

September 26, 2003

LEE R. HEATH  
CHIEF POSTAL INSPECTOR

SUBJECT: Audit Report – Postal Inspection Service Controls Over Firearms –  
Reconciliation of Sturm, Ruger and Company, Inc. Firearms  
(Report Number SA-AR-03-006)

This audit report is the second interim report as a result of our self-initiated audit of the Postal Inspection Service Controls Over Firearms (Project Number 03BN001OA002). This report presents significant findings that need to be promptly addressed, as a result of our reconciliation of the Postal Inspection Service's national purchase of firearms from Sturm, Ruger and Company, Inc. (Ruger). The importance of accountability over firearms cannot be overemphasized, considering loss may pose serious risks to the public including the risk that missing firearms may be used to inflict bodily harm or further criminal activity.

We made two recommendations to management. The first recommendation was to ensure Ruger firearms accountability and associated records, as identified by the OIG as inadequate, were corrected. The second recommendation concerned the adequacy of internal controls for firearms documentation in the Postal Inspection Service National Asset Tracking System.

Although management did not state whether they agreed nor disagreed with the two recommendations, overall, management's actions taken or planned are responsive to the intent of the recommendations.

### **Background**

Until September 2001, the Postal Inspection Service relied on the Postal Inspection Service Data Base Information System to manage their firearms inventory. In October 2001, the Postal Inspection Service implemented a new database to manage the firearms inventory known as the Firearms Module of the Postal Inspection Service National Asset Tracking System. The new database is used to manage all Postal Inspection Service firearms as accountable property. However, in March 2003, Postal Inspection Service management acknowledged to the Office of Inspector General (OIG) that the current database has transition and migration issues as well as inventory variances between the "old and new systems."

In 1987, the Postal Inspection Service purchased approximately 4,214 Ruger firearms. In 1995, the Postal Inspection Service purchased 9-millimeter semiautomatic firearms from Beretta U.S.A., Corp. (Beretta) to replace the Ruger firearms. However, certain postal inspectors continued using their issued Ruger firearm. Postal inspectors subsequently hired were issued Beretta firearms. Ruger firearms were retained for replacement and training purposes. The remaining Ruger firearms were transferred to other federal agencies or returned to the manufacturer for credit.

### **Objective, Scope, and Methodology**

The objective of this portion of the audit was to determine whether the Ruger firearms, purchased nationally<sup>1</sup> in 1987, were accurately accounted for through a reconciliation of the national inventory. To accomplish this portion of the audit, the OIG determined the range of firearms serial numbers Ruger originally shipped to the Postal Inspection Service. We obtained documentation from the Postal Inspection Service and Ruger, researched the National Crime Information Center for lost, stolen, or missing Ruger firearms, and compared our findings to the Postal Inspection Service Database Information System and the National Asset Tracking System inventories provided by the Postal Inspection Service. Further, we reviewed supporting documentation and conducted interviews.

This portion of the audit was conducted from December 2002 through September 2003 in accordance with generally accepted government auditing standards and included such tests of internal controls as were considered necessary under the circumstances. We did not evaluate the reliability of the data obtained from the Postal Inspection Service Database Information System and the National Asset Tracking System inventories, nor did we conduct a physical inventory of firearms to verify their presence. We discussed our conclusions and observations with appropriate management officials and included their comments, where appropriate.

### **Prior Audit Coverage**

In our first interim report, Postal Inspection Service Controls Over Firearms - Inventory Reconciliation (Report Number SA-AR-03-002, dated May 15, 2003), the OIG revealed the data in the current database system and the old database system did not reconcile. Additionally, a physical inventory conducted by the Postal Inspection Service in November and December 2002 did not reveal any inventory discrepancies.

Management, in their response, stated they were aware of the inventory variances between the old and the new inventory systems. The OIG made three recommendations to management: to conduct a complete physical inventory and

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<sup>1</sup> National purchases are those Ruger firearms which were purchased by headquarters and do not include Postal Inspection Service purchases of Ruger firearms by individual units.

reconciliation of data, notify the General Accounting Office of the inventory errors, and update the National Crime Information Center with the most current information. Although management did not state whether they agreed nor disagreed with the three recommendations, management's actions taken or planned were responsive to the intent of the recommendations.

## **Results**

### **Inadequate Firearms Accountability**

According to the U.S. Postal Inspection Service Manual, all firearms used by inspectors and postal police officers are considered accountable property. These firearms are required to be accounted for from acquisition through final disposition, to include transfer, retirement, destruction, and lost, stolen, or missing.

