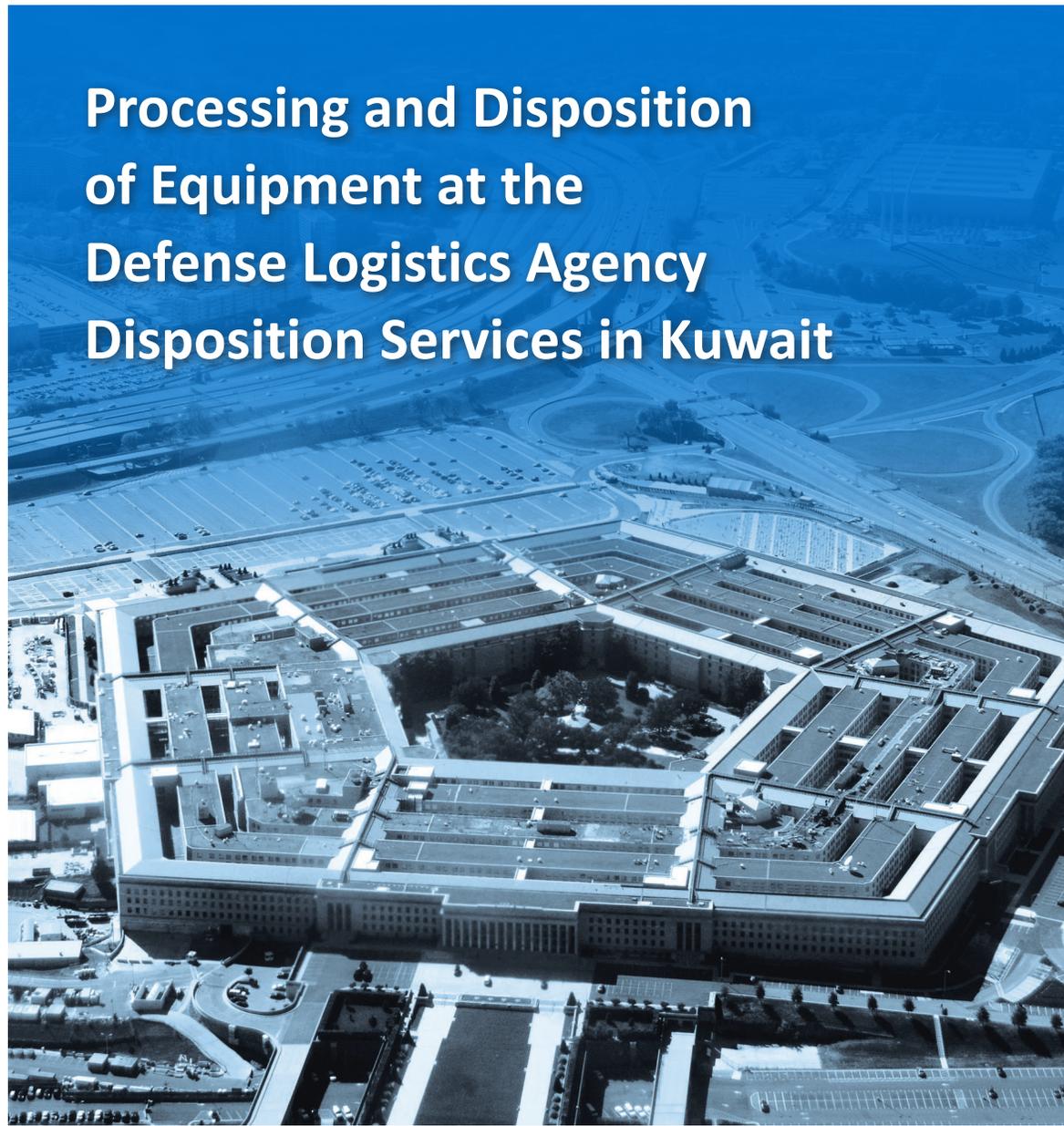




INSPECTOR GENERAL

U.S. Department of Defense

MAY 01, 2018



Processing and Disposition of Equipment at the Defense Logistics Agency Disposition Services in Kuwait

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Results in Brief

Processing and Disposition of Equipment at the Defense Logistics Agency Disposition Services in Kuwait

May 01, 2018

Objective

We determined whether Defense Logistics Agency (DLA) Disposition Services properly processed and disposed of equipment in Kuwait.

Background

The DLA's mission is to provide effective and efficient worldwide support to warfighters and other customers. As part of this support, the DLA offers equipment disposition, including equipment turn-in; reutilization, transfer, and donation; and sales. Reutilization, transfer, and donation of equipment saves the DoD substantial procurement and repair costs, and benefits the Military Services, Federal agencies, state and local governments, nonprofit agencies, and American taxpayers.

DLA Disposition Services sites dispose of all DoD-generated excess, surplus, foreign excess, and other personal property authorized for turn-in. DLA Disposition Services headquarters in Battle Creek, Michigan, develops and updates guidance and procedures for processing and disposing of equipment.

DLA Disposition Services Kuwait, located in DLA Disposition Services' Central disposal region, provides services in Afghanistan, Bahrain, Kuwait, Qatar, and the United Arab Emirates. The DLA Disposition Services site at Camp Arifjan, Kuwait, is one of the largest DLA disposition sites in the world. The disposition process in Kuwait starts with a pre-receipt process,

Background (cont'd)

in which DLA Disposition Services Kuwait officials travel to the customer to preview equipment and ensure all required turn-in documents are prepared correctly. A DLA Disposition Services' official provides an internal DLA Disposition Services reference number to the customer to schedule an appointment. The customer then turns in the equipment to DLA Disposition Services Kuwait during the scheduled appointment, and the equipment is either reutilized, scrapped, or demilitarized.

