United States General Accounting Office

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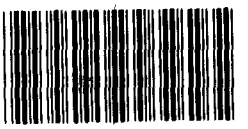
Report to the Honorable
Pete Wilson, U.S. Senate

November 1990

DEFENSE INVENTORY

New York Army National Guard Weapons Parts



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GAO

United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-241938

November 30, 1990

The Honorable Pete Wilson
United States Senate

Dear Senator Wilson:

As requested in your letter of July 26, 1989, we reviewed the New York Army National Guard's controls over small arms parts. This is one in a series of reports related to control of such parts within the Department of Defense.

We are sending copies to interested committees and other Members of the Congress; the Secretaries of Defense and the Army; the Adjutant General, New York National Guard; and the Director, Office of Management and Budget. We will also make copies available to other parties upon request.

GAO staff members who made major contributions to this report are listed in appendix I.

Sincerely yours,

Donna Heivilin
Director, Logistics Issues

Executive Summary

Purpose

Two former New York Army national guardsmen were convicted in 1989 of stealing small arms parts from a Guard repair shop over a number of years. Two others, a former guardsman and a Rochester, New York, police captain, were indicted on related charges and are scheduled to go to trial on January 15, 1991. The parts were used to assemble small arms, including .45-caliber pistols and the civilian version of the M16 rifle, that were sold illegally. The thefts were discovered by accident, during an investigation of thefts of military clothing. As a result of the thefts, Senator Pete Wilson asked GAO to (1) evaluate the New York Army National Guard's internal controls and physical security over small arms parts and (2) identify corrective actions taken and needed.

Background

The Army defines small arms as all weapons, including those that are fully automatic, up to and including calibers of 20 millimeters. The stolen small arms parts were primarily repair parts for the .45-caliber pistol and the M16 rifle.

Four maintenance shops in New York perform complex repairs on the Guard's small arms. Work orders for maintenance requests are supposed to document and aid in managing the repair process and the parts needed for the repairs. Small arms repairers use a combination of parts stored in their workbench area (bench stock) and requisitioned from an on-site supply room (shop stock). The shops replenish their stocks from two repair parts warehouses. Small arms parts are generally inexpensive and, while most are unique to a specific weapon or weapons, some are common hardware, such as screws and washers.

The New York Army National Guard is required to follow Army regulations that govern supply management, maintenance, and physical security. Repair shop personnel use the computerized Standard Army Maintenance System to track all work orders and repair parts and to receive information from supported units.

Results in Brief

The New York Army National Guard's internal controls and physical security neither prevented nor detected the thefts of small arms parts by personnel working at one of its repair shops.

Small arms parts are easy targets for thefts because the Guard has weak internal controls over the process used to repair small arms, inspect the work, store the parts, manage the work flow, and track inventory. For example:

- key duties are not separated;
- discrepancies in shop stock inventory are not documented or investigated;
- standards for inventory accuracy to effectively control inexpensive small arms parts are not applied; and
- the Standard Army Maintenance System can be accessed and manipulated by unauthorized individuals.

Army regulations do not require strict management of the repair process or strong controls over the repair parts. In addition, physical security is, in some instances, inadequate to protect repair parts, including small arms parts.

Following the arrests of the former guardsmen, the Guard made changes in an attempt to prevent further thefts. However, those changes have not resolved the problems associated with weak internal controls.

Principal Findings

Inadequate Separation of Duties

One of the convicted guardsmen told GAO how he had been able to requisition unnecessary parts and steal them for his own use. Because he could conduct both the initial and final inspections, as well as make the repair itself, no one had been in a position to question the extra requisitioned parts. Moreover, because of poor physical security at the repair shop, he was able to remove the parts from the shop and an adjacent warehouse without detection. GAO's review showed that this situation continues to exist at three of the four repair shops; duties are not separated in the small arms repair process. Army regulations permit small arms repairers to determine the repairs and parts needed, perform the repairs, inspect the results of their own work, and dispose of used parts. Such a system and poor physical security leave small arms parts vulnerable to theft.

Inadequate Control of Repair Parts

The Army does not require accountability for repair parts after they have been issued from the warehouses to the maintenance shops; at that time the parts are considered to have been expended. The shops store the parts as either bench stock or shop stock but do not have strong internal controls over either.

The shops had been allowed to keep relatively expensive parts such as bolts and barrels in their bench stock, following the Army's January 1988 rescission of a policy limiting bench stock to parts worth $10 or less. However, in August 1989, following the revelation of the thefts, the New York Army National Guard independently reinstituted the $10 limit. In addition, periodic or perpetual (continuous) inventories are not required for small arms parts stored in bench stock. For this reason, it is difficult to determine the amount of bench stock on hand at any one time.

After the thefts of weapon parts had been revealed, the four repair shops reclassified a significant amount of their bench stock to shop stock. Reclassified stock was moved from workbench areas to on-site supply rooms to improve control and physical security for the parts. The shop where the thefts occurred, for example, reduced its small arms bench stock from 393 parts valued at $15,454 to 159 parts valued at $5,007.

Although shop stock is better controlled and secured than bench stock, oversight of the inventory is weak. For example, personnel who identify discrepancies during periodic shop stock inventories do not have to report or investigate them. They simply adjust the records to reflect the actual quantity on hand, a practice that makes thefts difficult to detect. In addition, personnel who handle inventory records also handle the parts on the shelves. Because duties are not separated, no checks and balances exist to reduce the risk of thefts.

The Standard Army Maintenance System can be easily accessed by unauthorized personnel using a common computer password. Once inside the system, the intruder can create or change work orders, deduct inventory, and requisition parts.

Inadequate Warehouse Controls and Physical Security

GAO examined the Guard's two repair parts warehouses and found internal controls to be generally adequate at the Rochester, New York, facility. However, GAO found that the warehouse in Newburgh, New York, had poor accounting of resources, lacked separation of duties and responsibilities, did not report inventory adjustments to higher levels of authority, conducted superficial research into inventory discrepancies, and did not document inventory results. Because of these weaknesses, Newburgh's repair parts inventory is vulnerable to theft and loss. Furthermore, inventory inaccuracies can result in critical supply shortages, unnecessary procurement, and accumulations of excess stock.

New York Army National Guard officials have attributed most of these weaknesses to staff shortages, inadequate training, and the collocation of five separate repair parts inventories.

Army regulations did not require that inventory discrepancies of $50 or less be reported; the inventory record is simply adjusted to reflect the actual inventory on hand. Because many small arms parts are inexpensive, discrepancies in these inventories may go unreported.

Access to the shops and warehouses is not carefully controlled, and security after duty hours is nonexistent in some instances. The Newburgh warehouse is particularly vulnerable because its perimeter fencing has holes in it and repair parts are stored in unsecured truck trailers outside the warehouse. Other security deficiencies included poor facility access controls, no building alarm systems, and employee and visitor parking next to storage facilities.

Recommendations

Because GAO's work at the New York Army National Guard showed that Army regulations were inadequate to control and secure small arms parts, GAO recommends that the Secretary of Defense direct the Secretary of the Army to revise supply and maintenance regulations to require that

- key duties and responsibilities be assigned to separate individuals in the small arms repair and supply processes;
- repair parts exceeding a unit dollar value of $10 be excluded from bench stock;
- discrepancies in shop stock inventories be documented, investigated, reported, and resolved;
- access to the Standard Army Maintenance System be protected to prevent use by unauthorized personnel; and
- standards for inventory accuracy that effectively control inexpensive small arms parts be applied.

