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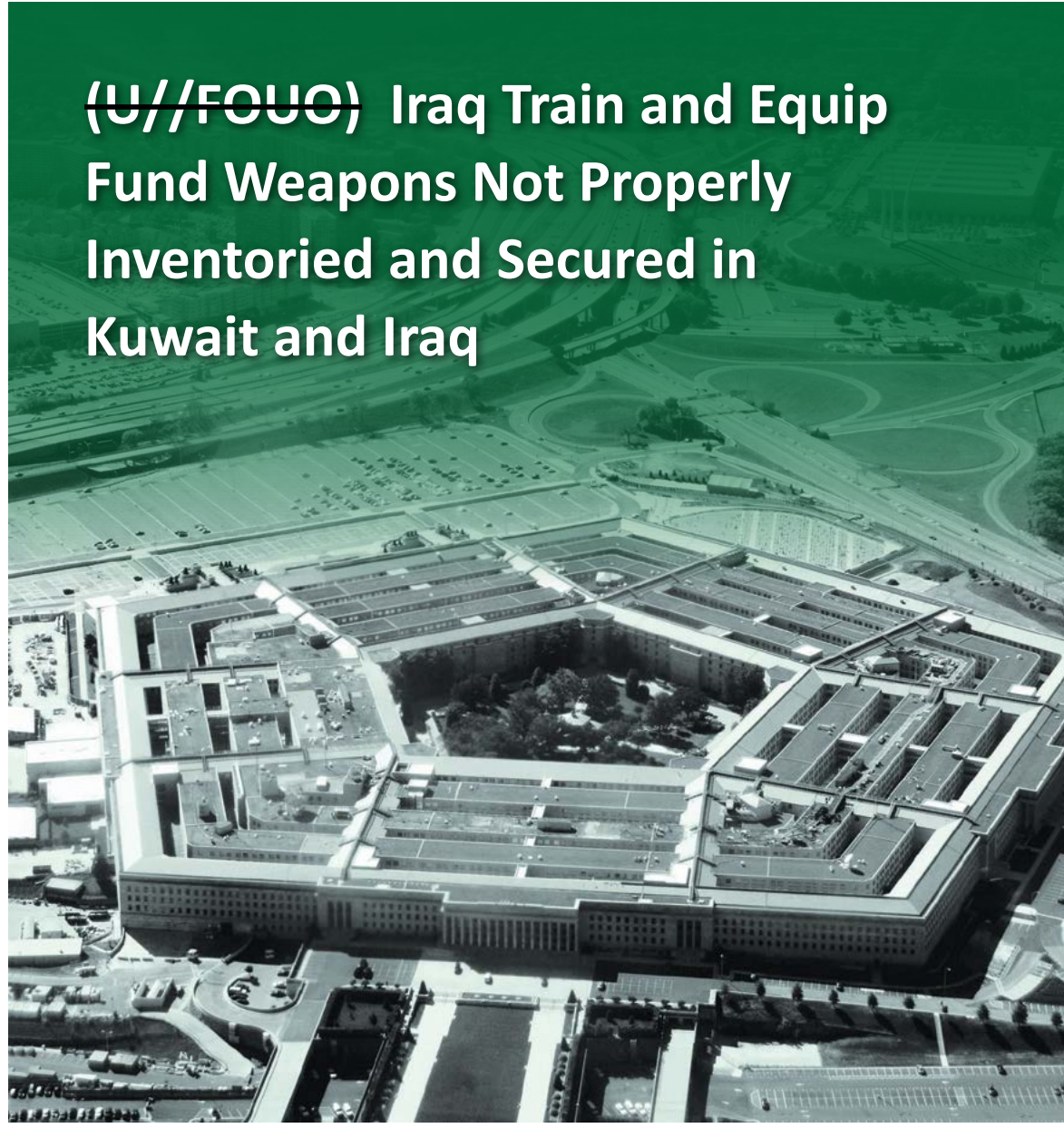
INSPECTOR GENERAL

U.S. Department of Defense

FEBRUARY 16, 2017



~~(U//FOUO)~~ Iraq Train and Equip Fund Weapons Not Properly Inventoried and Secured in Kuwait and Iraq



INTEGRITY ★ EFFICIENCY ★ ACCOUNTABILITY ★ EXCELLENCE

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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.



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Results in Brief

(U//FOUO) Iraq Train and Equip Fund Weapons Not Properly Inventoried and Secured in Kuwait and Iraq

February 16, 2017

(U) Objective

(U) We determined whether the DoD had effective procedures for securing Iraq Train and Equip Fund (ITEF) equipment in Kuwait and Iraq. This is the fourth in a series of audits on property accountability in support of Operation Inherent Resolve and the second on processing ITEF equipment. This report focuses on conducting inventories of ITEF weapons in Kuwait and the security of ITEF weapons in Kuwait and Iraq.

~~(U//FOUO)~~ The FY 2015 National Defense Authorization Act created ITEF to assist the Government of Iraq to combat the Islamic State of Iraq and the Levant. ITEF weapons are stored at the Kuwait Building Partner Capacity (BPC) warehouse and six Iraq BPC sites.

~~(U//FOUO)~~ The Army's 1st Theater Sustainment Command (1st TSC) maintains visibility and property accountability of ITEF weapons, with the assistance of a Sustainment Brigade and two Combat Sustainment Support Battalions (CSSB) in Kuwait and Iraq.