Because of hazards associated with the disposition process such as cuts, loss of eyes and limbs, and head injuries, DLA Disposition Services Kuwait officials must implement Occupational Safety and Health Program requirements. Specifically, DLA Instruction 6055.01 requires DLA Disposition Service Kuwait officials to report and track all hazards, conduct personal protective equipment assessments, and ensure that safe work practices are followed.¹

Finding

We determined that DLA Disposition Services officials properly processed and disposed of equipment in Kuwait; however, improvements are necessary to mitigate life, health, and safety hazards. Specifically, DLA Disposition Services Kuwait officials did not consistently:

- ensure personnel responsible for disposing of equipment wore the required personal protective equipment; and
- conduct annual Job Hazard Analysis reviews and identify and develop Job Hazard Analyses for DLA Disposition Services officials as required by DLA guidance.

This occurred because the Director, DLA Disposition Services Directorate—Central did not ensure officials provided comprehensive oversight of employees and contractors' adherence and implementation of safety requirements.

¹ DLA Instruction 6055.01, "Occupational Safety and Health Program," December 9, 2014.



Results in Brief

Processing and Disposition of Equipment at the Defense Logistics Agency Disposition Services in Kuwait

Finding (cont'd)

As a result, DLA Disposition Services Kuwait officials and Gulf Civilization General Trading contractors responsible for disposing of equipment in Kuwait are susceptible to significant injuries. For example, a contractor suffered temporary hearing loss and a cut finger during cutting operations. According to signs in the cutting area, safety gloves and respiratory mask are required within 45 feet of ongoing operations. DLA Disposition Services' Kuwait officials did not specify whether the contractor was wearing proper personal protective equipment at the time the incident was reported. Yet, without proper personal protective equipment contractors in similar incidents are at increased risk of injuries. To prevent additional injuries from occurring, DLA Disposition Services Kuwait officials must increase oversight of contractors' adherence to safety requirements to mitigate hazards.

In addition, DLA Disposition Services Kuwait officials established site-specific pre-receipt processes that resulted in equipment turn-in efficiencies, such as reduced backlog and processing times, but did not document this process. Failure to document site-specific processes increases the risk of backlogs of equipment awaiting turn-in and longer processing times. For example, DLA Disposition Services Kuwait officials may not accept equipment that arrives without the proper documents and will either send the equipment back with the customer or hold it onsite until the customer provides the proper documentation, resulting in delays. In addition, if these processes are not documented, future rotations of DLA Disposition Services Kuwait officials may not continue these best practices.

Recommendations

We recommend that the Director, DLA Disposition Services Directorate—Central:

- establish a schedule to conduct inspections to ensure contract personnel wear proper personal protective equipment and report any nonconformance to the contracting officer;
- provide supervisors and employees Job Hazard Analyses for their respective areas of oversight; and
- create a Job Hazard Analysis for shredding operations.

In order to sustain current pre-receipt processes, we also recommend that the Director, DLA Disposition Services Directorate—Central document the pre-receipt process developed in Kuwait.

Management Actions Taken

The Director, DLA Disposition Services Directorate—Central agreed with our recommendations and immediately initiated corrective actions. DLA Disposition Services Kuwait officials updated the contracting officer's representative checklist to require contracting officer's representatives to conduct daily inspections to identify whether contract personnel wear the proper personal protective equipment. The Director, DLA Disposition Services Directorate—Central provided supervisors and employees training on Job Hazard Analyses for their applicable areas of oversight. DLA Disposition Services' officials also developed a Job Hazard Analysis for shredding operations. Additionally, DLA Disposition Services Kuwait officials documented the pre-receipt process developed in Kuwait. The actions taken are sufficient to close both recommendations.

Please see the Recommendations Table on the next page.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Director, Defense Logistics Agency Disposition Services Directorate—Central	None	None	1.a, 1.b, 1.c, and 2

Note: The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented.





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

May 01, 2018

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Processing and Disposition of Equipment at the Defense Logistics Agency
Disposition Services in Kuwait (Report No. DODIG-2018-112)

We are providing this final report for your information and use. DLA Disposition Services officials took prompt action to resolve each concern identified; therefore, we will not make any additional recommendations in this report. We conducted this audit in accordance with generally accepted auditing standards.

We appreciate the cooperation and assistance received during the audit. Please direct questions to me at Michael.Roark@dodig.mil, (703) 604-9187 (DSN 664-9187).

A handwritten signature in cursive script, reading "Michael J. Roark", is positioned above the typed name.

Michael J. Roark
Assistant Inspector General
Readiness and Global Operations

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AUDITOR GENERAL, DEPARTMENT OF THE ARMY

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Acronyms and Abbreviations

Introduction

Objective

We determined whether Defense Logistics Agency (DLA) Disposition Services properly processed and disposed of equipment in Kuwait.

Background

The DLA's mission is to provide effective and efficient worldwide support to warfighters and other customers.² As part of this support, the DLA offers equipment disposition, including equipment turn-in; reutilization, transfer, and donation; and sales. Reutilization, transfer, and donation of equipment saves the DoD substantial procurement and repair costs and benefits the Military Services, Federal agencies, state and local governments, nonprofit agencies, and American taxpayers.

DLA Disposition Services sites dispose of all DoD-generated excess, surplus, foreign excess and other personal property authorized for turn-in. For example, DLA Disposition Services disposes of tactical vehicles, computers, clothing, and other items. DLA Disposition Services headquarters in Battle Creek, Michigan, develops and updates guidance and procedures, including DLA standard operating procedures and DLA desktop guides, for processing and disposing of equipment. There are over 100 DLA Disposition Services sites throughout the United States and various countries around the world. Locations include Norfolk, Virginia; Kaiserslautern, Germany; Sagami, Japan; Pearl Harbor, Hawaii; and Camp Arifjan, Kuwait.

DLA Disposition Services Kuwait

DLA Disposition Services Kuwait, located in DLA Disposition Services' Central disposal region, provides services in Afghanistan, Bahrain, Kuwait, Qatar, and the United Arab Emirates.