GAO also recommends that the Adjutant General, New York Army National Guard, require that physical security be improved to prevent unauthorized access to facilities, including shop supply rooms and warehouses. GAO makes additional recommendations in the body of the report.

Agency Comments

As requested, GAO did not obtain written agency comments on this report. However, GAO did discuss its findings with Department of Defense, Army, and Guard officials and incorporated their comments where appropriate.

Contents

Abbreviations

CID	Criminal Investigation Directorate
DOD	Department of Defense
GAO	General Accounting Office

Introduction

Four individuals, including a small arms repairman and an artillery repairman, were implicated in 1989 in the theft of weapons parts at a New York Army National Guard maintenance shop in Rochester, New York. The small arms repairman and another guardsman in Buffalo were convicted. The artillery repairman and the fourth individual, a Rochester police captain, have been indicted and are scheduled to go to trial on January 15, 1991.

Agents from the Guard's Criminal Investigation Directorate (CID) discovered the thefts after receiving a tip about the possible sale of military equipment, especially uniforms, to a civilian army-navy store. In the course of its investigation, the CID agents discovered the thefts of small arms parts. According to the agents, the two repairmen provided weapons parts to the Buffalo guardsman and police captain, both of whom held federal firearms licenses and could obtain lower receivers legally on the commercial market.[1] The small arms repairman also used the receivers and the stolen parts to assemble weapons himself.

The CID agents estimated that the repairman sold between 25 and 27 weapons, including a fully automatic M14 rifle, AR15 rifles (the civilian version of the military's M16 rifle), and .45-caliber pistols. The CID report listed 17 individuals, mostly guardsmen, who allegedly had weapons built by the small arms repairer. They paid for the weapons in cash or other items such as clothing and boots.

Small Arms Maintenance and Repair

The Army defines small arms as all weapons, including those that are fully automatic, up to and including calibers of 20 millimeters. We focused on repair parts for the .45-caliber automatic pistol, M9 semiautomatic pistol, M16 rifle, M60 machine gun, .50-caliber machine gun, and M203 grenade launcher.

Complex repairs of small arms are handled at four New York maintenance shops operated by the Guard in the following locations: Peekskill (referred to as Shop A in this report), on Camp Smith, a Guard installation; Staten Island (Shop B), in a residential area; Rochester (Shop C); and Fort Drum (Shop D), the home of the 10th Mountain Light Infantry Division. These shops also repair artillery weapons, motor vehicles, and

[1] A lower receiver is the part of the weapon that contains the trigger, firing mechanism, and serial number.

communications and other electronics equipment. The Guard's operations and maintenance funding authorization for surface repair parts was about $8 million in both fiscal years 1989 and 1990.[2]

On-hand parts used in repairs at the maintenance shops are classified either as bench stock or shop stock. Bench stocks are repair parts stored in workbench areas and include items such as triggers, screws, and springs. Army regulations define bench stocks as low-cost, high-use, consumable items used by maintenance personnel at an unpredictable rate. Shop stocks are repair parts that are stocked based on prior demand. Barrels and bolts are examples of small arms shop stocks, which are normally kept in a caged supply room with access limited to authorized personnel. Items included in shop stock must be approved by the Guard's headquarters.

Shop and bench stocks at the four maintenance shops are replenished from the Guard's two repair parts warehouses, maintained by the 134th Maintenance Company in Rochester and the 42nd Maintenance Battalion in Newburgh. These warehouses stock items based on demand and requisition items not in stock from supply depots. A stock record accountable officer at each warehouse keeps a perpetual inventory (an accurate count of stock on hand) of repair parts.

Repair shop personnel use the computerized Standard Army Maintenance System to track all work orders and repair parts and to receive information from supported units. Repair parts warehouses use the computerized Standard Army Retail Supply System to track inventories and issue and requisition repair parts.

Prior Audits

After the thefts of small arms parts were discovered, the Guard, in its fiscal year 1989 Annual Assurance Statement on Internal Controls, reported a systemic problem with control and accountability procedures for weapons repair parts. It stated that "weapons repair parts are not presently classified as sensitive or pilferable. When received by the requester, they are placed in bins and loss of accountability can occur." The Guard also issued a policy calling for greater security over small arms parts and an increased awareness by armament foremen of the importance of closely monitoring these parts.

[2]Surface repair parts are used to repair trucks and trailers, communications and electronics equipment, missile systems, combat vehicles and tanks, and all other surface equipment, including small arms.

In a 1989 report,[3] the Guard's U.S. Property and Fiscal Office, which is responsible for the proper obligation and expenditure of federal funds and for safeguarding federal property, examined the internal and external controls and the accountability of stocks of warehouse operations. The report said that repair parts warehouses in general were operating without appointed accountable officers, internal controls, valid inspections, or proper stock management procedures. Major contributing factors that led to these conditions were

- conflicting and confusing regulations and policy guidance,
- inadequate training and education programs,
- the absence of external inspection guidelines,
- recent computer system changes, and
- the general lack of experience in stock record accounting and direct support operations.

The Property and Fiscal Office also found that personnel at the repair parts warehouses were unaware of (1) the requirements for materiel accountability, (2) proper inventory adjustment procedures and how to determine the causes of inventory discrepancies, and (3) the proper procedure for reporting losses and gains. As a result, the warehouses did not comply with Army regulations for inventory adjustments.

Because personnel at the warehouses failed to determine the causes of inventory discrepancies, they had not implemented corrective measures to ensure that discrepancies did not reoccur. Moreover, the report said, the perfunctory posting of inventory adjustments results in the poor management of supplies and, possibly, pilferage, waste, mismanagement, or loss of government assets.

The report also said that a significant number of parts had not been inventoried in two years. The lack of a regular inventory schedule results in the poor management of supplies, does not provide timely reporting of stock deficiencies, encourages loss and pilferage, and, most importantly, does not correct stock level inaccuracies, the report asserted.

According to the New York Army National Guard's Adjutant General, the report's findings were valid. However, the Adjutant General said that many of the findings had been corrected, including those involving

[3]Class IX Operations, Office of the U.S. Property and Fiscal Office, New York, Internal Review 88-18 (Jan. 19, 1989).

the appointment of accountable officers, scheduling and conducting inventories, document processing, external inspection guidance, and training.

In November 1984, as part of a Department of Defense (DOD)-wide audit of physical inventory adjustments, the Army Audit Agency reported problems with the Army's inventory controls and inventory record accuracy, including

- inaccurately recorded and reported inventory adjustments,
- improperly adjusted accountable records,
- inadequate analysis of inventory variances, and
- superficial quality control program reviews for inventory inaccuracies.

Objectives, Scope, and Methodology

We evaluated the New York Army National Guard's controls over small arms parts at the request of Senator Pete Wilson. Our objectives were to (1) evaluate the Guard's internal controls and physical security over small arms parts, and (2) identify corrective actions taken and those needed.

We performed our work at the Guard's headquarters in Latham, New York; four maintenance shops (Peekskill, Rochester, Staten Island, and Fort Drum, New York); and two repair parts warehouses (Newburgh and Rochester, New York).

To determine the Guard's organizational structure, oversight responsibilities and activities, we interviewed representatives of its State Maintenance Office, which is responsible for the Guard's statewide maintenance and repair program. We also interviewed Guard officials from the offices of the Adjutant General and Chief of Staff, U.S. Property and Fiscal Office, Military Support and Physical Security Branch, and Office of the Inspector General.

