(FOUO) The SCO PM for [REDACTED] also stated that he did not receive training on using the security checklist and that he was unaware that he should have been verifying that the recipient country complied with the NVD security checklist requirements. Although both SCO PMs attended the Security Cooperation Management Overseas course, they were still unaware of when and how to use the checklist. The Principal Director, Security Assistance and Equipping Directorate, DSCA, should update the DISCS Security Cooperation Management Overseas training course to include training that addresses the use of security checklists and demonstrates how the SCO PMs should verify the recipient country complied with the security checklist requirements.

(FOUO)  
The SCO PM  
for [REDACTED]  
stated that he did  
not receive training  
on using the  
security  
checklist.

### Increased Risk of Defense Article Misuse

Not complying with Golden Sentry program requirements increases the risk that recipient countries could misuse EEUM-designated defense articles in violation of the transfer agreement terms and conditions. Misuse could compromise the technological advantages and security of the United States and its allies. Although we did not identify any misuse of these defense articles, their compromise, theft, or misuse could jeopardize the safety and security of DoD personnel, missions, and installations worldwide. For example, when SCO PMs do not verify the firing of Javelin Missiles by requesting and reviewing firing reports, they increase the risk that the missile could be misused.

### Management Comments on the Finding and Our Response

#### *Management Comments on the Finding*

The Principal Director, Security Assistance and Equipping Directorate, DSCA, stated that the language used in the report overstates possible flaws in the USEUCOM execution of the Golden Sentry program because the DoD OIG auditors nonstatistically sampled only 4 of the 38 SCOs<sup>24</sup> in the USEUCOM region that perform EEUM. The Principal Director stated that two of the four SCOs sampled were not complying fully with security and accountability requirements and that it is important that the report put the assessment and findings in the proper context of USEUCOM’s overall execution of the EEUM requirements.

<sup>24</sup> According to the information we received from USEUCOM during our audit, 42 countries conducted routine EUM and EEUM in accordance with Golden Sentry program policy and procedures. Of the 42 countries, 32 countries had EEUM-designated defense articles.

### *Our Response*

(FOUO) We acknowledge in the report that we nonstatistically selected 4 of the 32 countries in the USEUCOM area of responsibility with EEUM-designated defense articles for our audit. We identified that discrepancies were in [REDACTED] and [REDACTED] and do not state that our findings apply to additional countries in the USEUCOM area of responsibility. Therefore, we consider the assessments and findings to be presented in the proper context of USEUCOM's overall execution of the EEUM requirements.

## **Recommendations, Management Comments, and Our Response**

### ***Revised Recommendation***

As a result of management comments, we revised draft Recommendation 3 to clarify our intent that the USEUCOM PM should update the USEUCOM's SOPs and not all SOPs.

### ***Recommendation 1***

**We recommend that the Director, U.S. European Command, J5/8 – Policy, Strategy, Partnering and Capabilities, develop and implement a plan of action to ensure that the U.S. European Command is providing adequate oversight for all Security Cooperation Organization Golden Sentry Program Managers in the U.S. European Command area of responsibility and not just those with upcoming Defense Security Cooperation Agency and U.S. European Command Office of Inspector General inspections.**

### *Deputy Commander, U.S. European Command Comments*

The Deputy Commander, USEUCOM, responding for the Director, USEUCOM, J5/8 – Policy, Strategy, Partnering and Capabilities, agreed and outlined the following plan of action to ensure that all SCO's meet the Golden Sentry program requirements:

- (FOUO) The USEUCOM PM will inspect the SCOs in [REDACTED] to rectify the internal control weaknesses identified in the report.
- The USEUCOM PM will increase the frequency of site visits at SCOs.
- The USEUCOM PM will brief the status of EUM inspections and delinquent EUM reporting during the monthly Deputy Director, USEUCOM J5/8, meeting with the SCOs. EUM delinquencies will also be a Deputy Director, USEUCOM J5/8, critical information requirement.<sup>25</sup>

<sup>25</sup> An information requirement identified by the commander as critical to facilitating timely decision making.

- The USEUCOM PM will conduct a 90-minute training class on Golden Sentry internal control procedures during the annual EUCOM Strategy Conference and Workshop.
- The USEUCOM J5/8 Security Cooperation Program personnel will update USEUCOM's EUM SOPs.
- The USEUCOM J5/8 personnel, with the support of USEUCOM Inspector General personnel, will conduct a comprehensive review of USEUCOM's Golden Sentry program to ensure that there is a unity of effort within USEUCOM to create efficiencies and increase the number and quality of inspections.

### *Our Response*

Comments from the Deputy Commander, USEUCOM, addressed all specifics of the recommendation; therefore, the recommendation is resolved. We will close the recommendation once we verify completion of the proposed plan of action.

## **Recommendation 2**

**We recommend that the Principal Director, Security Assistance and Equipping Directorate, Defense Security Cooperation Agency:**

- a. Update the security checklists to include instructions on when, where and how the checklists should be used; who should use the checklists; and how that person should verify the recipient country complied with the security checklists requirements; and**

### *Principal Director, Security Assistance and Equipping Directorate, Defense Security Cooperation Agency Comments*

The Principal Director, Security Assistance and Equipping Directorate, DSCA, agreed with the recommendation. The Principal Director stated that the DSCA will update the EUM policy guidance in the SAMM to provide the SCOs additional guidance regarding the use of the security checklists. In addition, the DSCA plans to draft and publish through the SCIP detailed instructions for SCOs regarding when, where, and how the checklists should be used; who should use the checklists; and how that person should verify the recipient country complied with the security checklists requirements.

### *Our Response*

Comments from the Principal Director, Security Assistance and Equipping Directorate, DSCA, addressed all specifics of the recommendation; therefore, the recommendation is resolved. We will close the recommendation once we review and analyze the updated EUM policy guidance and SCIP instruction and determine that the updates fully address the use of the security checklists and the verification process.

- b. Update the Defense Institute of Security Cooperation Studies' Security Cooperation Management Overseas training course to include training that addresses the use of security checklists and demonstrates how the Security Cooperation Organization's Golden Sentry Program Managers verify the recipient country complied with the security checklist requirements.**

### *Principal Director, Security Assistance and Equipping Directorate, Defense Security Cooperation Agency Comments*

The Principal Director, Security Assistance and Equipping Directorate, DSCA, agreed with the recommendation. The Principal Director stated that the DSCA is working with DISCS to include online EUM training for SCOs and instruction on the use of security checklists in its Security Cooperation Management Overseas training course. Through these trainings, DISCS will provide security checklist instructions to include steps the SCOs must take to verify that the recipient countries comply with the security parameters listed on the checklist.

### *Our Response*

Comments from the Principal Director, Security Assistance and Equipping Directorate, DSCA, addressed all specifics of the recommendation; therefore, the recommendation is resolved. We will close the recommendation once we review and analyze the updated training course and determine that it fully addresses the use of the security checklists and the verification process.

### ***Recommendation 3***

**We recommend that the U.S. European Command's Golden Sentry Program Manager update U.S. European Command's standard operating procedures so that the standard operating procedures provide standards and expectations on how the Security Cooperation Organization's Golden Sentry Program Managers should verify the recipient country complied with the security checklist requirements.**

#### *Deputy Commander, U.S. European Command Comments*

The Deputy Commander, USEUCOM, responding for the USEUCOM PM, partially agreed, stating that it is the DSCA's responsibility to standardize checklists and SOPs. The Deputy Commander stated that he will have the USEUCOM PMs contact the DSCA and provide any support necessary.