The site at Camp Arifjan, Kuwait, is one of the largest DLA disposition sites in the world. In 2017, the site received 26.1 million items for disposition and scrapped 27.7 million pounds of equipment. The Kuwait site includes the Director, DLA Disposition Services Directorate—Central, a supervisor, a safety officer, a lead contracting officer's representative (COR), and additional CORs who oversee contractors as they receive, demilitarize, and scrap equipment.³

² Customers consist of the Military Services, Defense agencies, sponsoring DoD-related organizations (such as, Civil Air Patrol and military affiliate radio system), or Federal civilian agencies.

³ Demilitarization is the act of eliminating the functional capabilities and inherent military design features from DoD personal property. Methods and degree range from removal and destruction of critical features to total destruction by cutting, crushing, shredding, and burning, among other methods. Demilitarization is required to prevent property from being used for its originally intended purpose.

The Director oversees the DLA Disposition Services yard in Kuwait. In addition, the Director implements the Occupational Safety and Health Program requirements, reports and tracks hazards, conducts personal protective equipment (PPE) assessments, and ensures that safe work practices are followed.⁴ The supervisor runs the day-to-day operations at the DLA Disposition Services Kuwait yard, and reviews and updates Job Hazard Analyses (JHAs).⁵ The safety officer identifies initial safety hazards and site-specific control procedures, develops a schedule to inspect DLA work areas, helps supervisors and employees develop JHAs, conducts and documents an annual review of the safety program, and reports hazards. The lead COR oversees the additional CORs and develops COR monthly reports. The additional CORs oversee the DLA Disposition Services Kuwait's Gulf Civilization General Trading contract.⁶ Specifically, the CORs inspect contractor performance by overseeing the tasks performed, physically checking an attribute of the completed tasks, and inspecting the tasks or their results to determine whether performance meets the standards stated in the contract. CORs provide the information they gather during inspections to the lead COR for the COR monthly report. The COR monthly report is then provided to the contracting officer.

DLA Disposition Services Kuwait Disposition Process

The disposition process in Kuwait starts with a pre-receipt process, during which DLA Disposition Services Kuwait officials travel to the customer to preview equipment and ensure the customer adequately prepared all required turn-in documents.⁷ DLA officials provide an internal DLA Disposition Services reference number to the customer to schedule an appointment. The customer then makes an appointment to turn in equipment for disposal at the yard. When the customer or an assisting unit arrives at the yard, contractors weigh the equipment and assign the customer a receipt control number. DLA Disposition Services officials then review the turn-in documents, and in coordination with the contractors, verify the kind of equipment, its condition when it arrived, and the count or number of items.⁸ Once the review is completed, the DLA Disposition Services official signs the turn-in document and enters the information into the accountability system of record. Once turned in, equipment is categorized as demilitarization only, useable, or scrap.

⁴ For example, PPE for torch cutting consists of leather gloves, a face shield, shaded glasses, steel-toe boots, a hard hat, and a respiratory mask (half-face).

⁵ JHAs are used to identify potential hazards associated with conducting a task or process and are developed for all operations, including administrative tasks and processes with hazards.

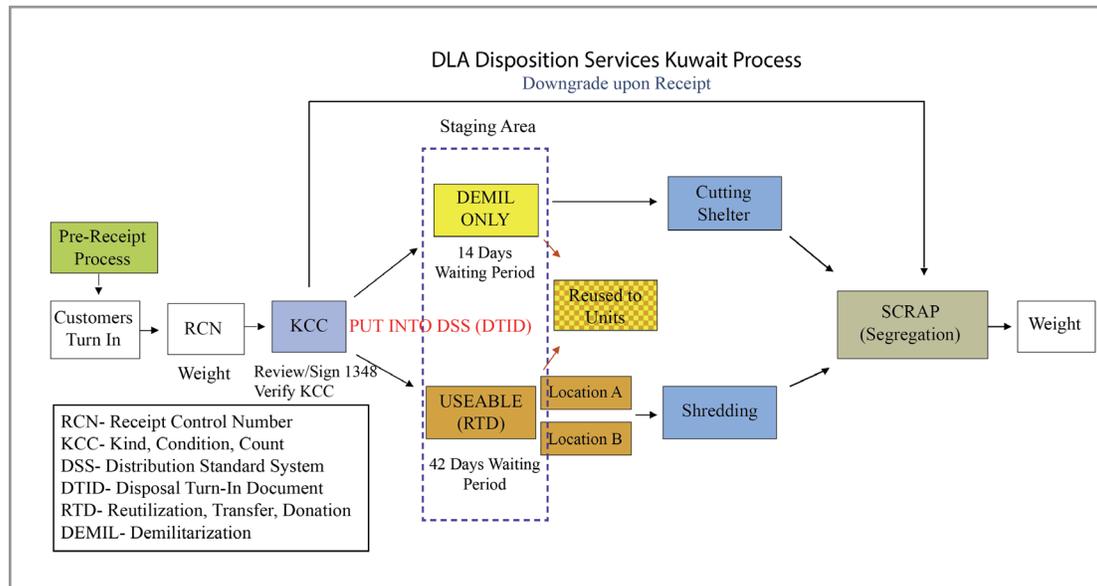
⁶ The Gulf Civilization General Trading Contract is a firm-fixed price contract worth \$2.8 million from July 2016 until June 2019.

⁷ DD Form 1348-1A, "Issue Release/Receipt Document" and applicable certifications are referred to as "turn-in documents."

⁸ This task is referred to as the "Kind, Count, and Condition Process" and includes verifying the kind (stock numbers), count (total number of individual items), and condition of items when they arrive.

Demilitarization only equipment is held for 14 days, and useable equipment that can be reutilized, transferred, or donated is held for 42 days before being scrapped. During the 14-day and 42-day waiting periods, units may request the equipment, and DLA Disposition Services officials will transfer items to the requesting unit. If the items are not reutilized, they are demilitarized or scrapped and sold based on their material weight. Figure 1 shows the disposition process at DLA Disposition Services Kuwait.