(U) The Army is required to conduct inventories of weapons at consistent intervals. The specific inventory requirements and applicable Army regulation (AR), vary depending on the type of weapons storage facility. In addition, AR 190-11 requires the Army to physically secure weapons, when not in use, in banded crates. The regulation also requires the storage facility to be surrounded by proper fencing.

(U) Findings

~~(U//FOUO)~~ The CSSBs did not have effective procedures for securing ITEF weapons in Kuwait and Iraq. Specifically, the outgoing and incoming Kuwait CSSBs did not consistently conduct inventories of weapons or secure weapons in accordance with AR 190-11. This occurred because the 1st TSC and Sustainment Brigade did not maintain effective oversight of the Kuwait CSSB operations, to include establishing guidance to ensure inventories were conducted and weapons were stored in accordance with ARs.

~~(U//FOUO)~~ In addition, the Iraq CSSB did not effectively secure ITEF weapons at an Iraq BPC site, in accordance with AR 190-11. Specifically, the Iraq CSSB received incoming ITEF weapons at a Central Receiving and Shipping Point yard that had a surrounding fence with multiple holes. This occurred because the Central Receiving and Shipping Point yard was the only area provided to the Iraq CSSB to receive incoming ITEF weapons until another designated location was refurbished.

~~(U//FOUO)~~ As a result, \$20.0 million of ITEF weapons in Kuwait and Iraq are vulnerable to loss or theft. Although 1st TSC officials stated that, to date, there have been no reports of lost or stolen weapons, without conducting consistent inventories and ensuring proper security for 14,358 weapons, the 1st TSC may be unable to immediately identify losses and initiate an investigation in a timely manner.

(U) Recommendations

~~(U//FOUO)~~ We recommend that the Commander, 1st Theater Sustainment Command, in coordination with the Sustainment Brigade, oversee the Combat Sustainment Support Battalions at the Kuwait Building Partner Capacity warehouse by establishing guidance for:

- ~~(U//FOUO)~~ Conducting consistent inventories that comply with Army regulations for inventories, verification, and maintaining supporting documentation.



Results in Brief

(U//FOUO) Iraq Train and Equip Fund Weapons Not Properly Inventoried and Secured in Kuwait and Iraq

(U) Recommendations (cont'd)

- ~~(U//FOUO)~~ Storing weapons in accordance with Army Regulation 190-11, or, if proper storage containers cannot be obtained, requesting an official waiver accepting the risk for noncompliance with Army Regulation 190-11 and identifying any mitigation procedures.

~~(U//FOUO)~~ We also recommend that the Commander, 336th Combat Sustainment Support Battalion, initiate action to repair the fence surrounding the Central Receiving and Shipping Point yard or designate a new, secure storage location in accordance with Army Regulation 190-11.

(U) Management Actions Taken

~~(U//FOUO)~~ We advised the Deputy Commander, 1st TSC, and the Commander, 336th CSSB, in May, June, and October 2016, of the deficiencies related to the security of ITEF weapons in Kuwait and Iraq. In addition, we also advised the Deputy Commander, 1st TSC, of the deficiencies related to conducting inventories of weapons in Kuwait.

~~(U//FOUO)~~ The Deputy Commander, 1st TSC, agreed with our observations and initiated steps to implement corrective actions. The 1st TSC established inventory procedures for the Kuwait BPC warehouse, classified as a post level storage facility, and documented those procedures in an appendix to the 1st TSC Iraqi Security Forces Property Accountability Standard Operating Procedure. The new inventory procedures require a 100-percent inventory of weapons semiannually, in accordance with AR 190-11, and at the change of responsible official.

~~(U//FOUO)~~ The 1st TSC also established storage procedures for the Kuwait BPC warehouse and documented those procedures in the standard operating procedure appendix. The new procedures require that warehouse personnel repack all weapons at the warehouse in standard multi-wall shipping containers with four metal bands and pallet seals to prevent weapon removal without leaving visible signs of tampering. As of December 2016, warehouse personnel repacked the weapons into metal-banded containers, in accordance with the SOP.

~~(U//FOUO)~~ The Commander, 336th CSSB, agreed with our observations and immediately initiated steps to implement corrective actions. Specifically, the Commander, 336th CSSB, stated that after our site visit in May 2016, the 336th CSSB submitted a work order to repair the holes in the fence. ITEF equipment was moved to a refurbished, designated location in July 2016. The Commander stated that the new location includes a dedicated ITEF warehouse as well as a new Central Receiving and Shipping Point yard. He further explained that the new yard is secured 24 hours a day by U.S. military personnel and contractors. Access to the yard is controlled through a gated entrance and the perimeter is surrounded by tall concrete walls. In addition, the 336th CSSB will have triple strand wire installed on top of the concrete walls.

(U) The management actions taken by the 1st TSC and 336th CSSB addressed the concerns we identified; therefore, we consider the recommendations closed.