As a result of our reconciliation of Ruger firearms purchased on a national basis to accountable records, we identified significant accountability problems for 20 firearms to include the inability to determine the disposition of 9 firearms. The specific details concerning the accountability for each of the Ruger firearms are identified below:

#### **Sixteen Ruger Firearms Are Not Listed in the National Inventory**

We determined that 16 firearms are not listed in the national inventory that should be listed. Specifically, 7 of the 16 Ruger firearms, although not listed in the Postal Inspection Service inventories, were reported as lost, stolen, or missing to the National Crime Information Center<sup>2</sup> by the Postal Inspection Service. In addition, one of the seven firearms, reported in the National Crime Information Center by Postal Inspection Service in 1999, was transferred in 1995 to and is currently on hand at the United States Probation Department. Further, documentation provided by Ruger and the Postal Inspection Service revealed 4 of the 16 firearms not in the national inventory were returned to Ruger for credit. And finally, the Postal Inspection Service could not provide any data to support the location of five firearms, which are not listed in either inventory system or reported to the National Crime Information Center.

#### **Four Firearms Identified as "Returned to Manufacturer" Were Not Returned**

The OIG determined that 4 Ruger firearms identified as "Returned to Manufacturer" in the current National Asset Tracking System database were not returned to Ruger.<sup>3</sup> The Postal Inspection Service was not able to support the "Returned to Manufacturer"

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<sup>2</sup> National Crime Information Center is operated by the Federal Bureau of Investigation and is a computerized database used by authorized agencies to report and access information concerning missing persons, wanted persons, criminal history, stolen guns, and other law enforcement information. Additional information about the National Crime Information Center is available at [www.fas.org/irp/agency/doj/fbi/is/ncic.htm](http://www.fas.org/irp/agency/doj/fbi/is/ncic.htm).

<sup>3</sup> One of the four firearms was not part of the national purchase. However, we did come across it in our audit work of firearms returned to Ruger; therefore, it is included in this report.

status. In addition, Ruger management stated they had no documentation indicating these firearms were returned to Ruger, and these firearms were not reported to the National Crime Information Center. Also, based on the Postal Inspection Service Data Base Information System inventory provided by the Postal Inspection Service, these four firearms are not listed in the previous inventory.

### **Data Integrity Issues**

During our audit, we also identified 131 data integrity errors concerning the Ruger firearms. We recognize these errors could be related to the implementation of the new inventory database in 2001. However, we believe this information will assist the Postal Inspection Service in correcting their inventory database. The identified errors are as follows:

<b>Identified Errors</b>	<b>Category</b>
5	Duplicate Serial Numbers
7	Incorrect Make
112	Incorrect Status Description
4	Incorrect Make and Status Description
3	Incorrect Serial Number
131	Total Error Identified

OIG also identified 98 duplicate credits from the manufacturer for returned firearms. OIG contacted Ruger to verify the duplicate credits, and Ruger agreed the duplicate credits were issued.

All firearms used by inspectors and postal police officers are considered accountable property and are required to be accounted for from acquisition through final disposition, to include transfer, retirement, destruction, and lost, stolen, or missing. The inaccurate accountable records of Ruger firearms may pose serious risks to the public including the risk that missing firearms may be used to inflict bodily harm or to further criminal activity.

### **Recommendation**

We recommend the chief postal inspector:

1. Ensure the 16 Sturm, Ruger and Company, Inc. firearms identified as not listed in the Postal Inspection Service National Asset Tracking System inventory, the 4 Sturm, Ruger and Company, Inc. firearms reported as “Returned to Manufacturer,” and the 131 data integrity errors identified by the OIG are corrected in the Postal Inspection Service National Asset Tracking System inventory and resolve the duplicate credit with Sturm, Ruger and Company, Inc. Once

documentation is completed, the Postal Inspection Service National Asset Tracking System inventory and/or the National Crime Information Center should be updated.

### **Management's Comments**

Management did not state whether they agreed nor disagreed with the recommendation. Management stated 15 of the 16 firearms not in the national inventory were deleted or purged in error after entry was made in the National Crime Information Center; and they are waiting for documentation for one firearm transferred to another agency. Management has requested a report on all firearms entered into the National Crime Information Center dating back to 1987 to verify the information.

Management provided a status for the four firearms incorrectly identified as "Returned to Manufacturer," indicating one was involved in a shooting and was probably subsequently destroyed by a police department and the second one was turned into a firearms coordinator for reassignment. They stated the remaining two firearms were returned to Ruger; however, the paperwork used for the return to Ruger had incorrect serial numbers.

With regard to the data integrity issues, management provided several reasons for the incorrect entries: listed incorrectly in the old system prior to conversion, migration from the old system to the new, transferred, returned to manufacturer, and/or lost or stolen. Management's comments, in their entirety, are included in the appendix of this report.