Figure 1. Disposition Process at DLA Disposition Services Kuwait Site



Source: The DoD OIG.

DLA Disposition Services Contract

DLA Disposition Services awarded Gulf Civilization General Trading a firm-fixed contract, valued at \$2.8 million, on June 15, 2016.⁹ The contract requires Gulf Civilization General Trading contractors to provide non-personal services to support DLA Disposition Services Kuwait. DLA Disposition Services administers the contract from Battle Creek, Michigan. The contractor's scope of work requires the contractor to perform a variety of tasks related to the control and accountability of items, from receiving property to reutilization, transfer, donation, or other disposal actions. In addition, the contractor is required to ensure compliance with all safety and health requirements stated in DoD, DLA, and

⁹ The contract includes a base period from July 1, 2016, to June 30, 2017, plus two option years. The first option period of performance is from July 1, 2017, to June 30, 2018, and the second option period of performance is from July 1, 2018, to June 30, 2019.

host installation safety policies. Specifically, the contractor has a qualified safety officer responsible for ensuring compliance with safety requirements. DLA Disposition Services Kuwait CORs also are supposed to complete a checklist to inspect whether contractor performance meets requirements, including verifying daily whether the contractor was provided the required PPE.

Review of Internal Controls

DoD Instruction 5010.40 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.¹⁰ We identified internal control weaknesses with DLA Disposition Services Kuwait officials' oversight of adherence to safety requirements. Specifically, DLA Disposition Services Kuwait officials did not ensure personnel responsible for disposing of equipment consistently wore PPE. In addition, officials did not consistently identify, develop, and review JHAs for DLA Disposition Services Kuwait officials in accordance with DLA guidance.

We will provide a copy of the report to the senior official responsible for internal controls in the DLA.

¹⁰ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

Finding

DLA Disposition Services Officials Properly Processed and Disposed of Equipment in Kuwait; However, Adhering to Safety Requirements and Documenting the Pre-Receipt Process Need Improvements

DLA Disposition Services officials properly processed and disposed of equipment in Kuwait; however, improvements are necessary to mitigate life, health, and safety hazards. Specifically, DLA Disposition Services Kuwait officials did not consistently:

- ensure personnel responsible for disposing of equipment wore the required PPE; and
- conduct annual JHA reviews and identify and develop JHAs for DLA Disposition Services officials as required by DLA guidance.

This occurred because the Director, DLA Disposition Services Directorate—Central did not ensure that officials provided comprehensive oversight of employees and contractors adherence and implementation of safety requirements.

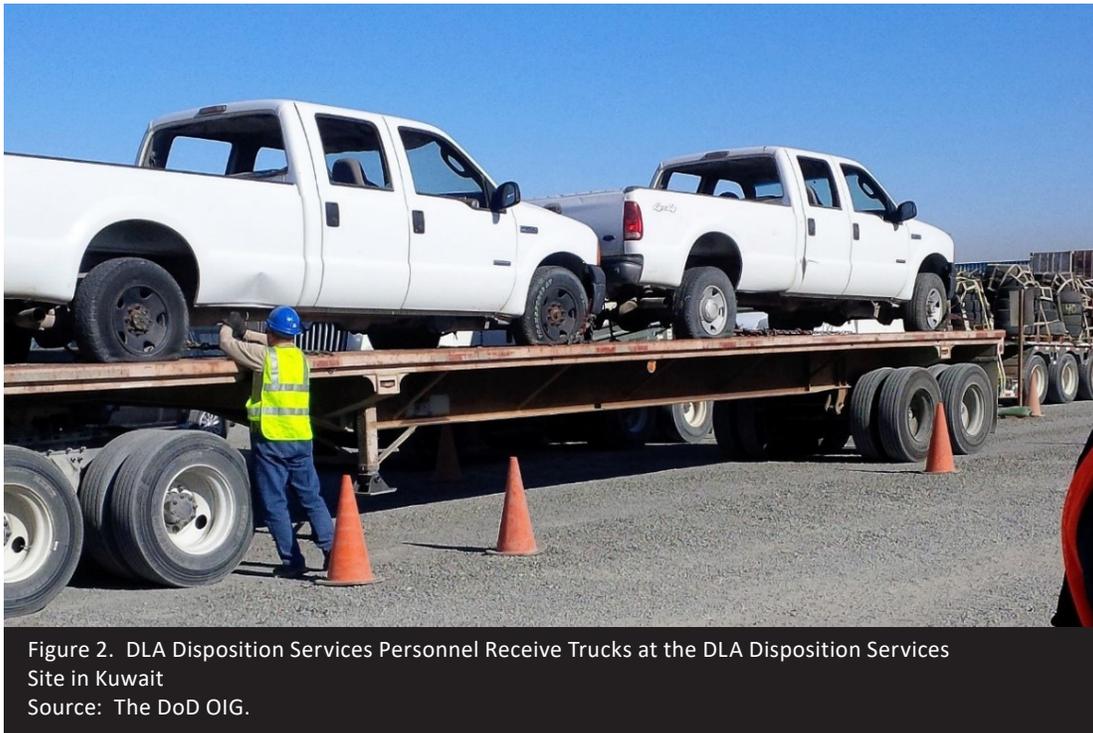
As a result, DLA Disposition Services Kuwait officials and Gulf Civilization General Trading contractors responsible for disposing of equipment in Kuwait are susceptible to significant injuries. For example, a contractor suffered temporary hearing loss and a cut finger during cutting operations. According to signs in the cutting area, safety gloves and respiratory mask are required within 45 feet of ongoing operations. DLA Disposition Services' Kuwait officials did not specify whether the contractor was wearing proper PPE at the time the incident was reported. Yet, without proper PPE contractors in similar incidents are at increased risk of injuries. To prevent additional injuries from occurring, DLA Disposition Services Kuwait officials must increase oversight of contractors' adherence to safety requirements to mitigate hazards.