(U) Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Commander, 1st Theater Sustainment Command	None	None	1.a, 1.b
Commander, 336th Combat Sustainment Support Battalion	None	None	2





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

February 16, 2017

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION,
TECNOLOGY, AND LOGISTICS
UNDER SECRETARY OF DEFENSE FOR POLICY
COMMANDER, U.S. CENTRAL COMMAND
DIRECTOR, JOINT STAFF
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: ~~(U//FOUO)~~ Iraq Train and Equip Fund Weapons Not Properly Inventoried and
Secured in Kuwait and Iraq (Report No. DODIG-2017-058)

~~(U//FOUO)~~ We are providing this report for your information and use. The Combat Sustainment Support Battalions did not have effective procedures for securing Iraq Train and Equip Fund equipment in Kuwait and Iraq. Specifically, the Combat Sustainment Support Battalions did not consistently conduct inventories of weapons at the Kuwait Building Partner Capacity warehouse, or secure weapons at the Kuwait Building Partner Capacity warehouse and an Iraq Building Partner Capacity site, in accordance with Army Regulation 190-11. We conducted this audit in accordance with generally accepted government auditing standards.

~~(U//FOUO)~~ During the audit we notified officials from the 1st Theater Sustainment Command and 336th Combat Sustainment Support Battalion of our observations. To address the deficiencies at the Kuwait Building Partner Capacity warehouse, the 1st Theater Sustainment Command established inventory and storage procedures and documented those procedures in an appendix to the 1st Theater Sustainment Command Iraqi Security Forces Property Accountability Standard Operating Procedure. In addition, as of December 2016, warehouse personnel repacked the weapons into metal-banded containers, in accordance with Army Regulation 190-11. To address the security deficiency in Iraq, the 336th Combat Sustainment Support Battalion moved Iraq Train and Equip Fund equipment to a new location, including a more secure Central Receiving and Shipping Point yard. The 1st Theater Sustainment Command and 336th Combat Sustainment Support Battalion took prompt action to resolve each concern we identified; therefore, we consider the recommendations closed.

(U) We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-9187 (DSN 664-9187).

A handwritten signature in blue ink, appearing to read "M. Roark", is located below the text of the memorandum.

Michael J. Roark
Assistant Inspector General
Contract Management and Payments

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(U) Introduction

(U) Objective

(U) We determined whether the DoD had effective procedures for securing Iraq Train and Equip Fund (ITEF) equipment in Kuwait and Iraq. This is the fourth in a series of audits on property accountability in support of Operation Inherent Resolve and the second on processing ITEF equipment. This report focuses on conducting inventories of ITEF weapons in Kuwait and the security of ITEF weapons in Kuwait and Iraq.¹ See the Appendix for the scope and methodology and prior coverage related to the audit objective.

(U) Background

(U) The FY 2015 National Defense Authorization Act created ITEF to assist the Government of Iraq (GoI) to combat the Islamic State of Iraq and the Levant.² ITEF addresses the requirement to:

- (U) build the Iraqi military and other security forces,
- (U) improve the proficiency of Kurdish fighters—the Peshmerga—who are also fighting the Islamic State, and
- (U) provide material support to tribal elements allied with Iraqi forces.

(U) Congress appropriated \$1.6 billion in FY 2015 and \$715.0 million in FY 2016 to ITEF. ITEF includes assistance for training, equipment, logistics support, supplies and services, facility infrastructure repair and renovation, and sustainment. For FY 2017, DoD requested \$630.0 million to continue providing equipment needed for ongoing operations and performing maintenance and providing sustainment for equipment.

(U) ITEF Weapons On Hand in Kuwait and Iraq

~~(U//FOUO)~~ ITEF weapons are stored at the Building Partner Capacity (BPC) warehouse in Kuwait until moved to one of six BPC sites in Iraq, where the weapons are stored until transferred to the GoI. After the transfer, the weapons are no longer U.S. Government property, and the DoD is relieved of accountability for the weapons. As of October 2016, there were 11,414 ITEF weapons, valued at \$17.7 million, on hand at Camp Arifjan, Kuwait, and 2,944 ITEF weapons, valued at \$2.3 million, on hand at a BPC site in Iraq. Examples of weapons include M16 rifles, M14 sniper rifles, and 12-gauge shotguns.

¹ (U) We conducted a site visit at one of the six Building Partner Capacity sites in Iraq; however, we will not specify the location of the site visited in this report.

² (U) Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for FY 2015, section 1236, “Authority to Provide Assistance to Counter Islamic State in Iraq and the Levant.”

(U) Army Policy for Conducting Inventories and Securing Weapons

(U) Army policies require the Army to conduct inventories of weapons at consistent intervals. The specific inventory requirements, and applicable Army regulation (AR), vary depending on the type of weapon storage facility. For example, weapons stored by a military unit have different inventory requirements than weapons stored at an Army post.

(U) In addition, AR 190-11 requires the Army to physically secure weapons while in storage.³ Specifically, the regulation requires that weapons, when not in use, be stored in banded crates, metal containers, approved standard-issue racks, or locally fabricated weapons racks, and secured in approved weapons storage facilities. Crates or containers will be banded, locked, or sealed to prevent weapon removal without leaving visible signs of tampering. Screws or bolts used in assembling containers, lockers, or cabinets will be made secure to prevent disassembly.

(U) In addition, AR 190-11 requires weapon storage areas to be surrounded with fencing, when determined necessary by the commander, based on an assessment of local threats, vulnerabilities, and cost-effectiveness. Specifically, the regulation states that the bottom of the fence material must extend to within 2 inches of firm ground. Surfaces will be stabilized in areas where loose sand, shifting soils, or surface waters may cause erosion and thereby assist an intruder in entering the area. Where surface stabilization is not possible, or is impractical, concrete curbs, sills, or other similar anchoring devices, extending below ground level, will be provided.