To obtain details on the incident that had led to Senator Wilson's request and to obtain insights on internal control weaknesses that had allowed the thefts to occur, we interviewed the two former New York guardsmen who had pleaded guilty to theft of small arms parts; two agents of the New York Guard's Criminal Investigation Directorate; and the Assistant U.S. Attorney, Western District of New York State, who shared with us the information that had been developed for prosecuting the individuals involved in the thefts.

We reviewed the supply management, maintenance and repair, and physical security regulations issued by DOD, the Army, the National Guard Bureau, and the New York Guard, as well as their standard operating procedures for repair shops and warehouses. In addition, we examined the Guard's internal reviews of general operations, repair parts warehouse operations, and physical security.

We interviewed shop superintendents and foremen to discuss the weapons repair process, reviewed a sample of small arms work orders, conducted inventories of some small arms parts and compared the results to inventory records, reviewed small arms bench and shop stock lists to determine whether only allowable items had been included on the lists and if the lists had been approved as required, and evaluated requirements and practices for reporting inventory discrepancies at each shop and warehouse. We also evaluated the controls over the access to the Standard Army Maintenance System (used in the shops) and the Standard Army Retail Supply System (used in the warehouses) and reviewed the effectiveness of physical security controls at each facility for weapons, small arms parts, and other repair parts.

We performed our work between August 1989 and April 1990 in accordance with generally accepted government auditing standards.

Internal Controls Are Not Adequate to Prevent or Detect Theft of Small Arms Parts

The Guard's internal controls are not adequate to prevent or detect the theft of small arms parts. We found that (1) key duties and responsibilities are not separated in the repair process, (2) work orders do not control the repair process as intended, (3) inventory controls over bench and shop stock are almost nonexistent, and (4) the Standard Army Maintenance System can be used and manipulated by persons not authorized access to it. These internal control weaknesses increase the risk of fraud, waste, and theft of small arms parts. Work orders can easily be falsified, unneeded parts can be ordered, and replaced parts that are still usable may not be turned in for disposal. Moreover, the lack of accountability for shop and bench stocks make the theft of small arms repair parts virtually undetectable.

Key Duties Are Not Separated

The small arms repairman convicted in the thefts of small arms parts told us how he had been able to steal them between 1980 and 1989 without being detected. The repairman said he had uncontrolled access to all bench stock (at the time, most parts were stored there rather than in shop stock). Because the repair shop did not account for its parts, he had been able to take whatever he wanted whenever he wanted. The repairman also had total control over the repair process; he had conducted the initial inspections, ordered the parts, repaired the weapons, and conducted the final inspections. Without oversight, he had been able to request unnecessary parts on work orders and take them for personal use. Poor security at the repair shop had permitted him to remove the parts from the shop and an adjacent warehouse without detection.

We found that this is still a problem. At three of the four shops we visited, the individual who determined the needed repairs also ordered the repair parts, repaired the weapon, and conducted the final inspection.

This lack of separation of duties conflicts with the U.S. government's internal control standards, which state: "To reduce the risk of error, waste, or wrongful acts or to reduce the risk of their going undetected, no one individual should control all key aspects of a transaction or event. Rather, duties and responsibilities should be assigned systematically to a number of individuals to ensure that effective checks and balances exist."[1] The internal control standards also state that "access to resources and records is to be limited to authorized individuals, and

[1]Standards for Internal Controls in the Federal Government, Accounting Series, GAO (Washington, D.C., 1983).

accountability for the custody and use of resources is to be assigned and maintained."

Army regulations, however, do not require the separation of duties. For example, the regulations do not require an independent inspection of weapons before they are repaired to ensure that the parts ordered for the repair are in fact needed. The regulations also do not stipulate that a final inspection be conducted by someone other than the repairer.

Work Orders Guide Repair Process

Work orders (Department of the Army Form 5504) guide the repair process and serve as a record of the repair; however, key information that would adequately document the initial inspection and the disposition of used parts is omitted from the work order.

Guard units submit the work orders for the repair or modification of equipment, including small arms. Work orders are used to control the repair process from the time a weapon enters a shop for repair until the time it is repaired and picked up by the unit. According to Army regulations, the work order is used to record all work done and repair parts used except common hardware and bulk material. "Common hardware" is not defined.

Among other things, the work order is used by the shops to record

- the acceptance of the weapon and who accepts it,
- the name of the person assigned to repair the weapon,
- the tasks to be accomplished,
- the parts to be used, and
- the signature of the individual who conducts the final inspection.

When a weapon needs to be repaired, a person from the unit owning the weapon brings it to the repair shop along with the work order. The production control section in the shop numbers the work order and enters it in the Standard Army Maintenance System. This computerized system is used to track and control the work order until the repair is completed and the weapon is picked up by the unit. A shop employee accepts the weapon and checks it to ensure that it is intact and that all lower-level maintenance has been completed. This employee signs the work order acknowledging acceptance of the weapon. The weapon then receives an initial repair inspection or is stored in a vault until it is ready for inspection.

According to Army Regulation 750-1, "Army Materiel Maintenance Policy and Retail Maintenance Operations," the weapon should be inspected by someone who is technically qualified to determine the repairs needed and the parts required to restore the weapon to a serviceable condition. The results of the inspection and the inspector's name are recorded on an equipment inspection and maintenance work sheet. The work sheet is attached to the work order until the job is completed, and then the work sheet is generally discarded.

After the initial inspection, the work order and the work sheet are forwarded to the shop's supply section, where the required shop stock parts are obtained. A supply employee initials the work order next to the specific part number as the parts are provided. Parts not in stock are ordered. Once all the parts have been provided, the work order is reclassified as awaiting repair, and the armament section is notified that the work order and the parts are ready to be picked up. The repairer assigned the work order signs it, pulls all required bench stocks, and repairs the weapon. After the repair is completed, the weapon is given a final inspection.

Work orders, however, are not always adequate records of the work done. For example, the work order does not have a place for the name of the person who conducted the initial inspection; therefore, once the work sheet is discarded, there is no way of verifying who inspected the weapon.

Completed work orders also do not (1) provide assurance that an old part is turned in for each new repair part or (2) document the disposal of old parts (for example, whether they were destroyed and sold as scrap or turned in to the disposal office). The former guardsman convicted of stealing small arms parts told us that he once exchanged three used M16 rifle barrels purchased at a gun show for three new barrels from the repair shop.

Work Orders Did Not Document Repairs at Shops

Although the repair process was generally the same at the four repair shops, each had slightly different control procedures. We found in our review of sample work orders that, for the most part, the repair process was not adequately controlled by and documented in the work orders to preclude the theft of small arms parts. Table 3.1 shows the types of information recorded on work orders at each of the repair shops.

Table 3.1: Information Provided on Work Orders

Work orders listed:	Shop A	Shop B	Shop C	Shop D
Who conducted initial inspection	No	No	No	Yes
Who picked up repair parts	No	No	No	No
Disposition of old parts	No	No	No	Yes
All parts used in repairs	No	Yes	No[a]	Yes
Who conducted final inspection	Yes	Yes	Yes	Yes

[a]Subsequent to the implementation of a new procedure (after the thefts were disclosed), our review showed that all parts, including bench stock, were listed on the work orders.

Shop C

We reviewed 20 small arms work orders completed between October 21, 1988, and July 31, 1989. While all 20 work orders showed that initial inspections, repairs, and final inspections had been done, we could not determine when the initial inspections had occurred or who had conducted them. In four cases, because the work sheets were attached to the work orders, we were able to determine that the initial inspector also had repaired the weapon.