In addition, DLA Disposition Services Kuwait officials established site-specific pre-receipt processes that resulted in equipment turn-in efficiencies, such as reduced backlog and processing times, but did not document this process. Failure to document site-specific processes increases the risk of backlogs of equipment awaiting turn-in and longer processing times. For example, DLA Disposition Services Kuwait officials may not accept equipment that arrives without the proper documents and will either send the equipment back with the customer or hold it onsite until the customer provides the proper documentation, resulting in delays.

If the process were documented customers would know the expectations and would be able to avoid these delays. In addition, if these processes are not documented, future rotations of DLA Disposition Services Kuwait officials may not continue these best practices.

DLA Disposition Services Officials Properly Processed and Disposed of Equipment in Kuwait

DLA Disposition Services officials properly processed and disposed of equipment in Kuwait. Officials received, demilitarized, and scrapped equipment in accordance with DoD guidance. For example, DoD Manual 4160.21 requires DLA Disposition Services sites to inspect and obtain physical receipt of equipment and verify identity and quantities.¹¹ During our site visit, we observed DLA Disposition Services Kuwait officials complete this requirement. For example, the officials received and inspected multiple trucks, verified that the customer properly completed and provided all turn-in documents, then signed the turn-in documents, provided a copy to the customer, and entered the information in the accountability system of record. In addition, we reviewed documentation provided from FY 2017 and equipment on-site in Kuwait. We determined that turn-in documentation was adequately completed and processed in the system of accountable record. Figure 2 shows DLA Disposition Services personnel receiving trucks for disposal at the DLA Disposition Services Kuwait site.



¹¹ DoD Manual 4160.21, Volume 1, "Defense Materiel Disposition: Disposal Guidance and Procedures," October 22, 2015.

DoD Manual 4160.28 also requires DLA Disposition Services officials to demilitarize equipment to eliminate its functional capabilities and inherent military design features.¹² We observed that personnel consistently demilitarized equipment in accordance with the DoD Manual. For example, we observed and verified that vehicles were demilitarized to eliminate their functional capabilities. In addition, we reviewed and verified demilitarization reports identified authorized officials conducted adequate oversight of demilitarization operations. Figure 3 shows a vehicle being demilitarized at the DLA Disposition Services Kuwait site.

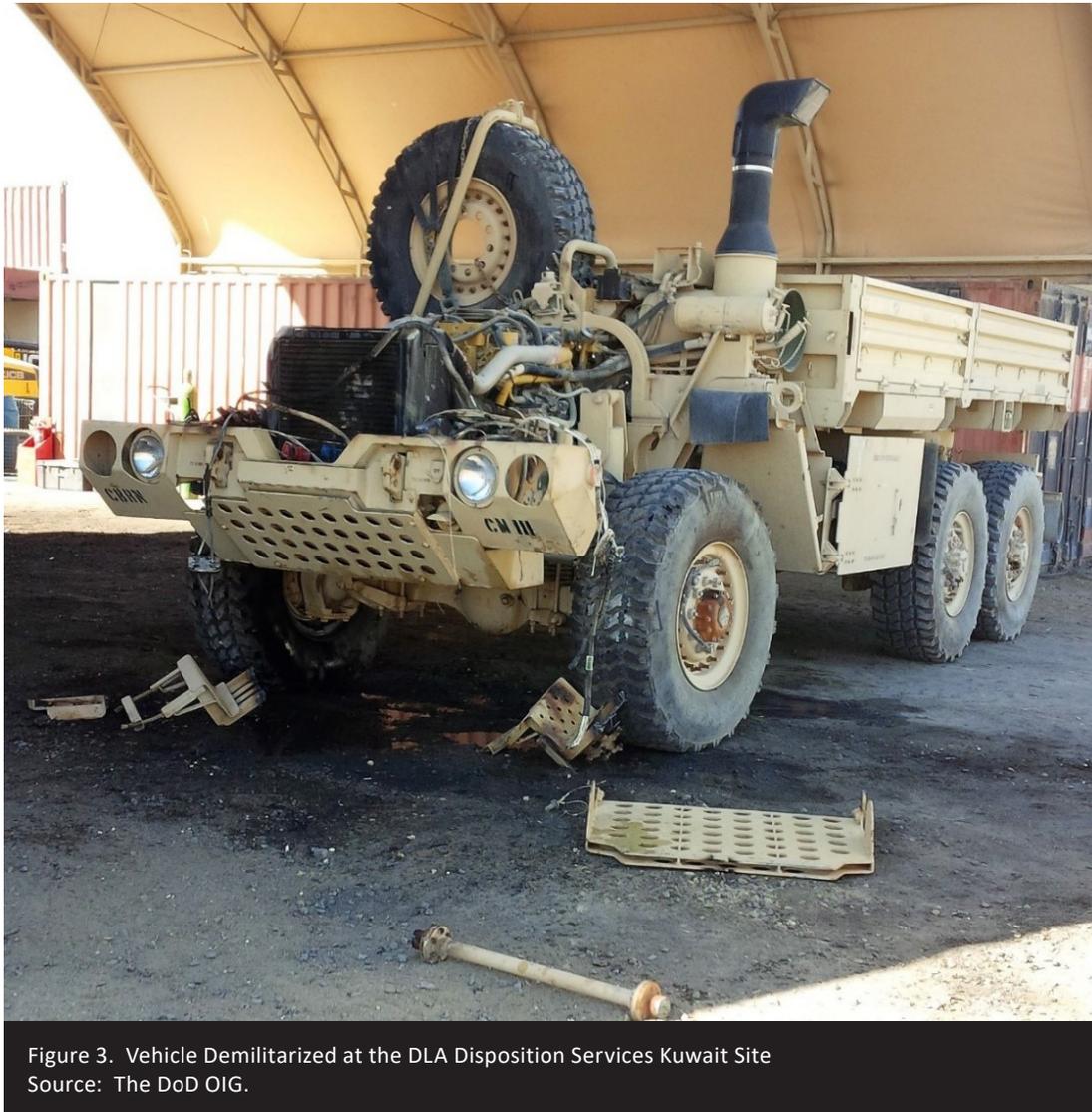


Figure 3. Vehicle Demilitarized at the DLA Disposition Services Kuwait Site
Source: The DoD OIG.