(U) The Army Provost Marshal General has the authority to approve exceptions or waivers to AR 190-11. The commander of the requesting organization must provide justification that includes a full analysis of the expected benefits and must include formal review by the activity's senior legal officer.

(U) ITEF Weapons Inventory and Security Roles and Responsibilities

~~(U//FOUO)~~ The Army is responsible to account for weapons, from any source, whether bought or donated, from the time of acquisition until the ultimate consumption or disposal of the property. Several DoD and Army organizations are involved in securing ITEF weapons. Combined Joint Task Force–Operation Inherent Resolve, under the command of U.S. Central Command, has overall responsibility for providing assistance to the GoI military and other GoI-related security forces.

³ (U) AR 190-11, "Physical Security of Arms, Ammunition, and Explosives," September 5, 2013.

(U//FOUO) Combined Joint Task Force–Operation Inherent Resolve’s subordinate command, Combined Joint Forces Land Component Command–Operation Inherent Resolve, facilitates the issuance of ITEF equipment to the GoI and is responsible for the six BPC sites in Iraq.

(U//FOUO) The Army’s 1st Theater Sustainment Command (1st TSC), which maintains a supporting relationship with Combined Joint Task Force–Operation Inherent Resolve and their subordinate units, executes the issuance of ITEF equipment to the GoI and are responsible for accountability of ITEF equipment at the BPC sites. Specifically, the 1st TSC is responsible for establishing procedures to monitor ITEF weapons in Kuwait and Iraq and ensuring that weapons are maintained in accordance with DoD guidance and local policies and procedures. To establish local policies and procedures, the 1st TSC published a property accountability standard operating procedure (SOP).⁴

(U//FOUO) The Sustainment Brigade (SB), a subordinate command of the 1st TSC, manages the distribution of ITEF weapons from the point of receipt in Kuwait to the BPC site in Iraq that issues the weapons to the GoI.⁵ The SB is also responsible for overseeing two Combat Sustainment Support Battalions (CSSB): the CSSB in Kuwait⁶ and the CSSB in Iraq.⁷ The SB facilitates communication between the 1st TSC and the CSSBs. The Kuwait CSSB operates the Kuwait BPC warehouse and is responsible for conducting inventories and securing ITEF weapons. The Iraq CSSB oversees accountability of ITEF equipment, including weapons, at the Iraq BPC sites. In addition to the commands responsible for ITEF weapons, Area Support Group–Kuwait (ASG-Kuwait) is responsible for maintaining base operations and equipment across Kuwait for the Army, in accordance with applicable ARs. Specifically, ASG-Kuwait conducts physical security assessments of facilities at Camp Arifjan, Kuwait.

(U) Review of Internal Controls

(U//FOUO) 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.⁸ We identified internal control weaknesses with the 1st TSC’s

⁴ (U//FOUO) “1st Theater Sustainment Command Iraqi Security Forces Property Accountability Standard Operating Procedure and Policies,” April 2, 2016.

⁵ (U) The 17th SB transferred responsibility to the 369th SB on October 26, 2016, during our site visit at Camp Arifjan, Kuwait.

⁶ (U) The 524th CSSB transferred responsibility to the 553rd CSSB on August 14, 2016. Therefore, we refer to the 524th CSSB as the “outgoing Kuwait CSSB” and the 553rd CSSB as the “incoming Kuwait CSSB.”

⁷ (U) We refer to the 336th CSSB as the “Iraq CSSB.” The unit was responsible for ITEF weapons during both our site visits in May and October 2016.

⁸ (U) DoD Instruction 5010.40, “Managers’ Internal Control Program Procedures,” May 30, 2013.

~~(U//FOUO)~~ inventory and security procedures for ITEF weapons. Specifically, the 1st TSC did not maintain effective oversight of the Kuwait CSSB operations, to include establishing guidance to ensure inventories were conducted and weapons were stored in accordance with ARs. However, management has initiated corrective actions to improve the inventory and security procedures for ITEF weapons, which addressed the concerns identified during the audit and resolved the internal control weaknesses. We will provide a copy of the report to the senior official responsible for internal controls in the Department of the Army.

(U) Finding

~~(U//FOUO)~~ ITEF Weapons Were Not Properly Inventoried in Kuwait and Secured in Kuwait and Iraq

~~(U//FOUO)~~ The CSSBs did not have effective procedures for securing ITEF weapons in Kuwait and Iraq. Specifically, the outgoing and incoming Kuwait CSSBs did not:

- ~~(U//FOUO)~~ consistently conduct inventories of weapons at the Kuwait BPC warehouse, or
- ~~(U//FOUO)~~ secure weapons stored at the Kuwait BPC warehouse in accordance with AR 190-11.

~~(U//FOUO)~~ This occurred because the 1st TSC and SB did not maintain effective oversight of the Kuwait CSSB operations, to include, establishing guidance to ensure inventories were conducted and weapons were stored in accordance with ARs.