### **Evaluation of Management's Comments**

Overall, management's comments are responsive to the intent of the recommendation. Although we have not verified the information presented in management's comments, we believe the actions taken or planned by management should correct the issues identified in the report. It should be noted, however, that the disposition of two firearms incorrectly identified as returned to manufacturer remains unsupported; specifically, one believed destroyed by a police department and one turned into a firearms coordinator for reassignment. The audit team will follow up with the Postal Inspection Service prior to completion of all audit work.

### **Recommendation**

We recommend the chief postal inspector:

2. Ensure the Postal Inspection Service internal controls for firearms are reviewed for adequacy to ensure documentary support exists for all firearms in the Postal Inspection Service National Asset Tracking System.

### **Management's Comments**

Management did not state whether they agreed nor disagreed with the recommendation. Management stated the Postal Inspection Service has an ongoing task force conducting a complete physical accounting of the firearms inventory, and independent verifications are being made for all weapons assigned to each division. Management also stated the task force will review current internal control processes and make recommendations to enhance the accountability of firearms and the effectiveness of the tracking system.

Management noted the OIG did not evaluate the reliability of data obtained from the tracking systems or conduct a physical inventory to verify the presence of the firearms, and they stated OIG relied heavily on information obtained from Ruger. Management further stated that identifying issues related to events that occurred in 1987 had not provided any value to the overall firearms program.

### **Evaluation of Management's Comments**

Management's comments are responsive to the intent of the recommendation. Management's actions taken or planned should correct the issues identified in the report. In the audit report, the OIG stated that the reliability of data obtained from the tracking systems was not evaluated, and we did not conduct a physical inventory of firearms to verify their presence. The overall objective was to reconcile the national purchase of Ruger firearms against the inventory using the accountable records for the purchase. In addition, the OIG relied on data obtained from the Postal Inspection Service, Ruger, and the National Crime Information Center. Although management characterized 1987 events related to Postal Inspection Service firearms as not providing any value, we disagree and believe correct information is a key in accurate accountability. In addition, the U.S. Postal Inspection Service Manual states the inventory system will track equipment from initial procurement until final disposition and is to be updated as actions occur in order to provide reliable and accurate information.

### **Additional Management Comments**

Management stated for the OIG report to imply the Postal Inspection Service has been negligent in maintaining strong internal controls over the accountability of firearms was completely inaccurate, and they strongly disagreed. They further stated the OIG did not document any instances of a missing Postal Inspection Service firearm being used to "inflict bodily harm" or "to further criminal activity." Therefore, repeated comments in the report are merely hyperbole that serve no purpose and add little value, if any, to operations.

### **Evaluation of Management's Comments**

The audit report states there were “accountability problems.” A system that allows data to be purged or deleted in error does not provide strong internal controls. Further, while the OIG may not have information where missing firearms were used to commit a crime, this does not minimize the importance of firearms accountability.

The OIG considers recommendations 1 and 2 significant and, therefore, requires OIG concurrence before closure. Consequently, the OIG requests written confirmation when corrective actions are completed. These recommendations should not be closed in the follow-up tracking system until the OIG provides written confirmation that the recommendations can be closed.

We appreciate the cooperation and courtesies provided by your staff during the audit. If you have any questions, or need additional information please contact Michael L. Thompson, director, Inspection Service Audits, at (703) 248-2100 or me at (703) 248-2300.

Ronald D. Merryman  
Deputy Assistant Inspector General  
for Technology/Oversight

Attachment

cc: Mary Anne Gibbons  
James J. Rowan, Jr.  
Donna M. Harris  
Susan M. Duchek

## APPENDIX. MANAGEMENT'S COMMENTS



UNITED STATES POSTAL INSPECTION SERVICE

Deputy Chief Inspector  
Headquarters Operations

August 26, 2003

Mr. Ronald D. Merryman  
Office of the Inspector General  
U.S. Postal Service  
1735 N. Lynn Street  
Arlington, VA 22209-2020

SUBJECT: Inspection Service Response to Draft Audit Report – Postal Inspection Service Controls Over Firearms – Reconciliation of Sturm, Ruger and Company, Inc. Firearms (Report Number SA-AR-03-DRAFT)

The following comments are in response to the second interim report on the Inspection Service Controls over Firearms dated July 31, 2003. The Postal Inspection Service fully recognizes and accepts responsibility for ensuring the accountability and safety for all firearms and understands the risks associated with inadequate internal controls.