¹² DoD Manual 4160.28, Volume 2, "Defense Demilitarization: Demilitarization Coding," March 9, 2017.

DLA Disposition Services Did Not Adhere to Safety Requirements

DLA Disposition Services Kuwait officials did not ensure that personnel responsible for disposing of equipment consistently wore the required PPE. In addition, DLA Disposition Services Kuwait officials did not consistently identify and develop JHAs and conduct JHA reviews for DLA Disposition Services Kuwait officials, as required by DLA guidance.

Contractor Personnel Did Not Consistently Wear PPE

DLA Disposition Services Kuwait officials did not ensure that all personnel responsible for disposing of equipment consistently wore the required PPE. According to the Gulf Civilization General Trading contract, contractor personnel must comply with all safety and health requirements set forth in applicable DoD, DLA, host nation, and host installation safety policies. However, during our site visit, we observed contractor personnel who did not wear the required PPE while performing hazardous tasks. For example, according to signs around the torch cutting area, all personnel within 45 feet of ongoing operations are required to wear a face shield, respiratory mask, gloves, and other protective items. However, we observed a contractor wearing only a hardhat in the torching area while equipment was being demilitarized. Specifically, the contractor approached a piece of equipment as torching was occurring, exposing himself to hazards, such as flammable liquids and gases. Figure 4 shows a safety sign that displays the required PPE for the torching area at DLA Disposition Services Kuwait.



Figure 4. Sign Showing PPE Required for Torching Area at DLA Disposition Services Kuwait
Source: The DoD OIG.

On another occasion, we observed a contractor wearing only a hardhat and standing directly under a shredder while it was in use. The contractor did not wear the required eyewear and facial shield protection to mitigate injury from potential hazards, such as falling debris.

DLA Disposition Services Kuwait Did Not Consistently Conduct Annual JHA Reviews, Identify Hazards, and Develop JHAs

DLA Disposition Services officials did not consistently conduct annual reviews of JHAs for five identified operations and did not identify hazards and develop a JHA for shredding operations. Figure 5 shows an example of a JHA for torch cutting.

Figure 5. Example of the Torching JHA

JOB HAZARD ANALYSIS (JHA)			Prescribed by: DLAAT?? Sponsor: DS
SITE / LOCATION Camp Arifjan Kuwait	JHA NUMBER 011	EFFECTIVE DATE 11/18/2014	EXPIRATION DATE 11/18/2015
IMPORTANT!! Prior to the start of work, employees must make sure that they wear/use the required personal protective equipment (PPE) and perform the assigned work in the proper manner. If the required PPE is not available to do the assigned work, or if the employee needs instruction on how to wear or use the equipment, the employee will notify his/her supervisor immediately and not attempt to complete the task.			
JOB LOCATION Camp Arifjan Kuwait DLA Disposition Services Yard	TASK DESCRIPTION Petrogen (Torch) Cutting, Plasma Cutting		
MANDATORY SAFETY EQUIPMENT (Use the drop down to select category first then check specific protection measure. Use the "Other" block to add additional equipment if not listed.)			
Category of Equipment/Protection Hearing Protection	<input type="checkbox"/> Ear Plugs	<input type="checkbox"/> Ear Muffs	<input type="checkbox"/> Muffs and Plugs <input type="checkbox"/> Semi Aural
OTHER			
DESCRIPTION / TASK STEPS	HAZARD DESCRIPTION	HAZARD CONTROLS	
Torch Cutting / Plasma Cutting	Inhalation	Respirator is worn at all time during cutting procedures.	
Torch Cutting / Plasma Cutting	Cuts/Abrasions	Leather Gloves are worn while handling turn-in property.	
Torch Cutting / Plasma Cutting	Loss of Eye	Face shield are worn during cutting procedure to prevent face injuries and eye damage/loss from flying debri from the metals being cut.	
Torch Cutting / Plasma Cutting	Loss of limb	Safety toed shoes are worn during all DLA DS functions to prevent foot injuries and possible loss of toes.	
Torch Cutting / Plasma Cutting	Loss of Eye	Shade glasses are worn when observing cutting procedure to prevent eye damage/loss.	
Torch Cutting / Plasma Cutting	Head Injury	Hard Hats are required to be worn during all yard operations to prevent head injuries.	
ADDITIONAL COMMENTS			
EMPLOYEE	SUPERVISOR	SAFETY OFFICE	COMMANDER/DEPUTY/ACTIVITY DIRECTOR

Source: The DLA.

DLA Disposition Services Kuwait completed JHAs from November 2014 to November 2017 for five operations: (1) materials handling equipment, (2) torch and plasma cutting, (3) warehouse and receiving, (4) general yard, and (5) activate and deactivate light set. JHAs are used to identify potential hazards associated with conducting a task or process. According to DLA Instruction 6055.01, supervisors and assigned employees are required to review and update all JHAs at least annually to determine whether the hazard is still applicable.¹³ However,

¹³ DLA Instruction 6055.01, "Occupational Safety and Health Program," December 9, 2014.

only 10 of 29 DLA Disposition Services Kuwait officials were provided the JHAs. For example, the COR responsible for the demilitarization process, including torching operations, was not provided the JHA. Consequently, the COR was unaware of potential hazards associated with the shredding and torching operations. In addition, there was no evidence that the 10 officials who received JHAs reviewed them annually to determine whether the hazards documented in the JHAs were still applicable.