#### *Our Response*

Comments from the Deputy Commander, USEUCOM, partially addressed the recommendation; therefore, the recommendation is unresolved. The SAMM states that the USEUCOM PM is responsible for developing and disseminating EUM SOPs for USEUCOM. Although USEUCOM's SOPs included SCO PM responsibilities and basic procedures for conducting EUM, they did not include procedures on how to verify that the recipient country complied with the checklist requirements. The USEUCOM PM should provide comments to the final report describing how he will update USEUCOM's SOPs so that the SCO PMs have standards and expectations on how to verify that the recipient country complied with the security checklist requirements. We will close the recommendation once we review and analyze the updated SOPs and determine that the procedures fully address the security checklist verification process.

## Appendix A

---

### Scope and Methodology

We conducted this performance audit from February 2016 through December 2016 in accordance with generally accepted government auditing standards. 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.

To accomplish our objective, we obtained and analyzed SCO PM designation letters, SOPs, security checklists, disposal documents, and training certificates to determine whether the SCO PMs were following SAMM requirements. In addition, we analyzed EUM forum attendance rosters and DISCS EUM lesson plans to determine whether the DSCA provided SCO PMs adequate training on how to perform their EEUM duties. We reviewed LOAs for defense articles in our sample to determine whether they contained EUM notes, requirements, and transfer conditions.

We reviewed the following guidance to understand the Golden Sentry program.

- DoD Directive 5105.65, “Defense Security Cooperation Agency,” October 26, 2012;
- DoD Instruction 5132.13, “Staffing of Security Cooperation Organizations (SCOs) and the Selection and Training of Security Cooperation Personnel,” January 9, 2009;
- DoD Manual 5100.76, “Physical Security of Sensitive Conventional Arms, Ammunition, and Explosives (AA& E),” April 17, 2012;
- DoD Regulation 7000.14-R, “Financial Management Regulation” August 2015;
- USEUCOM Manual 2102.01, “Management and Execution of EUCOM Security Cooperation Programs,” June 1, 2009;
- USEUCOM Manual 2101.01, “Office of Defense Cooperation Operations,” June 1, 2009;
- USEUCOM Instruction 2100.01, “EUCOM Security Cooperation Operations,” June 1, 2009; and
- DSCA Manual 5105.38-M, Security Assistance Management Manual, Chapter 8, “End-Use Monitoring,” April 30, 2012.

We interviewed EEUM personnel from the following locations to determine their roles and responsibilities related to EEUM, and to obtain supporting documentation.

- DSCA Washington, D.C.;
- USEUCOM Office of Inspector General;
- USEUCOM Headquarters, J5/8 – Policy, Strategy, and Partnering, Stuttgart-Vaihingen, Germany; and
- DoD Office of Defense Cooperation SCO PMs in:
  - (FOUO) [REDACTED];
  - (FOUO) [REDACTED];
  - (FOUO) [REDACTED]; and
  - (FOUO) [REDACTED].

(FOUO) We nonstatistically selected 4 of the 32 countries in the USEUCOM area of responsibility with EEUM-designated defense articles for our audit—[REDACTED]. The 32 countries had 57,513 EEUM items. We based our sample selection on the SCO PMs schedules and when the countries had USEUCOM OIG or DSCA inspections. We selected two countries that had no inspections in the last 2 years ([REDACTED]) and two countries that had inspections in the last 2 years ([REDACTED]).

(FOUO) We conducted site visits to the four countries to review the inventory and controls of a sample of facilities storing EEUM-designated defense articles. Specifically, we visited two of eight locations in [REDACTED] one of one location in [REDACTED], two of four locations in [REDACTED], and one of five locations in [REDACTED]. We reviewed 100 percent of the EEUM items at each location we visited to determine whether the recipient countries were following security and accountability controls. Specifically, we reviewed 3,908 out of 5,489 EEUM items for [REDACTED]; 92 out of 92 EEUM items for [REDACTED]; 456 out of 502 EEUM items for [REDACTED]; and 62 out of 439 EEUM items for [REDACTED].

## Use of Computer-Processed Data

We relied on the computer-processed data obtained from the SCIP database. To assess the reliability of computer-processed data, we verified that the EEUM-designated defense articles were identified in the SCIP database for the countries in our sample. Specifically, we used SCIP inventory reports to verify that the defense articles were accounted for by serial number and description at each of the audit locations.

Based on our review, we concluded that the data we obtained from SCIP was sufficiently reliable for the purposes of this report.

## Prior Coverage

During the last 5 years, the Government Accountability Office (GAO), the DoD Office of Inspector General (DoD OIG), and Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) issued six reports discussing EUM. Unrestricted GAO reports can be accessed at <http://www.gao.gov>. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/pubs/index.cfm>. Unrestricted SIGAR reports can be accessed at [www.sigar.mil](http://www.sigar.mil).

## GAO

Report No. GAO-14-161, “DoD and State Need to Address Gaps in Monitoring of Security Equipment Transferred to Lebanon,” February 26, 2014

The GAO assessed the extent to which the U.S. Government disbursed or committed funds allocated for Lebanese security forces in FY 2009 through FY 2013, implemented EUM for equipment transferred to Lebanese security forces, and vetted Lebanese recipients of U.S. security-related training for human rights violations. The GAO identified gaps in efforts to document and monitor physical security of some equipment.

Report No. GAO-12-89, “Implementation Gaps Limit the Effectiveness of End-Use Monitoring and Human Rights Vetting for U.S. Military Equipment,” November 17, 2011

The GAO assessed the extent to which DoD and the U.S. Department of State safeguarded U.S. military technologies sold or exported to the Gulf countries,<sup>26</sup> provided similar levels of protection for the same military technologies, and vetted recipients of U.S.-funded military training and equipment for potential human rights violations. The GAO identified that the DoD did not document its efforts to verify host country security and accountability procedures for sensitive military equipment, such as NVDs.

---

<sup>26</sup> The GAO looked at Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates as part of its report.

Report No. GAO-11-156R, "Accountability for U.S. Equipment Provided to Pakistani Security Forces in the Western Frontier Needs to Be Improved," February 15, 2011

The GAO assessed U.S. activities to ensure accountability of sensitive equipment provided to Pakistani security forces. The GAO identified the that DoD needed to ensure written procedures to safeguard equipment stored in the DoD's Islamabad Warehouse include 17 key requirements identified in DoD Instruction 5000.64.<sup>27</sup> According to the Instruction, the key requirements provide reasonable assurance that equipment received and stored is properly safeguarded.

### **DoD OIG**

Report No. DODIG-2012-103, "Accountability of Night Vision Devices Procured for the Afghan National Security Forces Needs Improvement," June 18, 2012

The DoD OIG assessed DoD, Afghan National Security Forces, and contractor accountability for 7,157 NVDs and associated spare tubes procured for the Afghan National Security Forces from 2007 to June 2011. The report identified that DSCA officials, North Atlantic Treaty Organization Training Mission–Afghanistan/Combined Security Transition Command–Afghanistan officials, Afghan National Security Forces, and DoD contractors did not maintain complete accountability for NVDs procured for the Afghan National Security Forces.

### **SIGAR**

Report No. SIGAR 14-84-AR, "Afghan National Security Forces: Actions Needed to Improve Weapons Accountability," July 18, 2014

The SIGAR evaluated the controls used to account for weapons before and after the DoD transferred title to the Afghan National Security Forces, and determined the extent to which the number of weapons provided by the DoD and coalition partners reflected Afghan National Security Forces requirements and changes in Afghan National Security Forces personnel levels. The SIGAR identified that the DoD maintained information on weapons purchased for Afghan National Security Forces in two separate databases, which did not always match, as some records were duplicated and some were incomplete.