~~(U//FOUO)~~ In addition, the Iraq CSSB did not effectively secure ITEF weapons at an Iraq BPC site, in accordance with AR 190-11. Specifically, the Iraq CSSB received incoming ITEF weapons at a Central Receiving and Shipping Point (CRSP) yard that had a surrounding fence with multiple holes. This occurred because the CRSP yard was the only area provided to the Iraq CSSB to receive incoming ITEF weapons until another designated location was refurbished.

~~(U//FOUO)~~ As a result, \$20.0 million of ITEF weapons in Kuwait and Iraq are vulnerable to loss or theft. Although 1st TSC officials stated that there have been no reports of lost or stolen weapons, without conducting consistent inventories and ensuring proper security for 14,358 weapons, the 1st TSC may be unable to immediately identify losses and initiate an investigation in a timely manner.

~~(U//FOUO)~~ The CSSBs Did Not Effectively Conduct Inventories of and Secure ITEF Weapons in Kuwait

~~(U//FOUO)~~ The Kuwait CSSBs did not consistently conduct inventories of ITEF weapons at the Kuwait BPC warehouse. In addition, the Kuwait CSSBs did not properly secure ITEF weapons at the Kuwait BPC warehouse in accordance with AR 190-11.

~~(U//FOUO)~~ ***The Kuwait CSSBs Did Not Consistently Conduct Inventories of Weapons***

~~(U//FOUO)~~ During our May and October 2016 site visits, the outgoing and incoming Kuwait CSSBs stated that they conducted a 100-percent inventory by serial number of all weapons when one unit assumed responsibility from the other. However, the CSSBs did not consistently conduct inventories while maintaining property accountability of weapons at the Kuwait BPC warehouse. According to the outgoing Kuwait CSSB SOP, a 15-percent portion of the weapons stored in the warehouse should be inventoried once a month.⁹ The SOP further stated that those inventories should be conducted in a manner that ensured each item was verified at least quarterly. However, conducting inventories of a 15-percent portion of the warehouse each month would not ensure each item, or 100 percent of items, was verified each quarter.

~~(U//FOUO)~~ Although the outgoing Kuwait CSSB had established inventory procedures, during our May 2016 site visit, officials were unable to provide supporting documentation that a 15-percent portion of the warehouse was inventoried each month and that each item was verified quarterly. In addition, the official responsible for maintaining accountability of ITEF weapons acknowledged that inventories were not conducted in accordance with ARs.

~~(U//FOUO)~~ In February 2016, ASG-Kuwait conducted a physical security assessment at the Kuwait BPC warehouse. ASG-Kuwait found no evidence that the outgoing Kuwait CSSB conducted and documented inventories of weapons, and recommended that the CSSB document all future inventories and maintain supporting documentation for 2 years if no discrepancies existed, or 4 years if discrepancies were found. Although the assessment was performed in February 2016, we observed the same deficiencies in conducting and documenting inventories during our May site visit.

~~(U//FOUO)~~ The incoming Kuwait CSSB assumed responsibility of the Kuwait BPC warehouse in August 2016, and implemented a monthly 10-percent inventory of weapons. The incoming Kuwait CSSB personnel provided us documentation indicating they performed three monthly 10-percent inventories. They also

⁹ (U) "Internal Standard Operating Procedure (SOP) for the 524th CSSB Weapons Building Partner Capacity Supply Support Activity," January 21, 2016.

(U//FOUO) provided a memorandum, dated October 23, 2016, requiring monthly inventories be conducted starting in August 2016. However, the memorandum was not signed until October 24, 2016, the same day we conducted a site visit at the Kuwait BPC warehouse, causing us to question the inventory procedures required in the memorandum.

(U//FOUO) The Kuwait CSSBs Did Not Store Weapons in Proper Containers

(U//FOUO) The outgoing and incoming Kuwait CSSBs did not secure ITEF weapons at the Kuwait BPC warehouse in accordance with AR 190-11. The regulation requires that

weapons, when not in use, be stored in banded crates and secured in approved weapons facilities. Crates or containers must be banded, locked, or sealed in a way that will prevent weapon removal without leaving a visible sign of tampering.

(U//FOUO) However, during site visits at the Kuwait BPC warehouse in May and October 2016, we observed ITEF weapons stored in cardboard boxes, some of which had holes or had partially collapsed. In addition, we observed weapons stored in wooden crates that were not banded or locked. As a result, we were able to open numerous boxes and expose their contents. See Figure 1 for improperly stored weapons at the Kuwait BPC warehouse.

(U//FOUO)
The outgoing and incoming Kuwait CSSBs did not secure ITEF weapons at the Kuwait BPC warehouse in accordance with AR 190-11.



(U//FOUO) Figure 1. Improperly Stored Weapons at the Kuwait BPC Warehouse
(U) Source: DoD Office of Inspector General.

(U//FOUO) A February 2016 physical security assessment, conducted by ASG-Kuwait, at the Kuwait BPC warehouse, found that weapons were not secured in accordance with AR 190-11. The assessment included a recommendation to store weapons in banded crates and metal containers with the bands, locks, or seals secured in a way to prevent weapon removal without leaving visible signs of tampering. Although the assessment was performed in February 2016, we observed weapons in unbanded, unlocked boxes during our May 2016 site visit. A subsequent June 2016 physical security assessment, conducted by ASG-Kuwait, documented the same deficiency but noted that personnel opened crates to conduct inventories and then resealed the crates with nails. However, during our October 2016 site visit, we observed the majority of weapons still stored in unbanded and unlocked cardboard boxes.