To imply that the Inspection Service has been negligent in maintaining strong internal controls over the accountability of firearms is completely inaccurate and we strongly disagree. Postal inspectors have carried firearms for more than two centuries and the Inspection Service has continually enhanced and updated the accountability systems for firearms. The report does not document any instances of a missing Inspection Service firearm being used to "inflict bodily harm" or "to further criminal activity." Therefore, these repeated comments in the report are merely hyperbole that serve no purpose and add little value, if any, to our operations.

### **Recommendation 1**

"Ensure the 16 Sturm, Ruger and Company, Inc. firearms identified as not listed in the Postal Inspection Service National Asset Tracking System inventory, the 4 Sturm, Ruger and Company, Inc. firearms reported as "Returned to Manufacturer", and the 131 data integrity errors identified by the OIG are corrected in the Postal Inspection Service National Asset Tracking System inventory and resolve the duplicate credit with Sturm, Ruger and Company, Inc. Once documentation is completed, the Postal Inspection Service National Asset Tracking System inventory and/or the National Crime Information Center should be updated."

### **Response**

In regards to the 16 firearms in question, seven of the 16 firearms are listed in National Crime Information Center (NCIC). The one Ruger firearm reported as entered in NCIC in 1999 and also being transferred to the U.S. Probation Department in 1995 [REDACTED] is currently being researched with Atlanta Probation Department.

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With reference to the four firearms weapons returned to Ruger not in the national inventory, numbers 8 and 9 were deleted in error instead of being removed from service and coded as "Return to Manufacturer." It is believed this was the case with the remaining two firearms, numbers 10 and 11; however, there is no documentation. We were able to confirm with Sturm Ruger that the firearms were returned to them.

Numbers 12-16 were entered into NCIC according to file information from the field divisions; however, we cannot locate these records in NCIC reports. The Inspection Service has requested a report on all firearms entered into NCIC dating back to 1987 to verify this information.

It is believed the 16 firearms identified in Recommendation 1 are not in the national inventory because they were deleted in error after entry was made into NCIC. Attached is a detailed analysis of each of the 16 firearms.

The following information pertains to the four Ruger firearms listed as "Returned to Manufacturer":

1. [REDACTED] This firearm was assigned to a former postal police officer. Both were involved in a shooting in New York City. This firearm was forwarded to the Assistant District Attorney, King's County, NY. After the trial the Inspection Service tried to retrieve the firearm and was told it was not available and had probably been destroyed by the NYPD.
2. [REDACTED] This firearm was shipped to Ruger as [REDACTED] however, our records indicate this firearm was listed in error and should have been [REDACTED]. Upon review of Ruger's Excel Spreadsheet, [REDACTED] was received twice, once from Chicago in November 1996 and once from Cleveland in March 1996. The latter corresponds with the receipt date of this weapon from Cleveland.
3. [REDACTED] This firearm was shipped to Ruger as [REDACTED] while we have no records of an error in serial numbers; two weapons were received at Ruger with this same serial number. Both of these weapons were received from Los Angeles. Ruger did not provide any duplicate serial numbers in their shipment of firearms; therefore, it is believed this was an error on the part of Ruger and the Inspection Service, and the actual weapon sent to Sturm Ruger was [REDACTED].
4. [REDACTED] According to Inspection Service records, this firearm was removed from service on January 24, 1994. Its last assignment reported in ISDBIS was to a postal inspector in Harrisburg, PA. The inspector indicates this weapon was turned into the Division Firearms Coordinator for reassignment to another Inspector.

The following information pertains to the "data integrity issues" identified in the report:

**Data Integrity – Duplicate Serial Number (5 Identified Errors)**

These five firearms were listed as Rugers in ISDBIS and not COBRA's. When this data was migrated to the firearms module, the addition of the "Type" field and the attempted removal of hyphens caused them to be thrown into a duplicate serial number and make status. The inventory records for these firearms will be annotated to indicate these are Ruger firearms and the duplicate serial numbers will either be made "InActive" or removed.

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**Data Integrity – Incorrect Make (7 Identified Errors)**

Firearm numbers 1-3 were listed incorrectly in ISDBIS prior to migration and converted to the new system. Firearm numbers 4-7 were placed in an "UNKNOWN" status at migration to compensate for the lack of a known make. This practice allowed the migration team to ensure all records were transferred to the new Firearms Module. The seven firearms listed should be Ruger revolvers. This change will be made in the National Firearms Database.