<sup>27</sup> DoD Instruction 5000.64, "Accountability and Management of DoD Equipment and Other Accountable Property," March 19, 2001.

Report No. SIGAR 12-04, "DoD Improved Its Accountability for Vehicles Provided to the Afghan National Security Forces, but Should Follow Up on End-Use Monitoring Findings," January 12, 2012

The SIGAR assessed whether the Combined Security Transition Command–Afghanistan could account for the vehicles it provided to the Afghan National Security Forces and assessed Combined Security Transition Command–Afghanistan’s oversight for the vehicles provided. The SIGAR was able to account for nearly all vehicles provided to the Afghan National Security Forces; however, the Combined Security Transition Command–Afghanistan did not regularly file claims for damages or missing equipment.

## Appendix B

---

### Enhanced End-Use Defense Articles

The following defense articles have been designated by the Military Departments, export policy, the interagency release process, or by DoD policy as requiring EEUM:

- Advanced Medium Range Air-to-Air Missiles
- Air Intercept Missiles-9X
- Communication Security Equipment
- Enhanced Targeting Data
- Harpoon Block II Missiles
- Javelin Missiles and Command Launch Units
- Joint Air-to-Surface Standoff Missiles
- Joint Standoff Weapons
- Large Aircraft Infrared Countermeasures
- Night Vision Devices
- Standard Missile-3
- Standoff Land Attack Missile Expanded Response
- Stinger Missiles and Gripstocks
- Terminal High Altitude Area Defense
- Tomahawk Missiles
- Tube-Launched, Optically Tracked, Wire-Guided Missiles
- Unmanned Aircraft Systems





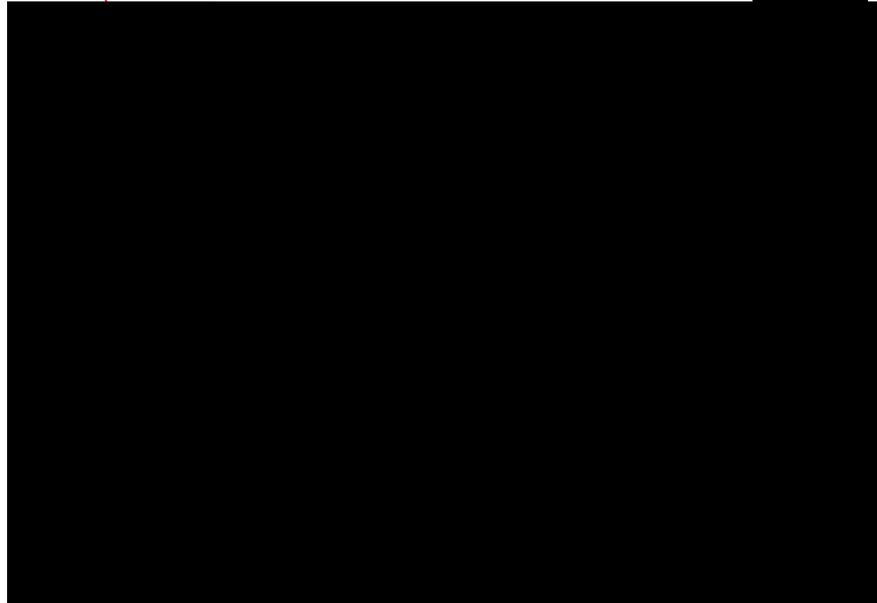
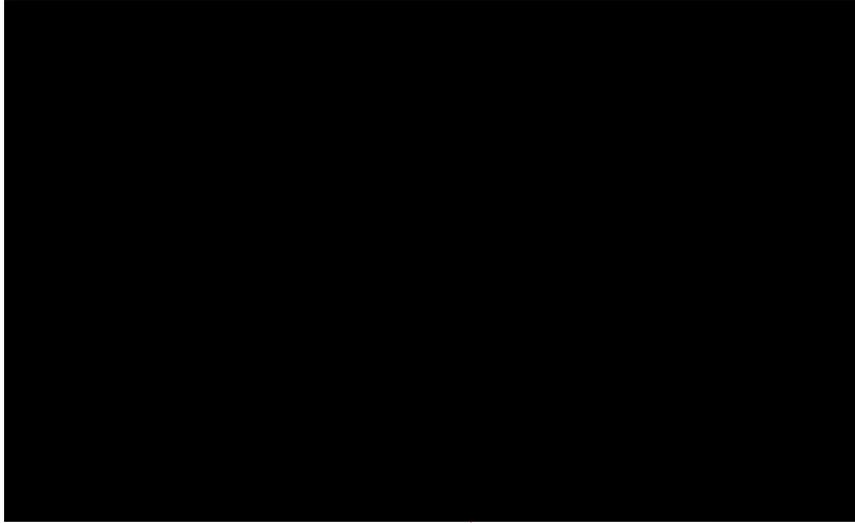
## Security Checklist for Javelin Missiles and CLUs (cont'd)

~~FOR OFFICIAL USE ONLY~~

~~FOR OFFICIAL USE ONLY~~

## Security Checklist for Javelin Missiles and CLUs (cont'd)

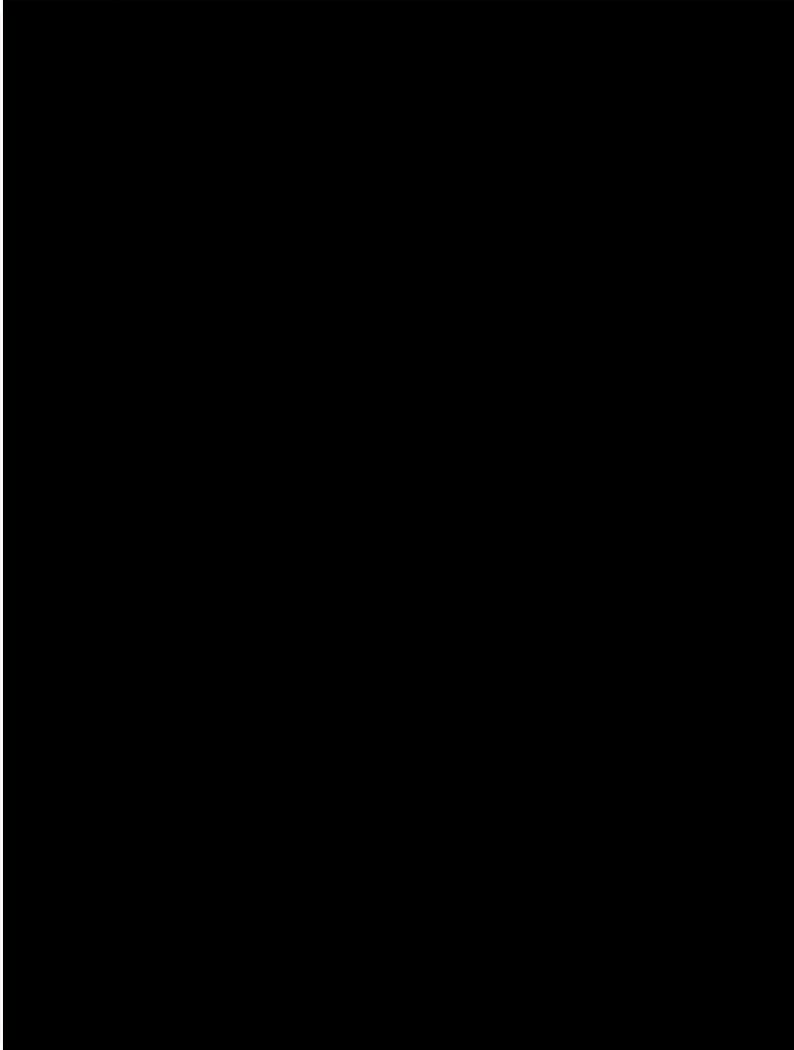
~~FOR OFFICIAL USE ONLY~~



~~FOR OFFICIAL USE ONLY~~

## Security Checklist for Javelin Missiles and CLUs (cont'd)

~~FOR OFFICIAL USE ONLY~~



~~FOR OFFICIAL USE ONLY~~

## Security Checklist for Javelin Missiles and CLUs (cont'd)

~~FOR OFFICIAL USE ONLY~~

[Redacted]