(U//FOUO)
We observed
weapons in
unbanded, unlocked
boxes during our
May 2016 site
visit.

(U//FOUO) During our October 2016 site visit, we also observed Syrian equipment co-located with ITEF equipment at the Kuwait BPC warehouse, with no physical barrier separating the two. An incoming Kuwait CSSB official stated that contractors were responsible for handling the Syrian equipment, not the Kuwait CSSB. The official further stated that there were concerns with the equipment being co-located because if Syrian equipment was lost or stolen, Kuwait CSSB personnel could be held liable because they were still responsible for the overall security of the Kuwait BPC warehouse.

~~(U//FOUO)~~ 1st TSC and SB Did Not Effectively Oversee Warehouse Operations in Kuwait

(U//FOUO) The inventory and storage deficiencies at the Kuwait BPC warehouse occurred because the 1st TSC and SB did not establish effective controls to maintain oversight of CSSB operations. Specifically, the 1st TSC and SB did not develop or approve inventory procedures, verify that inventories were conducted, and ensure that weapons were stored in accordance with ARs. For example, an outgoing Kuwait CSSB official quoted inventory procedures found in AR 710-2.¹⁰ However, AR 710-2 provides policy for equipment issued to a military unit or stored for issue directly to a customer, which is not the purpose of the Kuwait BPC warehouse. In contrast to the CSSB official, a 1st TSC official stated that the Kuwait BPC warehouse should be inventoried in accordance with AR 190-11. Specifically, the 1st TSC official stated that he considered post level requirements, such as those found in AR 190-11, more appropriate.

¹⁰ (U) AR 710-2, "Inventory Management—Supply Policy Below the National Level," March 28, 2008.

(U//FOUO) In addition, the 1st TSC was unaware of three ASG-Kuwait physical security assessments performed at the Kuwait BPC warehouse. Specifically, ASG-Kuwait performed three assessments in February, June, and October 2016 that identified deficiencies in inventory and security procedures at the warehouse. However, 1st TSC officials only learned of the assessments during our October 2016 site visit. ASG-Kuwait issued its assessment memorandums directly to the outgoing and incoming Kuwait CSSBs; however, the CSSBs never elevated the assessment results to the SB or 1st TSC level. 1st TSC should establish procedures to conduct consistent inventories of ITEF weapons and ensure those procedures are in accordance with applicable ARs. In addition, the 1st TSC should establish procedures to properly store ITEF weapons in accordance with AR 190-11.

(U//FOUO) Weapons in Iraq Were Not Properly Secured in Accordance With an Army Regulation

(U//FOUO) The Iraq CSSB did not secure weapons processed through the CRSP yard at an Iraq BPC site in accordance with AR 190-11. The regulation requires that weapon storage areas be surrounded with fencing that extends to within 2 inches of firm ground. However, during a May 2016 site visit to an Iraq BPC site, we toured a portion of the CRSP yard and observed several large holes in various sections of the fence. The portion we toured was used to receive incoming ITEF equipment. An Iraq CSSB official stated that ITEF weapons were stored at a separate location; however, sometimes weapons would be stored overnight in the CRSP yard before being moved and inventoried at a more secure storage location. See Figure 2 for an example of a hole in the CRSP yard fence observed in May 2016.



(U//FOUO) Figure 2. Hole in the Fence Surrounding ITEF Storage Area in Iraq
(U) Source: DoD Office of Inspector General.

(U) Fenced-In CRSP Yard Only Space Provided at an Iraq BPC Site

~~(U//FOUO)~~ This security deficiency occurred because the CRSP yard at an Iraq BPC site was the only area provided to receive incoming ITEF weapons until another designated location was refurbished. The Commander, 336th CSSB, stated that the decision to use the original CRSP as the location to process and store ITEF weapons was made before the 336th CSSB took responsibility for that Iraq BPC site. He stated that, from his understanding, the yard was chosen because it had a fence and no other suitable location was available. He further explained that the holes were likely caused by flooding and could have already existed or occurred in December 2015, after the yard was occupied, or a combination of both. He stated that the holes were not fixed because the focus was on getting the new location set up. The 336th CSSB should initiate action to repair the CRSP yard fence or designate a new, secure location to receive ITEF weapons, in accordance with AR 190-11.

~~(U//FOUO)~~ ITEF Weapons Left Vulnerable to Loss and Theft

~~(U//FOUO)~~ As a result, \$20.0 million of ITEF weapons in Kuwait and Iraq are vulnerable to loss or theft. Although 1st TSC officials stated that there have been no reports of lost or stolen weapons, without conducting consistent inventories and ensuring proper security for 14,358 weapons, the 1st TSC may be unable to immediately identify losses and initiate an investigation in a timely manner. The 1st TSC may also be unable to identify attempts at intrusion and theft. In addition, the co-location of ITEF and Syrian equipment further increases the risk of loss and theft.

~~(U//FOUO)~~
\$20.0 million
of ITEF weapons
in Kuwait and Iraq
are vulnerable to
loss or theft.

(U) Recommendations

(U) Recommendation 1

~~(U//FOUO)~~ We recommend that the Commander, 1st Theater Sustainment Command, in coordination with the Sustainment Brigade, oversee the Combat Sustainment Support Battalion at the Kuwait Building Partner Capacity warehouse by establishing guidance for:

- a. ~~(U//FOUO)~~ Conducting consistent inventories of Iraq Train and Equip Fund weapons that comply with Army regulations for inventories, verification, and maintaining supporting documentation.