We found that Shop C tried to maintain a separation of duties between the repairer and the final inspector. On 17 of the 20 work orders we reviewed, we found what appeared to be the armament section foreman's signature on the work order as the final inspector. However, we were told by a former Shop C repairman who pleaded guilty to stealing small arms parts that he usually had performed the final inspection on his own repairs and had signed his foreman's name. In addition, information on the work orders we reviewed was not always legible because the only available copy of the work order was often the fourth carbon copy.

The work orders did not show who had picked up the parts from the supply section, and there was no way to tell whether all parts required to repair the weapons had been listed on the work order. However, Shop C had not required that bench stocks used be listed on the work orders. The completed work orders also did not show what had happened to the old parts.

The work orders we reviewed had been completed before the disclosure of the thefts of small arms parts from Shop C. To determine whether control over the small arms repair process had improved since then, we reviewed five additional work orders completed during November 1989. We found that a new administrative procedure had been instituted requiring production control technicians to file the work sheet with the

completed work order. For three of the five work orders, the person who initially had inspected the weapon also had repaired it.

After the thefts, Shop C also had instituted new supply procedures that required (1) the armament foreman to approve all requisitions for small arms parts from shop stock, (2) the foreman to accompany the repairer when the repairer picked up the parts and to verify that all the requisitioned parts were received by signing the work order, and (3) all bench stocks used in repairing the weapon be listed on the work order. The five November 1989 work orders we reviewed had what was reported to be the foreman's signature or initials approving the small arms parts requisitions and verifying that the parts had been picked up. In addition, four of the five work orders listed the bench stocks that had been used.

Shops A, B, and D

In our review of a sample of 10 work orders each at shops A, B, and D, we found that neither shop A nor B performed an independent initial inspection, although Shop B's standard operating procedure required the armament foreman to conduct the initial inspection. At Shop A we could not tell who had conducted the initial inspection because the shop did not use the work sheets and the work orders did not indicate who had conducted the inspection. However, we were told by the armament foreman that there was no requirement for an independent initial inspection. Although Shop B used the work sheets, it had discarded them after the work order had been completed.

At Shop D an independent inspector had conducted the initial inspection when he had accepted the weapon, and then he had signed the work order. Shop D personnel also had discarded the work sheets after the work orders had been closed. Therefore, to ensure that the initial inspection had been conducted by an independent inspector, we reviewed five open work orders that still had the work sheets attached. In all cases an independent inspector had conducted the initial inspection.

We could not always tell from the work orders at shops A and B who had picked up the parts from supply. However, armament personnel said a new procedure required them to initial the work order whenever they picked up parts from supply. Shop D used a register to record the name of the person who had picked up the parts, the work order number, and the pick-up date.

Shops B and D had recorded all repair parts, including bench stock, on their work orders. Procedures at Shop A did not require that bench

stock parts be recorded on the work order, even though Guard procedures required that all repair parts used be recorded there.

At both shops A and B we generally found that the repairer had conducted the final inspection of the weapon. At Shop D it had been conducted by an independent inspector.

At shops A and B we could not determine the disposition of the old parts removed from the weapons during repair. The work orders did not reflect their final disposition, and they were not cross-referenced to work orders that would have indicated that the old parts had been rendered unusable. In contrast, Shop D personnel had added a separate task to their work orders that required that the technical inspector verify that the old parts were turned in and rendered unusable.

Inventory Controls Over Repair Parts

No one is held accountable for parts after they are sent from the repair parts warehouses to the repair shops because Army Regulation 735-5, "Unit Supply Update 11," states that items that lose their identity when used in repairs are considered expended.

Bench Stock

Items included in bench stock must be approved by the shop superintendent semiannually, but Army and Guard regulations do not require that shops maintain a perpetual inventory. The Army had set a $10 limit on the value of items that could be included in bench stock but rescinded the policy in January 1988. As a result, Army regulations permit relatively expensive small arms parts, such as bolts, barrels, and stocks, to be included in bench stock. However, the Guard independently has reinstituted the $10 limit.

In July 1989, following revelations of the thefts, Shop C reviewed its small arms stock. Among the parts found in the bench stock were an M16A2 rifle parts package (containing barrels, hammers, and receiver cartridges), trigger assemblies, gun stocks, and safety assemblies. As a result of the review, Shop C shifted 159 of 393 parts from bench stock to shop stock, reducing the authorized value of the bench stock from $15,454 to $5,007. In addition, the other shops also shifted a significant amount of bench stock to shop stock.

Shop Stock

Although regulations require semiannual inventories of shop stock, they do not require that shop personnel report discrepancies or determine

why the discrepancies occurred. When inventory discrepancies are identified, personnel simply adjust the records to reflect the actual amount on hand. In addition, shops are not required to maintain a record of these adjustments, although most of the shop superintendents told us they expect their personnel to report significant discrepancies to them.

According to a supply worker at Shop C, during a semi-annual inventory, the shop had found that a diesel engine, valued at over $10,000, was missing. He said the discrepancy had been handled by adjusting the record to reflect the actual number of engines on hand. Shop C's supply foreman told us the engine had not been missing; it simply had not been moved from the warehouse storage area to Shop C's storage area. However, the warehouse foreman could not corroborate the supply foreman's account, and there was no record of what actually had happened.

As in the repair process, there was no separation of duties and responsibilities in the handling of shop stock. Individuals working in supply had access to both the stocks of parts and the inventory records. A worker could take a part and adjust the record or could take parts not on the records. In either case, it would be difficult to detect the theft.

Corrective Actions Taken by the Guard

Following the discovery of the thefts, the Guard took steps to improve internal controls at the repair shops. For example, the Guard now requires that

- only small arms parts with a unit price of $10 or less be included in bench stock;
- bench and shop stock be secured in the armament and supply sections, respectively, and access to the parts be limited to persons assigned to each section;
- all parts to be used in the repairs be listed on the work order following the initial inspection;
- the supply section secure small arms parts until they are needed by the armament section; and
- unserviceable parts be disposed of properly.

Despite these changes, it would be difficult to detect thefts because of significant weaknesses in the controls over the repair and supply functions.

Vulnerability of the Standard Army Maintenance System

The computerized Standard Army Maintenance System is used by repair shop personnel to track and aid in managing items submitted for repair or maintenance, work loads, and resources. It is used, among other functions, to

- requisition repair parts,
- control the use of excess parts,
- follow up on requisitions and cancellations,
- transfer repair parts from shop stock inventory to work orders,
- track items ordered for repairs but not used,
- maintain bench and shop stock lists, and
- replenish bench and shop stock.

One password is used to access the entire system. The Guard's repair shops do not use unique passwords to access the system.

Conclusions

Despite the steps the Guard took to improve internal controls following the discovery of the thefts, we found that weapons parts at Shop C and at other locations are still vulnerable to theft. Any thefts probably would not be discovered because of the lack of internal controls and accountability.

We found weak internal controls in the small arms repair and supply processes at the four repair shops. The controls do not provide adequate accountability and control of repair parts, and they do not sufficiently protect these parts from theft or loss. Key duties in the repair process are typically performed by the same individual, and an independent assessment is not made of whether the repair was actually needed and the parts actually used. These weaknesses generally stem from the Guard's failure to establish effective controls over the small arms repair process and deficient Army supply and maintenance regulations. Supply personnel generally have access to both repair parts stocks and inventory records, leaving the stocks open to theft and the records vulnerable to manipulation.

The work order does not provide adequate information to determine that important steps in the repair process, such as the initial inspection and the disposition of used parts, have been completed properly. Moreover, there is no requirement to account for either bench stock or shop stock, and shop stock inventory adjustments are not documented or reported.