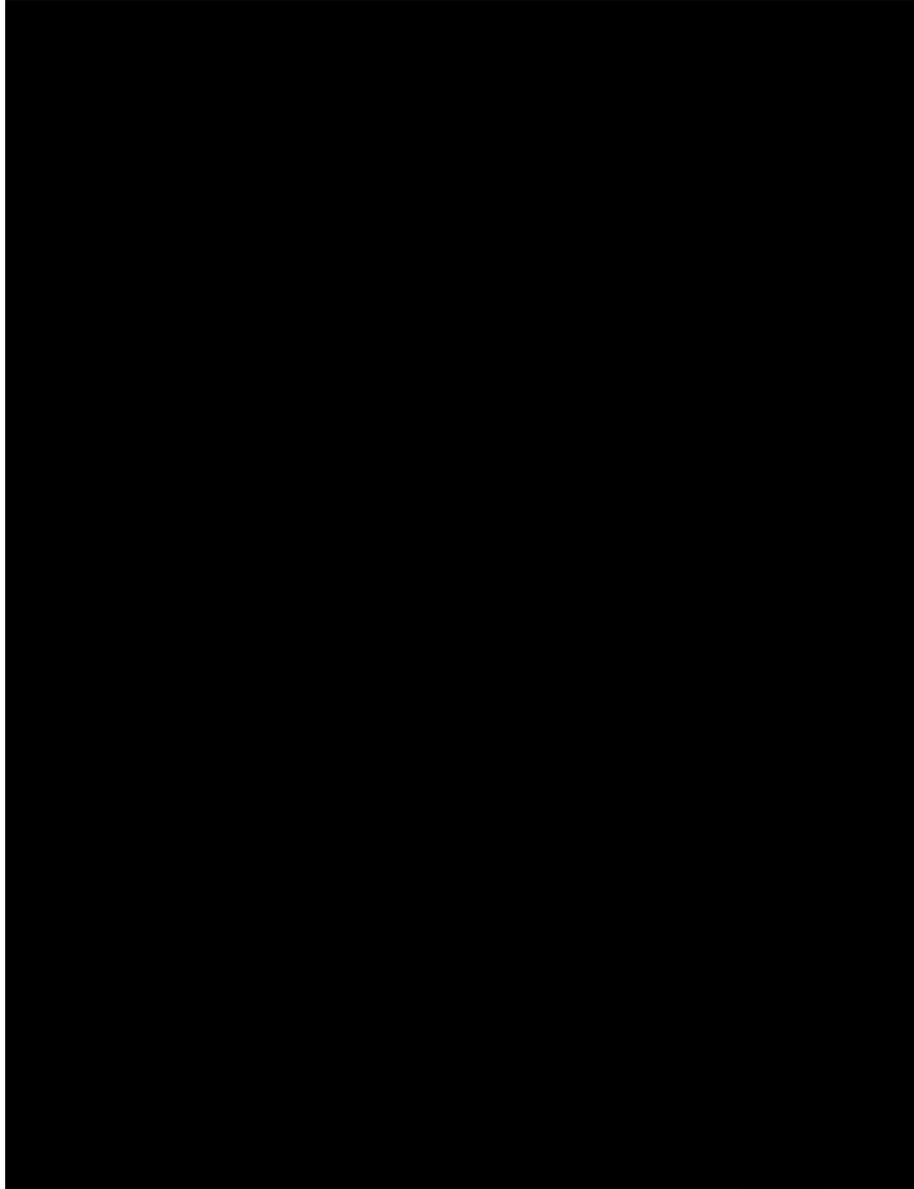
[Large redacted area]

[Redacted]