- b. ~~(U//FOUO)~~ Storing Iraq Train and Equip Fund weapons in accordance with Army Regulation 190-11, or, if proper storage containers cannot be obtained, requesting an official waiver accepting the risk for noncompliance with Army Regulation 190-11 and identifying any mitigation procedures.

(U) Recommendation 2

~~(U//FOUO)~~ We recommend that the Commander, 336th Combat Sustainment Support Battalion, initiate action to repair the fence surrounding the Iraq Train and Equip Fund portion of the original Central Receiving and Shipping Point yard or designate a new, secure storage location in accordance with Army Regulation 190-11.

(U) Management Actions Taken

~~(U//FOUO)~~ We advised the Deputy Commander, 1st TSC, and the Commander, 336th CSSB, in May, June, and October 2016, of the deficiencies related to the security of ITEF weapons in Kuwait and Iraq. In addition, we also advised the Deputy Commander, 1st TSC, of the deficiencies related to conducting inventories of weapons in Kuwait. Specifically, we advised 1st TSC officials of the lack of consistent inventory procedures and proper storage containers for ITEF weapons at the Kuwait BPC warehouse, as well as the lack of oversight of the Kuwait CSSB. In addition, we advised 336th CSSB officials of the security vulnerabilities related to the fence surrounding the CRSP yard at an Iraq BPC site.

(U) 1st TSC Actions Taken to Address Kuwait Inventory and Security Deficiencies

~~(U//FOUO)~~ The Deputy Commander, 1st TSC, agreed with our observations and initiated steps to implement corrective actions. To address the inventory deficiency, the 1st TSC established inventory procedures for the Kuwait BPC warehouse, classified as a post level storage facility, and documented those procedures in an appendix to the 1st TSC Iraqi Security Forces Property Accountability SOP. The new inventory procedures require conducting a 100-percent inventory of weapons semiannually, in accordance with AR 190-11, and at the change of responsible officer.¹¹ In addition, the procedures require that the chain of command verify inventories when complete and conduct investigations when necessary. Furthermore, any evidence of tampering requires a container to be opened and a 100-percent count taken of the contents. Finally, inventory records will be retained for a minimum of 2 years.

¹¹ (U) AR 190-11 requires that weapon inventories be conducted semiannually at the post level. These inventories will consist of a 100-percent count as reflected by the number of items listed on the boxes. A complete count will be made of the contents of every box that is opened or damaged.

(U//FOUO) To address the storage deficiency, 1st TSC officials established storage procedures for the Kuwait BPC warehouse and documented those procedures in the SOP appendix. Specifically, the SOP states that warehouse personnel will repack all weapons at the warehouse in standard multi-wall shipping containers with four metal bands and pallet seals to prevent weapon removal without leaving visible signs of tampering. As of December 2016, warehouse personnel repacked the weapons into metal-banded containers, in accordance with the SOP. See Figure 3 for an example of the crates being used.



(U//FOUO) To address the concern presented by storing ITEF and Syrian equipment together, the Kuwait CSSB arranged equipment to maintain a minimum of 10 feet between ITEF and Syrian equipment. Additionally, the 369th SB requested twenty 20-foot side-load containers to place between the ITEF and Syrian sides of the warehouse to separate equipment for the two programs. The management actions taken addressed the concerns we identified; therefore, the recommendations for inventory and security procedures in Kuwait are closed.

(U) 336th CSSB Actions to Address Iraq Security Deficiency

(U//FOUO) The Commander, 336th CSSB, agreed with our observations and immediately initiated steps to implement corrective actions. Specifically, the Commander, 336th CSSB, stated that after our site visit in May 2016, the 336th CSSB submitted a work order to repair the holes in the CRSP yard fence. He further stated that he was unable to provide photographs of the repaired fence

(U//FOUO) because it was taken down after ITEF equipment was moved to a new location. ITEF equipment was moved to a refurbished, designated location in July 2016. The Commander stated that the new location included a dedicated ITEF warehouse as well as a new CRSP yard. He further explained that the new CRSP yard was secured 24 hours a day by U.S. military personnel and contractors. Access to the CRSP yard is controlled through a gated entrance and the perimeter is surrounded by tall concrete walls. In addition, the 336th CSSB will have triple strand wire installed on top of the concrete walls. The management actions taken addressed the concerns we identified; therefore, the recommendation for securing weapons in Iraq is closed.

(U) Appendix

(U) Scope and Methodology

(U) We conducted this performance audit from September 2016 through December 2016. We also conducted a prior audit of ITEF equipment from March 2016 through August 2016 and issued a report to address accountability and visibility deficiencies.¹² During the prior audit, we conducted a site visit at Camp Arifjan, Kuwait, and a BPC site in Iraq in May and June 2016. Observations from the May and June 2016 site visit are also included in this report. We conducted this performance audit 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 objective.