A password is the Standard Army Maintenance System's only security control. All of the shops we visited used the same password. Thus, the system can be easily accessed by unauthorized personnel. Once into the system, a user has access to its functions regardless of authorization, leaving production control and supply functions open to manipulation by persons not authorized to use the system.

Recommendations

Because our work at the New York Army National Guard showed that Army regulations were inadequate to control and secure small arms parts, we recommend that the Secretary of Defense direct the Secretary of the Army to revise supply and maintenance regulations to require that

- key duties and responsibilities be assigned to separate individuals in the small arms repair and supply processes;
- work orders be maintained to show that important steps in the small arms repair process are followed;
- repair parts exceeding a unit value of $10 be excluded from bench stock;
- for every new part that is requisitioned from shop stock, an old part be turned in and the disposition of the old part be recorded on the work order;
- discrepancies in shop stock inventories be documented, investigated, reported, and resolved; and
- the Standard Army Maintenance System be protected to prevent access by unauthorized personnel.

Internal Control Weaknesses at Repair Parts Warehouses

We examined internal control procedures at both the Newburgh and Rochester repair parts warehouses. In general, the internal controls at the Rochester warehouse were adequate. However, a number of weaknesses in the internal control procedures at the Newburgh warehouse increase the risk that small arms parts will be lost or stolen. For example, we found that the warehouse did not adequately account for repair parts inventories, document findings from periodic inventories, report inventory adjustments as required, adequately explain inventory discrepancies, or assign key duties to separate individuals.

Although both warehouses stock repair parts, they are organized differently. The Rochester warehouse contains only one inventory. The Newburgh warehouse is much larger and contains five separate inventories, which stock many of the same types of repair parts. Four of the inventories are stored only in trailers, while the other is stored in trailers and on the warehouse floor.

Guard officials said that staff shortages, inadequate training, and the collocation of the repair parts inventories contributed to the problems we identified at the Newburgh warehouse.

Poor Accountability for Repair Parts

Army Regulation 710-2, "Supply Policy Below the Wholesale Level," states that inventory variances that have an extended value of $50 or less should not be reported as inventory adjustments unless the items are considered "sensitive" or there is some indication of negligence.[1] The inventory record should simply be adjusted to reflect the actual inventory on hand. Inventory variances in excess of $50 must be reported on an inventory adjustment report. The cause of inventory variances involving sensitive items or items with an extended value of more than $500 must be determined. Because few small arms parts are coded "sensitive" and many cost less than $50, inventory variances involving small arms parts often are not reported or researched for cause.

The Newburgh warehouse's inventory was valued at $5.1 million as of January 30, 1990. During 1989, the facility reported 1,769 inventory adjustments (all variances greater than $50). The reported inventory gains were almost $8 million, and losses were $928,000. The value of these adjustments was almost 1.8 times the inventory value. From January 2, 1990, to May 8, 1990, the warehouse reported 423 inventory

[1]The extended value is the item's unit price times the quantity of the item. In October 1989, the $50 standard was raised to $100.

adjustments. The gains were over $3.3 million while the losses were $132,000.

The Newburgh Technical Supply Officer attributed most of the inventory variances to errors by supply personnel working with the computerized inventory control system. For example, in 1989 a single gain of $4.4 million was attributed to an operator's data input error. A 1989 Guard internal review report also noted that data input errors were a cause of inventory variances. It said that supply personnel were not adequately trained to use the computers but that the problem could be corrected through training, experience, and an internal control program to monitor errors and their causes.

Although Army regulations require that repair parts warehouses be physically inventoried at least annually, we found no documentation to show that an inventory had been conducted at the Newburgh warehouse in 1989.

Inventories Demonstrate Inaccuracies

To determine the accuracy of Newburgh's small arms parts inventory, on February 15, 1990, we counted all the parts (63 parts with various quantities) stored on the floor of the warehouse, excluding those in the trailers, and compared the results to the warehouse's accountable records. The Army standard for accuracy is 85 percent, meaning a variance in the inventory of 15 percent from the accountable records is permitted. For 13 (21 percent) of the parts we found inventory gains valued at $137, and for 14 parts (22 percent) we found inventory losses valued at $103. None of the parts were sensitive, none of the variances exceeded $50, and negligence could not be assessed. In accordance with current procedures, the warehouse was not required to report or determine the causes of these inventory variances.

Despite the low dollar value of the variances, we expressed our concern over the high error rate to the Guard's State Maintenance Officer because (1) small arms parts can be assembled into weapons, (2) the warehouse's inventory of small arms parts, according to the Technical Supply Officer, was likely to grow, and (3) the number of inventory adjustments that had occurred in 1989 and 1990 were significant. Furthermore, inventory inaccuracies can result in critical supply shortages, unnecessary procurements, and accumulations of excess stock. In response to our concerns, an internal audit team conducted a special inventory at the Newburgh warehouse. The team took a random sample from 59 parts. The total dollar value of the items sampled was about

$18,500. The results showed variances of 25.9 percent, and the absolute dollar value of the errors was about $2,000. However, after applying the Army's regulation for reporting only substantial variance—those exceeding $50—the error rate fell to 14.8 percent, which is less than the Army's 15 percent allowable error rate for inventory accuracy.

Inventory Adjustments Not Reported

We found that the Newburgh warehouse was not preparing inventory adjustment reports of discrepancies exceeding $50, as required by the Army. Without these reports, the unit commander does not have sufficient information to evaluate the numbers and types of inventory adjustments being made. A November 1989 Guard report of warehouse operations also disclosed this problem. The report said not one inventory adjustment report had been properly prepared or approved.

Reasons for Inventory Discrepancies Not Determined

We found that the warehouses had done little causative research of inventory adjustments. The research that was done was superficial and did not result in identifying the specific reasons for the variances. For example, we found the following brief explanations of inventory adjustments:

- Items were found during location surveys and then recorded on the inventory records.
- Receipts and issues were not posted properly.
- Gains that resulted from receipts were not being processed prior to inventories and location surveys.
- Gains resulted from an issue of items that the computer showed as having a zero balance.

The 1989 Guard report stated that neither the Newburgh nor the Rochester warehouse was aware of the requirements for determining the cause of inventory variances. It concluded that this "leads to a weak or nonexistent internal control environment whereby the same errors are constantly being made or go unresolved. As these errors multiply they end up masking real problems involving losses or gains."

Inadequate Separation of Duties

In reviewing computer records, we found that, with the exception of three individuals, all Newburgh warehouse personnel had access to the perpetual inventory records, could receive stock from various DOD and Army depots, could process customer requisitions, and had access to the inventories, including small arms parts. Army Regulation 380-380,

which governs automation security, requires that "key duties within a facility be separated so as to preclude any one individual from adversely affecting the system." The Newburgh Assistant Material Management Officer, to whom the Technical Supply Officer reported, acknowledged that this lack of separation of duties constituted an internal control weakness. He said the warehouse had not been able to assign key duties to different individuals because of personnel shortages.

We found that, at the Rochester warehouse, key duties were separated among individuals. Personnel were assigned different passwords that allowed them to perform specific tasks and precluded them from performing others. Warehouse personnel, who had access to the stocks, did not have access to the accountable records. Stock control personnel, who maintained the accountable records and handled requisitions and replenishment, did not have access to the warehouse stock. The Rochester Technical Supply Officer controlled and assigned the passwords, changing them as the need arose. He and the accounting supervisor were the only ones who had access to both the accountable records and the warehouse stockage and who were permitted to process small arms parts requisitions and draw the parts from locked cabinets.