~~FOR OFFICIAL USE ONLY~~

## Security Checklist for Javelin Missiles and CLUs (cont'd)

~~FOR OFFICIAL USE ONLY~~

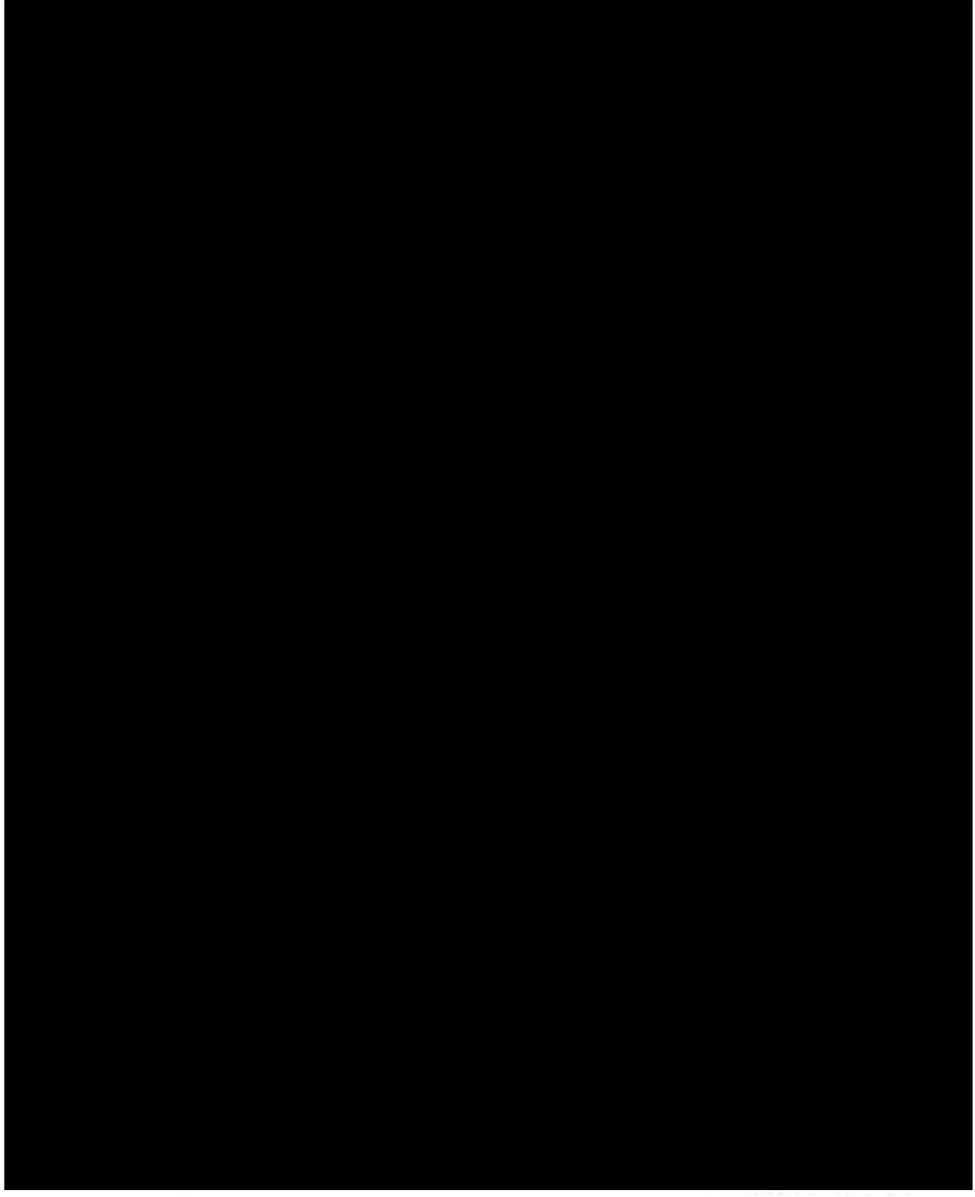


~~FOR OFFICIAL USE ONLY~~  
Not Cleared For Public Release



## Security Checklist for Javelin Missiles and CLUs (cont'd)

~~FOR OFFICIAL USE ONLY~~



~~FOR OFFICIAL USE ONLY~~  
Not Cleared For Public Release

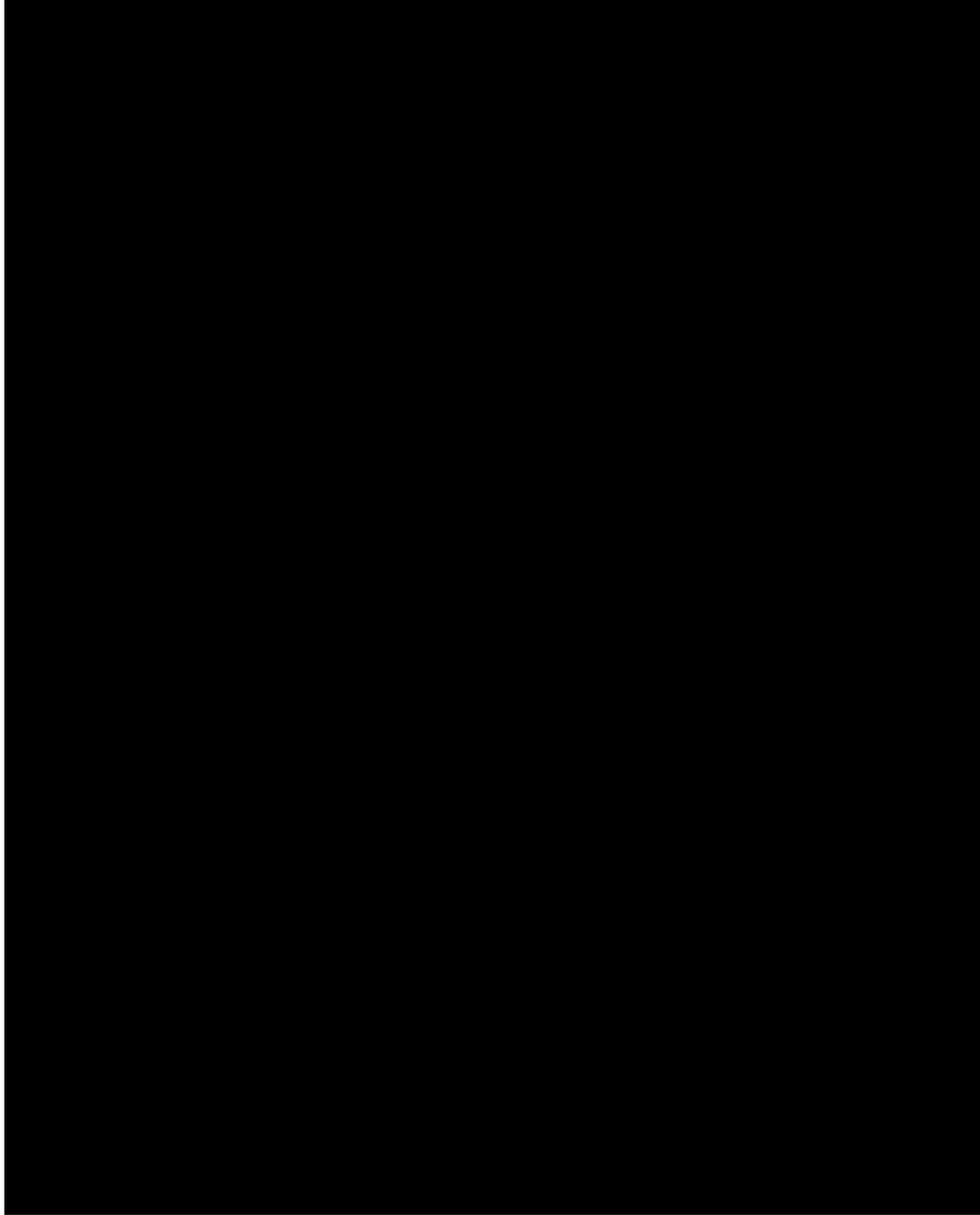


## Security Checklist for Javelin Missiles and CLUs (cont'd)

<del>FOR OFFICIAL USE ONLY</del>	
<del>FOR OFFICIAL USE ONLY</del> Not Cleared For Public Release	
	