(U) To understand the requirements for securing ITEF equipment in Kuwait and Iraq, we reviewed the following:

- (U) FY 2015 and 2016 National Defense Authorization Acts¹³
- (U) Secretary of Defense memorandum on management of ITEF¹⁴
- (U) Army Regulation 190-11
- (U) Army Regulation 710-2
- (U) Army Regulation 735-5¹⁵
- ~~(U//FOUO)~~ 1st TSC Iraqi Security Forces Property Accountability SOP
- (U) 524th CSSB BPC Warehouse Weapons SOP

(U) In October 2016, we conducted a site visit at Camp Arifjan, Kuwait, to discuss the status of corrective actions implemented to address inventory and security deficiencies observed during our May site visit. To discuss roles and responsibilities and corrective actions taken, we interviewed personnel at the following commands:

- (U) Combined Joint Forces Land Component Command–Operation Inherent Resolve
- (U) 1st TSC

¹² (U) Report No. DoDIG-2016-134, “The Army Did Not Implement Effective Controls to Maintain Visibility and Accountability of Iraq Train and Equip Fund Equipment,” September 14, 2016.

¹³ (U) National Defense Authorization Act for Fiscal Year 2016, section 1223, “Modification of Authority to Provide Assistance to Counter the Islamic State of Iraq and the Levant.”

¹⁴ (U) Secretary of Defense Memorandum, “Management of the Iraq Train and Equip Fund,” Undated.

¹⁵ (U) AR 735-5, “Property Accountability Policies,” August 22, 2013.

- (U) 17th SB/369th SB
- (U) 336th CSSB
- (U) 553th CSSB and 960th Quartermaster Company (524th CSSB interviewed during previous work performed in May 2016)
- (U) ASG-Kuwait

(U) Use of Computer-Processed Data

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

(U) Prior Coverage

(U) During the last 5 years, the Department of Defense Office of Inspector General (DoD OIG) and Army Audit Agency issued six reports discussing equipment operations, accountability, and securing Government equipment. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/pubs/index.cfm>. Unrestricted Army Audit Agency reports can be accessed from .mil and gao.gov domains at <https://www.aaa.army.mil/>.

(U) DoD OIG

(U) Report No. DoDIG-2016-134, “The Army Did Not Implement Effective Controls to Maintain Visibility and Accountability of Iraq Train and Equip Fund Equipment,” September 14, 2016

(U) 1st TSC did not have effective controls to maintain complete visibility and accountability of ITEF equipment in Kuwait and Iraq prior to transfer to the GoI in accordance with Army policy. The DoD OIG determined that the 1st TSC did not have accurate, up-to-date records on the quantity and location of ITEF equipment due to reliance on multiple spreadsheets developed by different commands. In addition, the 1st TSC did not consistently account for equipment in Iraq.

(U) Report No. DoDIG-2016-056, “The Army Did Not Fully Document Procedures for Processing Wholesale Equipment in Kuwait,” February 24, 2016

(U) Army Field Support Battalion–Kuwait generally had effective controls for processing equipment at Camp Arifjan, Kuwait. The DoD OIG identified deficiencies in the controls for processing Army Pre-Positioned Stock. Specifically, the DoD OIG determined that the written procedures for receiving the equipment were neither comprehensive nor updated.

(U) Report No. DoDIG-2015-178, "The Army Did Not Effectively Account for Wholesale Property in Kuwait," September 22, 2015

(U) Army Field Support Battalion–Kuwait did not have effective controls for conducting inventories of wholesale equipment in accordance with Army policy and the contract performance work statement. The DoD OIG identified deficiencies in the controls for wholesale equipment inventories, resulting in 147,831 of 471,201 total wholesale equipment items, worth \$10.5 million, including 99 sensitive items, not being inventoried within the last year.

(U) Report No. DoDIG-2014-043, "The Army Needs to Improve Property Accountability and Contractor Oversight at Redistribution Property Assistance Team Yards in Afghanistan," March 4, 2014

(U) The Redistribution Property Assistance Team did not have effective procedures for processing and safeguarding retail and wholesale equipment at the Redistribution Property Assistance Team yards in Bagram and Kandahar, Afghanistan. The Army reported accumulated losses of \$586.8 million from May 2012 to May 2013, including losses of weapons, weapons systems, and other sensitive equipment.

(U) Report No. DoDIG-2012-071, "DoD's Management of the Redistribution Property Assistance Team Operations in Kuwait," April 10, 2012

(U) Camp Virginia Redistribution Property Assistance Team officials effectively managed Redistribution Property Assistance Team operations in Kuwait to accomplish their primary mission of supporting the drawdown of U.S. forces from Iraq. However, the DoD OIG identified concerns with security procedures at the Redistribution Property Assistance Team yard for sensitive Government equipment.

(U) Army Audit Agency

(U) Army Audit Agency A-2013-0056-MTE, "Retrograde Sort Process Afghanistan," February 26, 2013

(U) The Bagram and Kandahar Retrograde Sort Yard personnel generally properly accounted for materiel in the Standard Army Retail Supply System. However, the Army Audit Agency identified some sensitive or controlled items that were not properly secured.

(U) Acronyms and Abbreviations

1st TSC	1st Theater Sustainment Command
ASG-Kuwait	Area Support Group–Kuwait
AR	Army Regulation
BPC	Building Partner Capacity
CRSP	Central Receiving and Shipping Point
CSSB	Combat Sustainment Support Battalion
Gol	Government of Iraq
ITEF	Iraq Train and Equip Fund
SB	Sustainment Brigade
SOP	Standard Operating Procedure



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