DLA guidance requires that JHAs be developed for all operations with hazards. However, DLA Disposition Services Kuwait did not identify hazards and develop a JHA for shredding operations. There are multiple hazards for personnel who operate the shredding machine or stand within close proximity while shredding is in progress, such as loss of limbs. A JHA is required not only to describe the potential hazards involved with shredding operations, but also to identify procedures to mitigate those hazards.

Director, DLA Disposition Services Directorate—Central Did Not Ensure DLA Disposition Services Kuwait Officials Provided Oversight

The Director, DLA Disposition Services Directorate—Central did not ensure that Kuwait site officials provided comprehensive oversight and implemented safety requirements. According to DLA policy, the Regional Commander—in this case the Director, DLA Disposition Services Directorate—Central serves as the Occupational Safety and Health lead onsite. Specifically, the Director must ensure that Kuwait site officials:

- report and track mishaps and hazards;
- establish a process for senior managers to conduct and document safety walk-throughs of their work areas;
- conduct monthly inspections to cover all DLA Disposition Services Kuwait officials assigned work areas;
- determine daily whether the contractor was provided required PPE;
- develop JHAs for employees; and
- document and review JHAs with all applicable employees.

The Director, DLA Disposition Services Directorate—Central relied on qualified safety officers to provide oversight and implement safety requirements. However, a qualified safety officer was not consistently assigned onsite in Kuwait. For example, there was no qualified safety officer onsite from December 2015 to April 2017 to perform the required responsibilities. The Deputy Director, DLA Disposition Services Directorate—Central stated that, due to shortage of qualified safety officers, the Kuwait site safety officer was assigned to Afghanistan.

Despite not having a qualified safety officer consistently onsite in Kuwait, the Director, DLA Disposition Services Directorate—Central remained responsible for enforcing all safety requirements. Therefore, the Director, DLA Disposition Services Directorate—Central should implement safety requirements in accordance with DLA guidance. Specifically, the Director, DLA Disposition Services Directorate—Central should conduct regular inspections to identify whether contract personnel wear proper PPE and immediately report any nonconformance; provide supervisors and employees JHAs for their applicable areas of oversight and ensure that they are reviewed annually; and create a JHA for shredding operations.

Failure to Adhere to Safety Requirements Increased Risk of Hazards

Failure to adhere to safety requirements places DLA Disposition Services Kuwait officials and contractors responsible for disposing of equipment in Kuwait at increased risk of injury, such as cuts, loss of eyes and limbs, head injuries, and potentially death. Significant injuries, such as temporary hearing loss, have occurred in Kuwait. To prevent additional injuries from occurring, DLA Disposition Services Kuwait officials must increase oversight, mitigate hazards, and adhere to safety requirements.



Failure to adhere to safety requirements places DLA Disposition Services Kuwait officials and contractors responsible for disposing of equipment in Kuwait at increased risk of injury.

Documenting Site-Specific Processes Would Result in Sustained Efficiencies

DLA Disposition Services Kuwait officials established pre-receipt processes that resulted in equipment turn-in efficiencies. For example, officials in Kuwait used personnel in Qatar, Bahrain, and United Arab Emirates to preview equipment before turn-in. Those officials can also be relocated to Oman, Syria, Jordan, and Egypt to assist with performing the pre-receipt process. The process includes:

- providing training to new customers responsible for turn-in of equipment;
- traveling to various locations to preview items prior to turn-in;
- assisting customers with development of all required turn-in documents; and
- issuing an internal reference number to indicate equipment is ready for turn-in at the DLA Disposition Services site in Kuwait.

However, DLA Disposition Services Kuwait officials did not document this process. DLA Disposition Services Kuwait officials relied upon their experienced personnel to provide guidance to the customers on these processes. Although, DLA Disposition Services Kuwait followed multiple documented standard operating processes, desktop guides, and other DLA guidance for the processing and disposition of equipment, DLA headquarters did not encourage documenting site-specific procedures. Specifically, DLA headquarters officials stated the standardized processes were sufficient for all DLA Disposition Services sites worldwide. While DLA Disposition Services sites around the world share standardized processes, the Kuwait site's customers benefit from the tailored training and assistance as they frequently transition in and out of Southwest Asia.

Additionally, DLA Disposition Services Kuwait officials are preparing to experience turnover in key positions. Specifically, the Director, DLA Disposition Services Directorate—Central, supervisor, and COR responsible for overseeing receiving operations are departing after 5 years in their respective positions. Therefore, the Director, DLA Disposition Services Directorate—Central should document the local pre-receipt process to prevent future backlogs of equipment and to ensure new personnel can provide consistent service to their customers.

Failure to document site-specific processes increases the risk of backlogs of equipment awaiting turn-in and longer processing times. For example, DLA Disposition Services Kuwait officials may not accept equipment that arrives without the proper documents and will either send the equipment back with the customer or hold it onsite until the customer provides the proper documentation, resulting in delays. In the event, a customer has incomplete documentation, that customer is pulled aside and provided onsite training and assistance to finalize documentation. The processes currently in place have helped prevent customers from turning in equipment with improper documentation. However, as key DLA Disposition Services officials rotate out of Kuwait, these best practices will be lost if they are not documented for the next rotation of DLA Disposition Services personnel.



Failure to document site-specific processes increases the risk of backlogs of equipment awaiting turn-in and longer processing times.

Recommendations

Recommendation 1

We recommend that the Director, DLA Disposition Services Directorate—Central implement the following safety requirements in accordance with Defense Logistics Agency Instruction 6055.01:

- a. Establish a schedule to conduct inspections to identify whether contract personnel are wearing the required personal protective equipment and report any nonconformance to the contracting officer.
- b. Provide supervisors and employees Job Hazard Analyses for their applicable areas of oversight.
- c. Create a Job Hazard Analysis for shredding operations.

Recommendation 2

We recommend that the Director, DLA Disposition Services Directorate—Central document the pre-receipt process developed in Kuwait.