## Security Checklist for Javelin Missiles and CLUs (cont'd)

~~FOR OFFICIAL USE ONLY~~

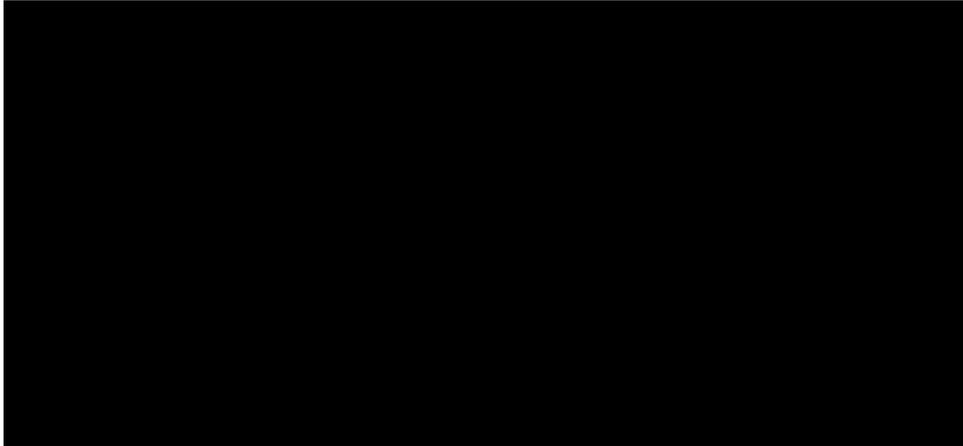


~~FOR OFFICIAL USE ONLY~~  
Not Cleared For Public Release



## Security Checklist for Javelin Missiles and CLUs (cont'd)

~~FOR OFFICIAL USE ONLY~~

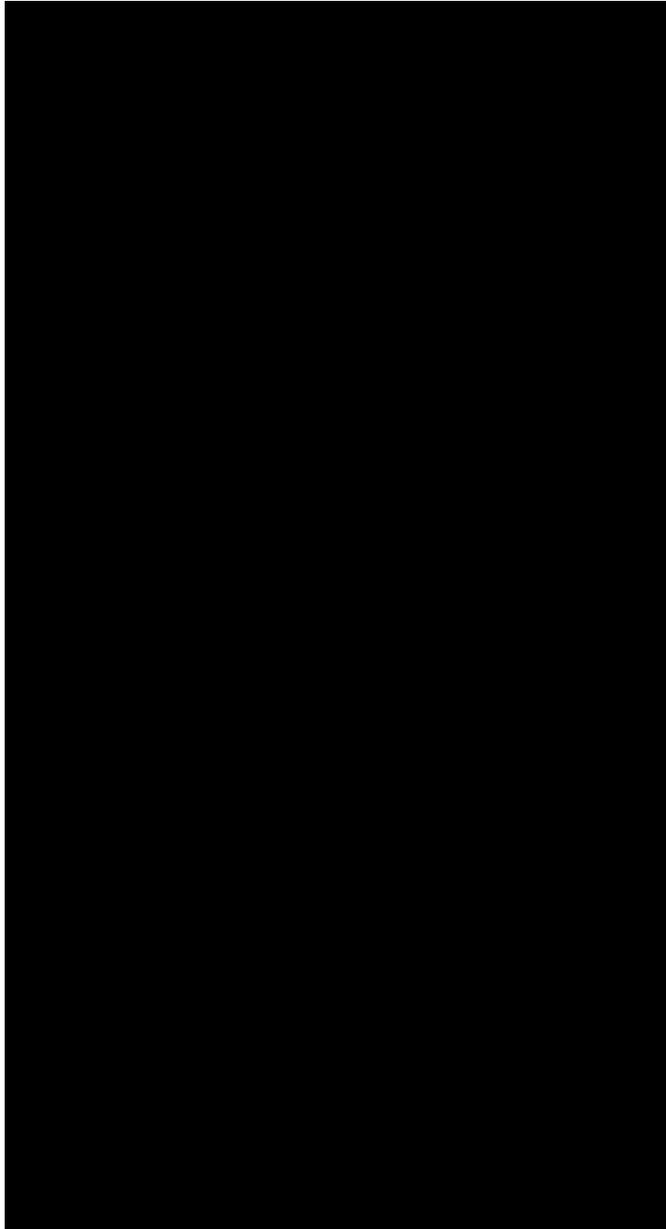


~~FOR OFFICIAL USE ONLY~~  
Not Cleared For Public Release



## Security Checklist for Javelin Missiles and CLUs (cont'd)

~~FOR OFFICIAL USE ONLY~~

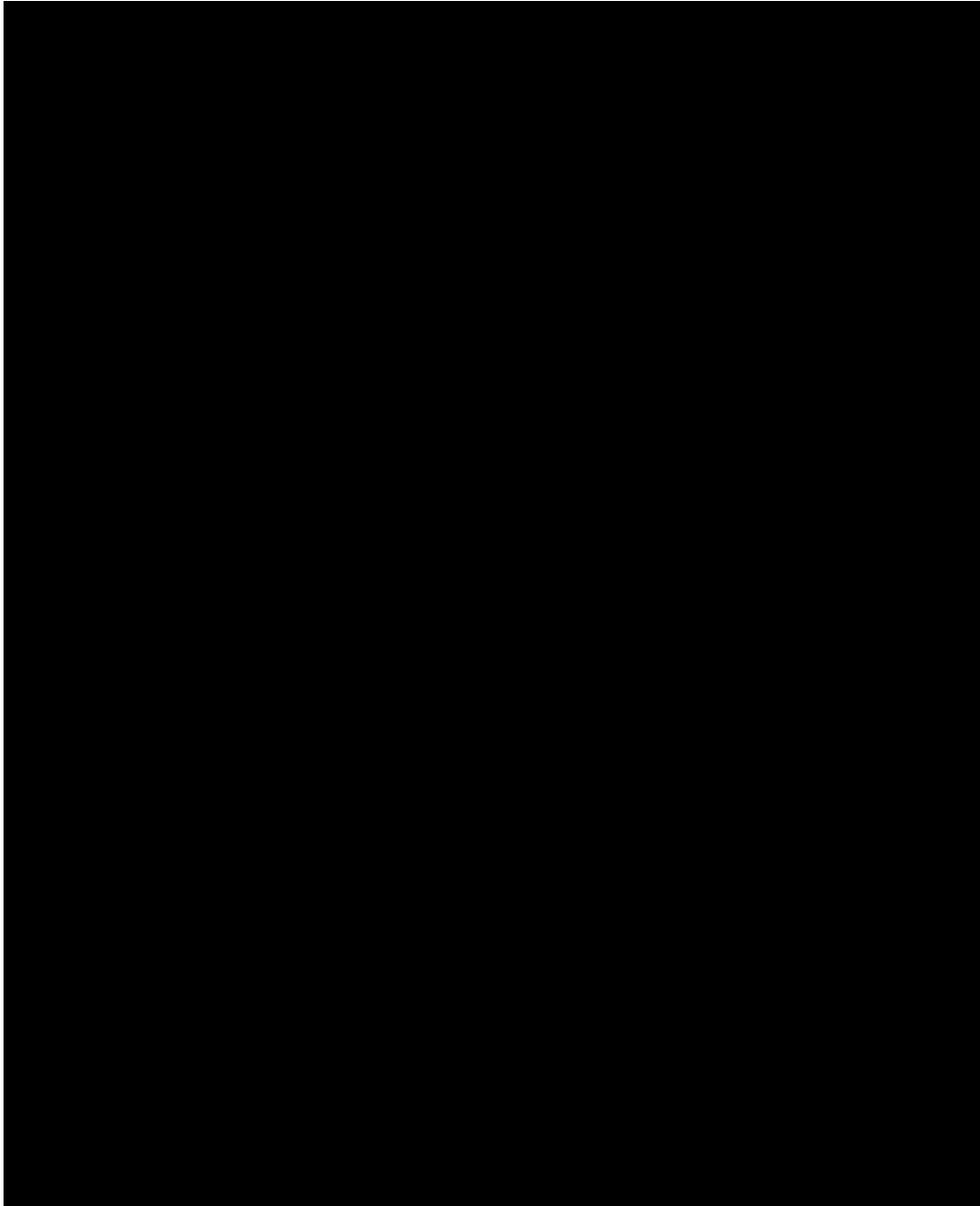


~~FOR OFFICIAL USE ONLY~~  
Not Cleared For Public Release



## Security Checklist for Javelin Missiles and CLUs (cont'd)

~~FOR OFFICIAL USE ONLY~~

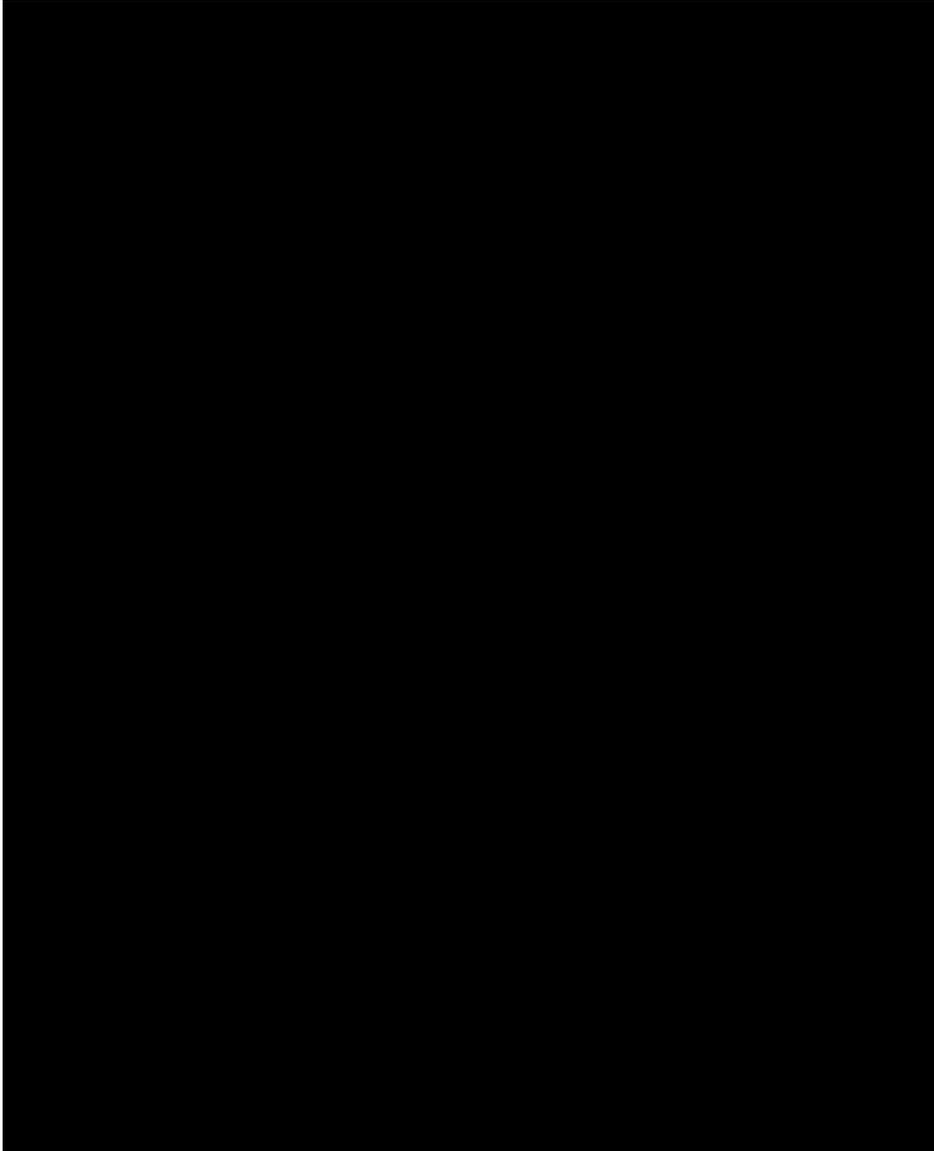


~~FOR OFFICIAL USE ONLY~~  
Not Cleared For Public Release



## Security Checklist for Javelin Missiles and CLUs (cont'd)

~~FOR OFFICIAL USE ONLY~~



~~FOR OFFICIAL USE ONLY~~

# Management Comments

## U.S. European Command



HEADQUARTERS  
UNITED STATES EUROPEAN COMMAND  
UNIT 30400  
APO AE 09131

ECDC

24 January 2017

MEMORANDUM FOR Inspector General, Department of Defense, 4800 Mark Center Drive, Alexandria, VA 22350-1500

SUBJECT: US European Command (EUCOM) Statement of Action and Response to DOD Inspector General (IG) Project No. D2016-D000RE-0108.000, "U.S. European Command Needs to Improve Oversight of the Golden Sentry Program"

1. Thank you for the assistance your IG team provided to EUCOM as the first Geographic Combatant Command (GCC) to receive an End-Use Monitoring (EUM) Golden Sentry Program (GSP) inspection. Your efforts will help us ensure that our Allies and Partners do not compromise the technological advantages and security of the USA or its Allies. EUCOM will aggressively pursue reforms to ensure our EUM program leads the way for all GCCs, and we will provide support to the Defense Security Cooperation Agency (DSCA) to update their EUM training, checklists, and standard operating procedures (SOP).
2. The DOD IG concluded that EUCOM did not provide adequate EUM oversight of the Security Cooperation Offices (SCO), and that SCOs in [REDACTED] did not correctly use security checklists when inspecting host-nation EUM items. Although EUCOM maintains accountability for 100% of enhanced EUM articles in theater, we acknowledge the need to provide more adequate oversight as the GSP continues to grow during ongoing headquarters reductions.<sup>1</sup>
3. The DOD IG recommended that the Director, EUCOM J5/8 - Policy, Strategy, Partnering and Capabilities, develop and implement a plan of action to ensure that EUCOM is providing adequate oversight for all Golden Sentry Program Managers (GSPM) in theater. EUCOM takes full responsibility for EUM oversight and will execute the following plan of action to ensure all SCOs meet the GSP requirements:
  - a. The EUCOM GSPM will inspect SCOs in [REDACTED] in order to rectify the internal control weaknesses which the DOD IG identified in these two countries. SUSPENSE: [REDACTED] 30-31 JAN 2017, [REDACTED] 6-7 FEB 2017.
  - b. The EUCOM GSPM will increase the frequency of staff assistance visits at SCO GSPMs. SUSPENSE: Begin 28 FEB 2017.
  - c. The EUCOM GSPM will brief the status of EUM inspections and delinquent EUM reporting during monthly EUCOM Deputy J5/8 meetings with all SCOs. EUM delinquencies will be a EUCOM J5/8 Deputy Director critical information requirement. SUSPENSE: 21 FEB 2017.

<sup>1</sup> In 2014, 21 countries required EEUM monitoring under the GSP. In 2018 it is projected that 37 countries will require EEUM monitoring.

UNCLASSIFIED // ~~FOUO~~

## U.S. European Command (cont'd)

UNCLASSIFIED // FOUO

d. The EUCOM GSPM will conduct a 90-minute training class on Golden Sentry internal control procedures during the annual EUCOM Strategy Conference & Workshop. SUSPENSE: Conference dates 6-10 MAR 2017.

e. The EUCOM J5/8 Security Cooperation Program will update EUCOM's EUM SOP. SUSPENSE: 1 JUN 2017.

4. The DOD IG also recommended that DSCA update the Defense Institute of Security Cooperation Studies' Security Cooperation Management Overseas training course. EUCOM supports this recommendation in a broad sense and recognizes the need to improve the training, certification, assignment, and development of the US security cooperation workforce in accordance with the 2017 National Defense Authorization Act Section 1250 (see Enclosure 1). In passing this law, congress provided authority to the interagency community and GCC staffs to develop a security cooperation workforce which has the right specialized skills and is rationally assigned to the work. As such, the EUCOM J5/8, with the support of EUCOM's IG, will conduct a comprehensive review of EUCOM GSP internal controls, EUCOM personnel, EUCOM directives, and policies that support the GSP to ensure that we have unity of effort within EUCOM in order to create efficiencies and increase the number and quality of inspections. SUSPENSE: 1 AUG 2017.

5. The DOD IG further recommended that the EUCOM GSPM coordinate with DSCA to develop and disseminate SOPs which provide standards and expectations on how SCO GSPMs should verify that recipient countries are complying with security checklist requirements. While EUCOM is more than prepared to coordinate with DSCA to develop and disseminate SOPs, it is ultimately DSCA's responsibility to standardize checklists and SOPs as it covers six GCCs and additional key stakeholders. The EUCOM GSPM will contact DSCA and will stand by to provide support in any way DSCA requires. SUSPENSE: 15 FEB 2017.