Requisition Controls

Any Army entity, including New York Army National Guard units, regardless of authorization level, can order most repair parts (including weapons parts) from a warehouse or depot. For example, a unit can order a small arms part that, according to Army regulations, should be ordered only by a repair shop and only if the order is authorized by the organizational maintenance officer.

In an attempt to place some degree of control over small arms parts requisitions, the New York Army National Guard assigned a management review code for selected parts in its inventory control system. Every requisition submitted to the warehouses for these parts is flagged by the system for management review. Once flagged, the technical supply officer reviews the requisitions to ensure that the customer is authorized to requisition the part.

Conclusions

Weak internal controls at the Newburgh warehouse, and to a lesser extent at the Rochester warehouse, preclude adequate accountability and protection of assets, thereby making their repair parts inventories

vulnerable to theft and loss. Inadequate separation of duties in the Newburgh warehouse permit personnel to access both the accountable records and repair part stocks. Existing inventory records are highly questionable because of the lack of documentation of periodic inventories, a high number of inventory adjustment reports, and insufficient explanation of inventory variances. The accountability of small arms parts is diminished under the regulatory allowance of writing off variances below $50 and under the 85 percent inventory accuracy standard permitted by the regulations. Furthermore, although the Guard recently instituted a procedure to review whether a customer is authorized to requisition selected small arms parts, there is no such procedure Army-wide. Such an Army-wide control could preclude the issuing of parts to an unauthorized customer.

Recommendations

We recommend that the Secretary of Defense direct the Secretary of the Army to require that inventory accuracy standards that effectively control inexpensive small arms parts be applied.

We also recommend that the Adjutant General, New York Army National Guard, require that

- periodic warehouse inventories be conducted and documented and adjustments be reported to higher levels of authority for review,
- reasons for inventory discrepancies be identified and reported as required by Army regulations so that problems can be corrected expeditiously, and
- the duties of the Newburgh warehouse workers be separated to prevent their access to both the inventory records and the warehouse stock.

Inadequate Physical Security Increases Potential for Theft

Physical security at the installations we visited was, in some instances, inadequate to protect repair parts, including small arms parts. Collectively, the security deficiencies we found included

- poor facility access controls,
- inadequate perimeter fencing,
- doors and windows not adequately secured,
- no building alarm systems,
- no guards during duty or off-duty hours,
- parts unsecured or poorly secured,
- employee and visitor parking too close to storage facilities, and
- stock stored outdoors in an unsecured area.

The security deficiencies we noted at each installation we visited are discussed below.

Newburgh Repair Parts Warehouse

We found serious physical security deficiencies at the Newburgh repair parts warehouse. In our inspection of the perimeter fencing, we found holes and spaces large enough for an adult to pass through (see fig. 1), a tree lying across the fence, shrubs and small trees growing along the fence that could hide or facilitate unlawful intrusion, and a section where the fence was only 3 feet high. In addition, many pilferable parts, such as tires and automobile air filters, were stored outdoors in unsecured open trailers covered only with heavy canvas (see fig. 2). A number of government-owned vehicles were stored in an unlit section of the warehouse grounds, making it easy for individuals to steal parts at night. (The facility is not guarded from 12 midnight to 7 a.m.)

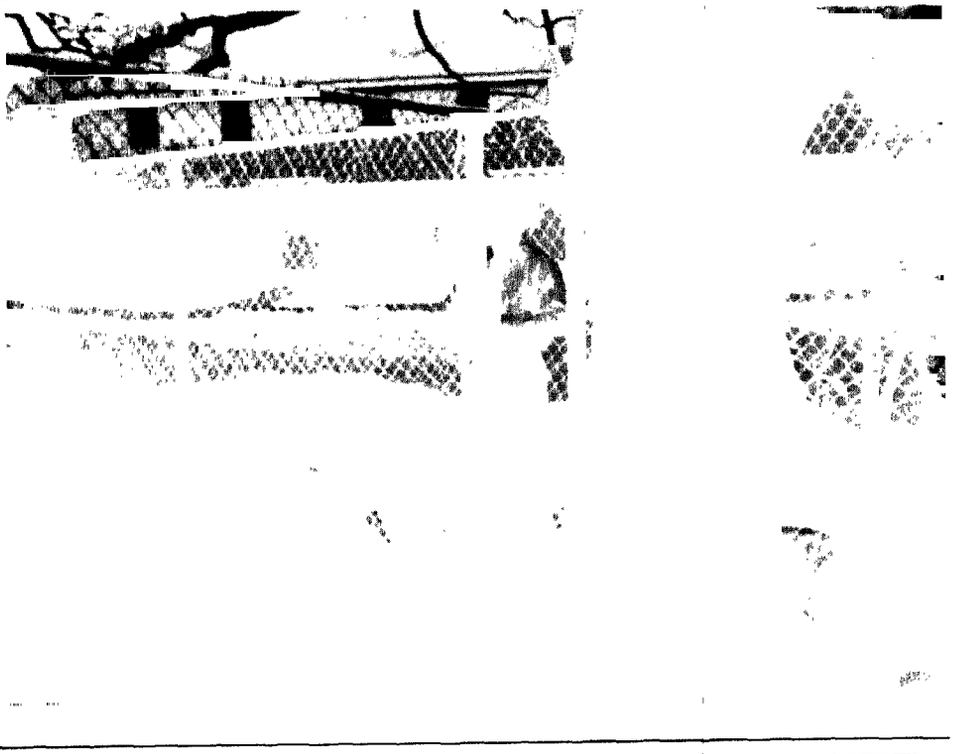


Figure 1: Gap in Perimeter Fence at Newburgh Warehouse

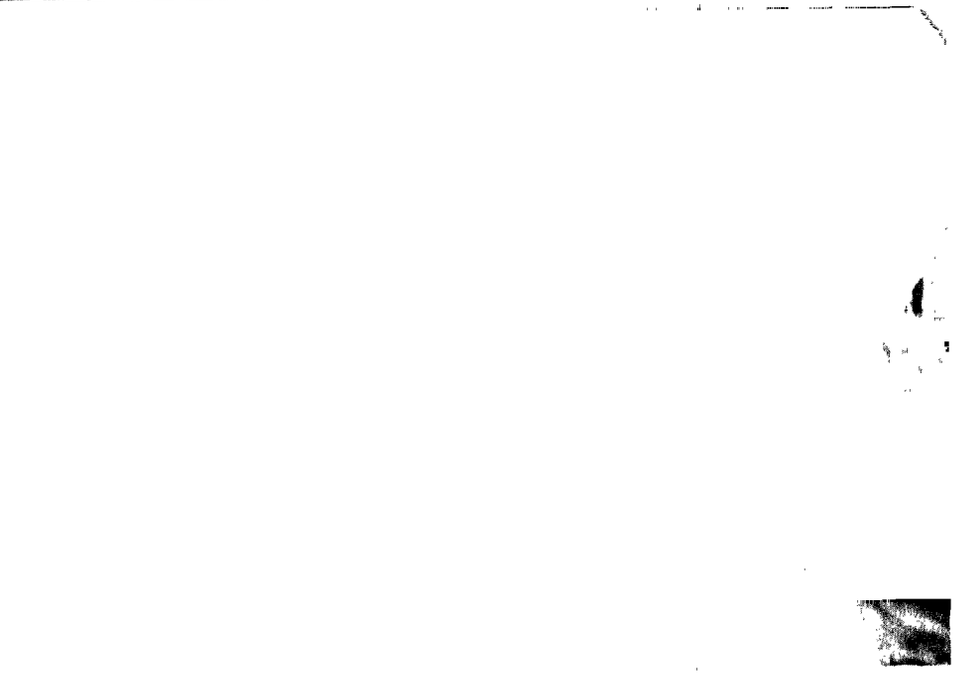


Figure 2: Open Trailer Used to Store Repair Parts

All warehouse personnel have access to small arms parts. Once the parts are pulled from the inventories and are awaiting shipment or pickup, they are kept in open, unsecured bins that are accessible to everyone in the warehouse. The Technical Supply Officer said that parts may sit in these bins for as long as a week before they are shipped or picked up.