Management Actions Taken

During the audit, we advised DLA Disposition Services Kuwait officials of the deficiencies in the safety program and recommended improvements related to the pre-receipt process. Specifically, we identified the failure of contractor personnel to wear the required PPE, deficiencies in reporting and adherence to JHA requirements, and the importance of documenting the pre-receipt process developed at the Kuwait site. The Director, DLA Disposition Services Directorate—Central agreed with our findings and immediately initiated corrective actions. The actions taken are sufficient to close the recommendations.

Actions to Address Personal Protective Equipment Inspections

DLA Disposition Services Kuwait officials updated the COR checklist to require CORs to conduct daily inspections to identify whether contract personnel wear the proper PPE. Additionally, the COR must document any nonconformance daily and include them in the COR Monthly Report provided to the contracting officer.

Actions to Address Job Hazard Analysis

DLA Disposition Services Kuwait officials developed a JHA for shredding operations. In addition, the Director, DLA Disposition Services Directorate—Central provided supervisors and employees training on JHAs for their applicable areas of oversight.

The DLA Disposition Services Kuwait safety officer also initiated additional steps to improve the safety program. Specifically, the safety officer developed additional JHAs that reviewed loading and unloading equipment from transport trucks, crushing equipment, and the use of diesel forklifts.

The actions taken by DLA Disposition Services Kuwait officials addressed the intent of our recommendation. Therefore, we consider this recommendation closed.

Actions to Address Documenting the Pre-Receipt Process in Kuwait

DLA Disposition Services Kuwait officials documented the pre-receipt process that we observed in Kuwait. The documented process includes providing training to new customers responsible for turn-in of equipment; traveling to various locations to preview items prior to turn-in; assisting customers with development of all required turn-in documents; and ensuring the documents are accurate for turn-in at the DLA Disposition Services site in Kuwait.

The actions taken by DLA Disposition Services Kuwait officials addressed the intent of our recommendation. Therefore, we consider this recommendation closed.

Appendix

Scope and Methodology

We conducted this performance audit from October 2017 through April 2018 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.

To achieve our objective, we conducted a site visit to Camp Arifjan, Kuwait, from December 4, 2017, to December 15, 2017. During our site visit, we interviewed the Director, DLA Disposition Services Directorate—Central, supervisor, safety officer, lead COR, and additional CORs who provide oversight of contractors as they receive, demilitarize, and scrap equipment. We also met with an official from the 401st Army Field Support Brigade, a customer that provides equipment to DLA Disposition Services Kuwait. We toured the DLA Disposition Services Kuwait site to observe processes, physical security, safety procedures, and reviewed the systems of record that were used to record the processing and disposing of equipment. We also reviewed the Gulf Civilization General Trading contract, COR Checklist, COR Monthly Reports, and applicable JHAs. Furthermore, we reviewed the following guidance and criteria.

- DoD Instruction 6055.01, “DoD Safety and Occupational Health (SOH) Program”
- DoD Instruction 4160.28, “DoD Demilitarization Program”
- DoD Manual 4160.21, Volumes 1-4
- DLA Disposition Services High-Level Receiving Standard Operating Procedure (SOP)
- DLA Disposition Services Desktop Guides

Use of Computer-Processed Data

We did not use computer-processed data to perform this audit.

Prior Coverage

During the last 5 years, the Government Accountability Office (GAO) and the DoD Office of Inspector General (DoD OIG) issued five reports discussing the processing and disposing of equipment.

Unrestricted GAO reports can be accessed at <http://www.gao.gov>.

Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/reports.html/>.

GAO

Report No. GAO-15-538, “Defense Logistics, Improved Data and Information Sharing Could Aid in DoD’s Management of Ammunition Categorized for Disposal,” July 2015

The Army uses its Logistics Modernization Program database to maintain consolidated information on ammunition in the conventional ammunition awaiting demilitarization and disposal stockpile, but the GAO found that records for some items do not include complete data on weight. Specifically, of 36,355 records in the database, 2,829 did not have assigned weights as of February 2015. The GAO also found that the Military Services have access to information on the conventional ammunition awaiting demilitarization and disposal stockpile maintained in the Army’s database and can search it for useable ammunition that could fill their requirements, but other government agencies do not and the DoD does not have a systematic means for sharing such information.

Report No. GAO-14-768, “Afghanistan Equipment Drawdown, Progress Made, but Improved Controls in Decision Making Could Reduce Risk of Unnecessary Expenditures,” September 2014

GAO found that in a 12-month period, the Army and Marine Corps returned more than 1,000 potentially unneeded vehicles, thereby incurring estimated transportation costs of up to \$107,400 per vehicle, depending on the type of vehicle. They also found the Army and Marine Corps may have returned vehicles that were uneconomical to return and repair because they did not consider transportation costs in making equipment-disposition decisions.

DoD OIG

Report No. DODIG-2017-037, "Defense Logistics Agency Disposition Services Needs to Improve Demilitarization Program Self-Assessment Evaluations," December 20, 2016

The audit determined that, for self-assessment evaluations at three DLA Centralized Demilitarization Divisions, personnel did not always report accurate results, include supporting documentation, or prepare corrective action plans to address deficiencies.

Report No. DODIG-2015-031, "The Services Need to Improve Accuracy When Initially Assigning Demilitarization Codes," November 7, 2014

The audit determined that the Services were not properly coding DoD property when initially registering items in the DoD supply system.

Report No. DODIG-2014-007, "Defense Logistics Agency Disposition Services Afghanistan Disposal Process Needed Improvement," November 8, 2013

The audit determined that DLA Disposition Services did not have adequate controls over disposal of excess equipment. Specifically, DLA Disposition Services did not have accountability over and correctly code excess equipment, certify and verify demilitarization of excess equipment in accordance with guidance and accurately account for and bill scrapped equipment sold, have adequate access and security controls, nor include the export-controlled items clause in the Afghanistan labor contract.

Acronyms and Abbreviations

COR	Contracting Officer's Representative
DLA	Defense Logistics Agency
JHA	Job Hazard Analysis
PPE	Personal Protective Equipment

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