7. Thank you again for the valuable assistance your IG team provided during the first EUM inspection executed at a GCC. We appreciate your efforts to help us better ensure our Allies and Partners do not compromise our technological advantages and security. We will aggressively pursue reforms to ensure our EUM program and internal control system stands as an example to other GCCs. Lastly, we will provide support to DSCA to update their training, checklists, and SOPs for the benefit of all GCCs.

8. The primary point of contact for this memorandum [REDACTED] at [REDACTED], and the alternate point of contact is [REDACTED] at [REDACTED]. The GO/FO point of contact is [REDACTED] at [REDACTED].

  
TIMOTHY M. RAY  
Lieutenant General, USAF  
Deputy Commander

Encls  
1. 2017 NDAA Section 1250 Excerpt

UNCLASSIFIED // FOUO

## Defense Security Cooperation Agency



### DEFENSE SECURITY COOPERATION AGENCY

201 12TH STREET SOUTH, STE 203  
ARLINGTON, VA 22202-5408

MEMORANDUM FOR INSPECTOR GENERAL OF THE DEPARTMENT OF DEFENSE

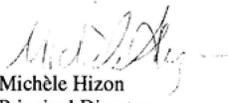
SUBJECT: Draft Report on U.S. European Command Oversight of the Golden Sentry Program

Reference: Department of Defense Office of the Inspector General, Draft Report, "U.S. European Command Needs to Improve Oversight of the Golden Sentry Program" (Project No. D2016-D000RE-0108.000), December 27, 2016

Thank you for the opportunity to review and provide comments on the subject report. We have reviewed the report and see value in the Department of Defense Office of the Inspector General (DoDIG) recommendations; however, we are concerned that the language used at times overstates possible flaws in our end-use monitoring (EUM) efforts. Our comments addressing the report's recommendation for the Defense Security Cooperation Agency (DSCA) are attached.

We will continue to work to improve our security and accountability procedures and training provided to Security Cooperation Organizations personnel, and welcome viable recommendations resulting from important audits such as this DoDIG report to maintain an effective EUM program in the U.S. European Command's region. I trust that your assessment and recommendations will assist us with our efforts for continuous process improvement.

My point of contact on this matter is [REDACTED]. He may be contacted by email at: [REDACTED], or by telephone at: [REDACTED].

  
Michèle Hizon  
Principal Director  
Security Assistance and Equipping

Attachments:  
As stated



## Defense Security Cooperation Agency (cont'd)

DoDIG DRAFT REPORT DATED DECEMBER 27, 2016  
PROJECT NUMBER D2016-D000RE-0108.000

“U.S. European Command Needs to Improve Oversight of the Golden Sentry Program”

### DEFENSE SECURITY COOPERATION AGENCY (DSCA) COMMENTS ON DoDIG DRAFT REPORT ON U.S. EUROPEAN COMMAND NEEDS TO IMPROVE OVERSIGHT OF THE GOLDEN SENTRY PROGRAM

DSCA welcomes periodic reviews of important programs such as end-use monitoring (EUM) of defense articles and services and appreciates the opportunity to comment on this draft report. We believe that the language used in the draft report overstates possible flaws in the U.S. European Command (USEUCOM) execution of the Golden Sentry program. There are currently 38 Security Cooperation Organizations (SCOs) in the USEUCOM region that perform enhanced end-use checks of more than 60,300 defense articles. The DoDIG only sampled four of the 38 SCOs, and these four were not selected using statistical methods. Two of the four SCOs sampled were not complying fully with security and accountability requirements for defense articles designated for Enhanced EUM (EEUM). It is important that the report put the assessment and findings noted in the proper context of EUCOM's overall execution of the EEUM requirements.

We concur with the DoDIG's recommendation that the Principal Director, Security Assistance and Equipping Directorate, Defense Security Cooperation Agency, update the security checklists to include instructions on when, where and how the checklists should be used; who should use the checklists; and how such personnel should verify the recipient country complied with the security checklists requirements. DSCA is working to update EUM policy guidance in the Security Assistance Management Manual (DSCA Manual 5105.38-M). The updated policy will provide SCOs additional guidance regarding the use of Golden Sentry checklists and will include the information stated above. Additionally, DSCA plans to draft and publish through the Security Cooperation Information Portal EUM (SCIP-EUM) database detailed instructions for SCOs regarding when, where and how the checklists should be used; who should use the checklists; and how that person should verify the recipient country complied with the security checklists requirements. These updates are planned for implementation by February 28, 2017.

We also concur with the DoDIG's recommendation that the Principal Director, Security Assistance and Equipping Directorate, Defense Security Cooperation Agency, update the Defense Institute of Security Cooperation Studies' (DISCS) Security Cooperation Management Overseas training course to include training that addresses the use of security checklists and demonstrates how the Security Cooperation Organization's Golden Sentry Program Managers verify the recipient country complied with the security checklist requirements. DSCA is working with DISCS to include instruction on the use of security checklists in its Security Cooperation Management Overseas training course. Additionally, DSCA is working with DISCS to develop online EUM training for SCOs. Through a combination of resident and online training, DISCS will provide the security checklists instruction recommended by the DoDIG, including steps SCOs must take to verify that the recipient countries comply with the security parameters stated on the checklists. These actions are also planned to be completed by February 28, 2017.



## Acronyms and Abbreviations

---

<b>CLU</b>	Command Launch Unit
<b>DISCS</b>	Defense Institute of Security Cooperation Studies
<b>DSCA</b>	Defense Security Cooperation Agency
<b>EUM</b>	End-Use Monitoring
<b>EEUM</b>	Enhanced End-Use Monitoring
<b>NVD</b>	Night Vision Device
<b>ODC</b>	Office of Defense Cooperation
<b>OIG</b>	Office of Inspector General
<b>SAMM</b>	Security Assistance Management Manual
<b>SCIP</b>	Security Cooperation Information Portal
<b>SCO</b>	Security Cooperation Organization
<b>SCO PM</b>	SCO Golden Sentry Program Manager
<b>SOP</b>	Standard Operating Procedure
<b>USEUCOM</b>	U.S. European Command
<b>USEUCOM PM</b>	USEUCOM Golden Sentry Program Manager

## **Whistleblower Protection**

### **U.S. DEPARTMENT OF DEFENSE**

*The Whistleblower Protection Ombudsman's role is to educate agency employees about prohibitions on retaliation and employees' rights and remedies available for reprisal.*

*The DoD Hotline Director is the designated ombudsman.*

*For more information, please visit the Whistleblower webpage at [www.dodig.mil/programs/whistleblower](http://www.dodig.mil/programs/whistleblower).*

## **For more information about DoD IG reports or activities, please contact us:**

### **Congressional Liaison**

[congressional@dodig.mil](mailto:congressional@dodig.mil); 703.604.8324

### **Media Contact**

[public.affairs@dodig.mil](mailto:public.affairs@dodig.mil); 703.604.8324

### **For Report Notifications**

[www.dodig.mil/pubs/email\\_update.cfm](http://www.dodig.mil/pubs/email_update.cfm)

### **Twitter**

[www.twitter.com/DoD\\_IG](http://www.twitter.com/DoD_IG)

### **DoD Hotline**

[www.dodig.mil/hotline](http://www.dodig.mil/hotline)

~~FOR OFFICIAL USE ONLY~~



DEPARTMENT OF DEFENSE | INSPECTOR GENERAL

4800 Mark Center Drive  
Alexandria, VA 22350-1500  
[www.dodig.mil](http://www.dodig.mil)  
Defense Hotline 1.800.424.9098

~~FOR OFFICIAL USE ONLY~~