The warehouse is located in an armory adjacent to a lower-level maintenance shop. The armory also has a gymnasium used for Guard drills and various civilian activities. The warehouse maintains five separate inventories. While most of the main inventory is secured in a locked cage at night, some of the other inventories, which contain small arms parts, are stored inside the warehouse in trailers that are left open at all times. The warehouse's perimeter doors are wired with alarms, and all doors are supposed to be locked after duty hours. However, on one of our visits during after-duty hours we found the front gate unlocked and three open doors through which we were able to enter the warehouse. The double doors between the gymnasium and the warehouse were unlocked and a side door to the gymnasium was also unlocked. Therefore, we were able to enter the warehouse through the gymnasium. In addition, nine civilians, none of whom were employed at the warehouse, were pitching horseshoes on the warehouse floor (see fig. 3).

Figure 3: Warehouse in Which Civilians Were Pitching Horseshoes Next to Open Trailers Containing Small Arms Parts

On our way out of the warehouse, we met the Assistant Materiel Management Officer and the Technical Supply Officer for the Newburgh facility. They said that the civilians were members of a horseshoe team who had received permission to practice in the warehouse from December through February. Despite having authorization to be there, the civilians were not supervised and could have easily helped themselves to a variety of repair parts, including those for small arms.

Rochester Repair Parts Warehouse and Shop C

The Rochester warehouse and Shop C are located in attached buildings (see fig. 4) and share an outdoor storage facility and parking lot. The warehouse shares its space with a U.S. Property and Fiscal Office warehouse.

The inventories of both the warehouse and the Office are located on the same floor and share a loading dock. The Office has a storage vault and, on occasion, temporarily stores sensitive repair parts. The last physical security inspection (March 1989) of the entire warehouse identified no significant problems. However, we found the following problems:

- Employees of the repair parts warehouse and U.S. Property and Fiscal Office have access to each other's inventory. No security measures are in place to preclude most repair parts from being pilfered by these employees. However, the risk to small arms parts and other pilferable items is substantially less than the general inventory because they are stored in locked cabinets in a locked steel cage with limited access.
- General inventory items awaiting pickup or shipment are placed in open bins near a door to the side parking area. These items have been removed from the inventory and are no longer on the accountable records; therefore, they can easily be taken with little chance of detection.
- Maintenance units turn in their excess repair parts to the repair parts warehouse, where they are either returned to the inventory to meet future needs or sent to the U.S. Property and Fiscal Office, which eventually sends them to a depot. Until a worker has the opportunity to process the items and add them to the accountable records, they are placed in a separate building shared with the Office warehouse. Therefore, employees from both organizations have access to this building and could remove items without being observed. However, small arms parts are placed in a locked cage until they are ready for processing.
- Parking is permitted on the side of the warehouse near several exit doors and an overhead door (see fig. 5). These doors are not wired with alarms. Although warehouse personnel are directed to enter and exit the

facility through the front door, we observed workers, on several occasions, using the side exit doors. Warehouse personnel could exit the warehouse from one of these side doors with government property and enter their vehicles without being noticed. Furthermore, all of the building's overhead doors are kept open during the summer months to cool the facility. We were told by the Shop C superintendent that he had requested that the parking lot be expanded so that the authorized parking next to the warehouse can be eliminated. In addition, he had requested that the sides of the building be fenced to limit warehouse entry and exit to the front doors.

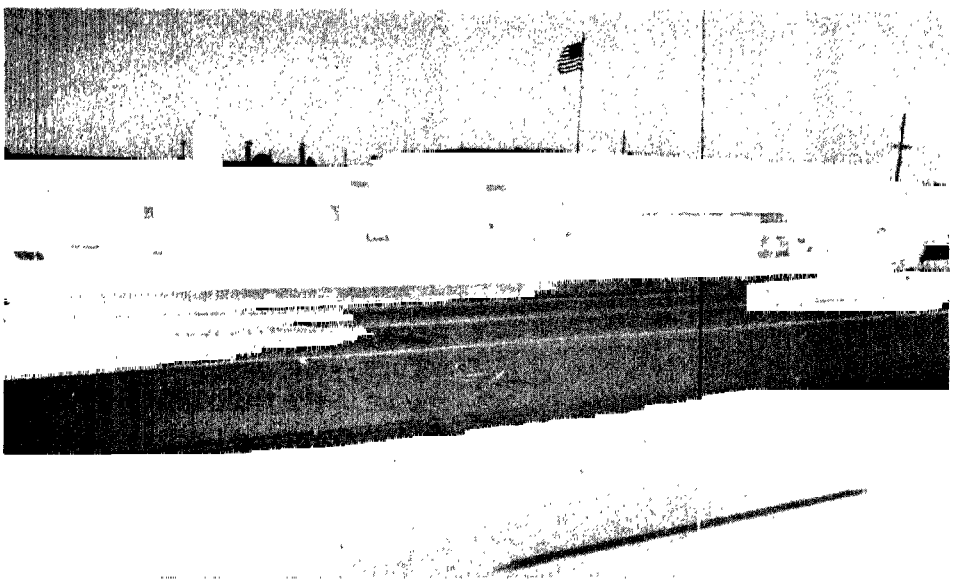
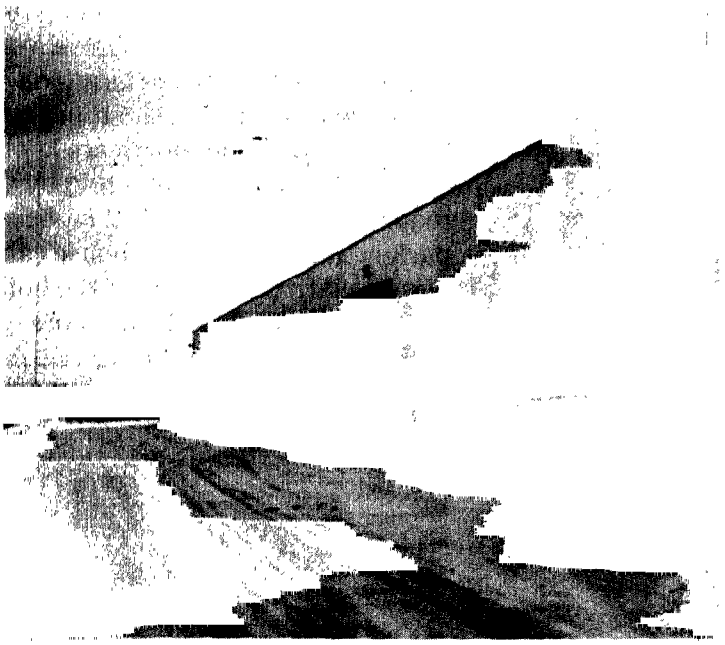


Figure 4: Shop C and Adjacent Rochester Warehouse

Figure 5: Cars Parked Next to Rochester Warehouse Exits



According to Shop C's standard operating procedure for physical security, all personnel are required to use the front door, sign in, and report to the front office. The use of side doors is prohibited. We found that, contrary to the procedure, people were permitted to enter the shop through one side door. To check in, they had to walk through the maintenance area where bench stock repair parts (not small arms parts) were sitting in open bins. In addition, there are several bay doors that are kept open during the summer months and doors that someone can enter or exit without being noticed.

The only section of Shop C equipped with an alarm is the weapons vault. The vault has triple barrier protection—combination lock door, locked cage, and locked weapons racks—and an intrusion detection device that is monitored by the New York State Police Department.

For the small arms parts inventory, keys and access to storage areas are controlled, bench stock parts are locked in cabinets in a controlled access repair room, and shop stock parts are now locked in steel cabinets in a controlled access supply cage. However, on more than one occasion we noticed unauthorized personnel in the supply area. For example, we observed a production control worker reach over the supply cage gate, open the latch, and let himself in. At another time, we saw a repair

parts warehouse worker enter the supply cage through a back door left unlocked.

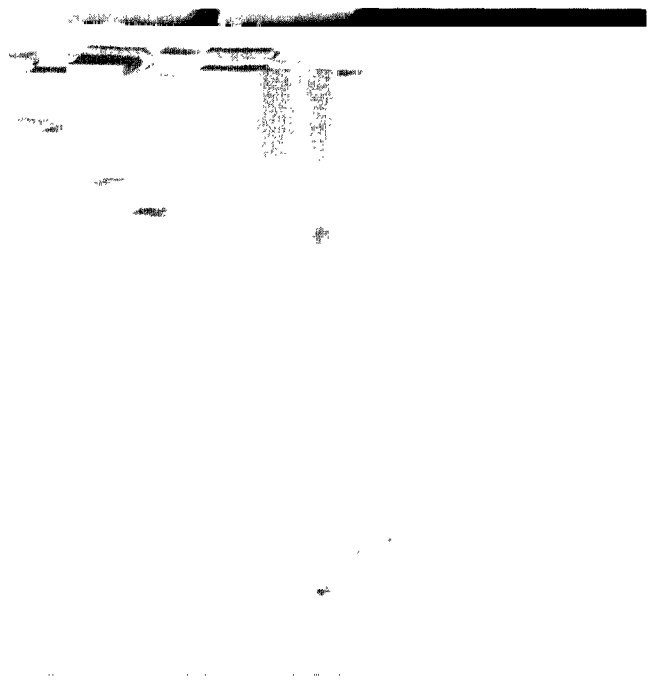
After normal duty hours, New York State employees provide security for both the warehouse and Shop C. They tour the facilities every hour, stop at various checkpoints, and record the time on a watch-clock. While most of the important sections of both facilities are checked, we found no checkpoints at one area immediately outside Shop C, the vehicle storage area, and the facilities' caged storage areas where small arms parts were stored. On one occasion, we walked unescorted through Shop C after duty hours. We encountered a guard, whom we had not seen before, but he did not challenge us or report the incident to anyone.

Shops A, B, and D

Camp Smith, where Shop A is located, has one entrance for vehicles. The entrance is guarded 24 hours a day. After 5 p.m. a security guard periodically checks the facility, and the State Police patrol the camp during their normal night patrols. The perimeter of the shop is surrounded by a fence on three sides. The fence is approximately 6 feet high with barbed wire at the top. At two points the bottom of the fence is high enough above the ground to permit a person to crawl under it. The fence encloses the vehicle storage area, which is adjacent to the parts storage area, and the two areas are separated by a sliding gate. On the day of our inspection, the gate was unlocked. The superintendent, with whom we discussed our observations, said he was aware of the gaps in the fence and had already processed a requisition to have it lowered to ground level. In addition, he had the gate between the two storage areas locked.

Small arms parts at Shop A are secured in a locked cabinet in the supply building. However, when parts have to be ordered to complete a specific work order, the parts that are available in stock are placed in an envelope in an open bin until the other parts come in (see fig. 6). The supply room is located next to a room that is used by an engineer detachment for weekend drills. The two areas are separated by a locked fence topped with barbed wire. However, the fence does not reach the ceiling, so intruders could scale the fence, enter the supply area, and help themselves to parts, including the small arms parts in the open bins.

Figure 6: Small Arms Parts in Envelopes Stored in Open Bins



The supply room door is at the far end of the building, and visitors must walk through the entire length of the storage area to get to the check-in desk. While workers have a direct line of vision to the door, if no one is at the desk, an intruder could enter the supply area without being noticed. The superintendent told us he had submitted a requisition to have a new door built in front of the reception desk. In addition, we noticed bars missing from two windows in the supply area.

There are a number of doors and windows on the wing of the shop that is not within the perimeter fence. The overhead doors are kept open during the warm months; however, all but two have locked fences in front of them. During our visit we noticed that the two doors without fences were left open all day. Questioned about this, the superintendent said the doors lead to the paint shop and are normally closed, but the paint shop's ventilation system had recently broken down; therefore, the doors had to be left open until the system was repaired. Another door was locked to the outside and was supposed to be used only as a fire exit, but we noticed workers going out of the door to smoke, propping the door open in order to get back in. Also, the door was near a parking area and situated so that someone could remove government property from the shop, place it in a vehicle, and return to the shop without being noticed. While most of the windows had bars, we noticed

one window covered by a loose piece of plywood. We mentioned this to the superintendent, and he said he would have it repaired.

Shop B is surrounded by a 6-foot fence topped with barbed wire, and there is an interior perimeter fence. Each fence has a gate that is locked after duty hours. The facility is unguarded; however, the superintendent told us he has requested positions for both daytime and evening guards. Visitors are required to report to the shop control office, although they may enter through one of four doors, two of which are out of sight of the front office. The shop's physical security procedures do not preclude entry through these doors.

During the summer months the overhead doors are kept open to cool the building. At the time of our visit the doors were not fenced, but the superintendent showed us materials that were to be used to construct fences in front of each door. The fences should preclude unauthorized entry while allowing the doors to be opened for ventilation.

The employee parking area is approximately 100 feet from the building, but the shop foremen are permitted to park near one of the unlocked doors. Only pilferable coded small arms parts are locked in a separate cabinet in the supply room. All other small arms parts are stored on open shelves.

Shop D's perimeter doors, except the front entrance and customer entrance, are enclosed by an 8-foot fence topped with barbed wire. With the exception of seven windows in front of the building, all windows are protected by heavy steel screens. Personal vehicles are parked in the front parking lot approximately 20 to 50 feet from the building. Locked gates and fencing prevent cars from parking on the side or in back of the building.

Although we were told that all small arms shop stock is locked in a wooden cabinet, we found some of the parts on open shelves. The supply foreman said that she had simply overlooked the parts and would immediately put them in the cabinet. In addition, parts orders are placed in bags on open shelves until they are picked up. Although unauthorized personnel should not be in the supply area, we noticed repairers walking in and out of the section. Furthermore, the supply room was not locked and a side door leading to the automotive repair section was left open the entire time we were there.

Conclusions

Poor physical security procedures and facility deficiencies compound the problem of safeguarding inventories of small arms and other parts. Moreover, controls end when parts are pulled from inventory and are awaiting pickup or shipment. Access to the supply area is not closely controlled, and there are multiple unguarded entry and exit points to and from the facilities. Physical deficiencies, such as inadequate perimeter fencing and unsecured windows, leave the facilities vulnerable to unauthorized entry.

Recommendation

We recommend that the Adjutant General, New York Army National Guard, require that physical security at repair shops and warehouses be improved to prevent unauthorized access to facilities, including shop supply rooms and warehouses.

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