**Data Integrity – Incorrect Status Description (112 Identified Errors)**

1. [REDACTED] This firearm was returned to Sturm Ruger by the Philadelphia Division per PS Form 7340, Shipping Instruction for Excess Property, No. 458070. This firearm was listed as transferred to Atlanta Probation. We are waiting for verification from Atlanta Probation.
2. [REDACTED] This firearm was returned to Sturm Ruger under the national return of firearms. This firearm was used by a former postal inspector who transferred to the Office of Inspector General (OIG), U.S. Postal Service. When the former inspector retired from the OIG, his firearm was returned to the Inspection Service and subsequently returned to Sturm Ruger. Records forwarded to the OIG did not show this firearm as being transferred to Atlanta Probation.
3. [REDACTED] This firearm should be listed as Lost/Stolen in the firearms inventory. This firearm was placed into NCIC in 04/1994 and listed as stolen.
4. [REDACTED] This firearm should be listed as Lost/Stolen in the firearms inventory.
5. [REDACTED] This firearm should be listed as Lost/Stolen in the firearms inventory; entered into NCIC on 02/21/1990.
6. [REDACTED] This firearm should be listed as Lost/Stolen in the firearms inventory; entered into NCIC on 01/25/1994.
7. [REDACTED] This firearm was returned to manufacturer on 1/9/1997 per PS Form 7340 No. 413117.
8. [REDACTED] This firearm was returned to manufacturer on 12/02/1996 per PS Form 7340 No. 359307.
9. [REDACTED] This firearm was returned to manufacturer on 8/07/1996 per PS Form 7340 No. 473051.

Firearms 10 – 111 can be verified that they were transferred to Atlanta Probation.

It is believed firearm 112 was added to the report in error. Inspection Service records and the OIG records confirmed this firearm was returned to the manufacturer. The National Firearms Database will be updated with the correct information.

**Data Integrity – Incorrect Make and Status Description (4 Identified Errors)**

Firearms numbers 1-4 are all Rugers and were listed as "Excessed" based upon the status descriptions given by the Firearm Coordinators. Inspection Service records also indicate these firearms were transferred to Atlanta Probation.

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**Data Integrity – Incorrect Serial Number (3 Identified Errors)**

Firearm numbers 1-3 contained errors in the serial numbers in ISDBIS prior to migration. In ISDBIS and the new Firearms Module, serial numbers cannot be corrected. The elimination of a serial number in ISDBIS would remove all historical records associated with the firearm. It was decided to retain the historical records and annotate the decisions made with these firearms, rather to delete these records and possibly lose our historical data. This data will be updated with the correct serial number in the “Notes” field in the new Firearms Module.

All previously entered NCIC lost/stolen entries erroneously purged from the system will be validated and cross checked against the requested NCIC report. Where errors are found, the division will be instructed to re-enter appropriate information.

**Recommendation 2**

“Ensure the Postal Inspection Service internal controls for firearms are reviewed for adequacy to ensure documentary support exists for all firearms in the Postal Inspection Service National Asset Tracking System.”

**Response**

Reference is made to our response to you dated March 28, 2003. The Inspection Service has an ongoing task force conducting a complete physical accounting of our entire firearms inventory. Independent verifications are being made for all weapons assigned to each division. Prior to the task force leaving each location, an exit conference is conducted with the Inspector in Charge who is provided with a summary of the task force results. The summaries are also provided to the national threat management coordinator who will follow-up with any discrepancies identified.

The task force will review our current internal control processes and make recommendations to enhance the accountability of firearms and the effectiveness of the Inspection Service National Asset Tracking System (ISNATS).

Of particular interest in the report was that you did not evaluate the reliability of data obtained from ISNATS, ISDBIS or conduct a physical inventory to verify the presence of the firearms. Some of the findings in the report relied heavily on the information obtained from Sturm Ruger; however, upon further review of the Ruger documentation, we found at least three errors in their data, as well as the issue of duplicate credits provided to the Inspection Service. We are working with Ruger to get the duplicate credits resolved.

As stated previously, the Inspection Service recognizes and accepts responsibility for ensuring the accountability and safety for all firearms and understands the risks associated with inadequate internal controls. Several of the issues identified in the audit report were the result of ISDBIS limitations and data migration to an enhanced firearms accountability system. To identify issues related to events that occurred in 1987 has not provided any value to our overall firearms program.

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We will make all of the changes to the National Firearms Database after the detailed NCIC report has been reviewed. If you have any additional questions, please contact Chris Giusti, Inspector in Charge, Finance and Administrative Services, at (202) 268-5430.



James J. Rowan, Jr.  
Deputy Chief Inspector

cc: Susan Duchek

Attachment

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ATTACHMENT 1

16 Ruger Firearms Not Listed in National Inventory

1. [REDACTED] – should be listed as Lost/Stolen in firearms inventory in Chicago IL; entered in NCIC on 11/08/88.
2. [REDACTED] – transferred to Atlanta probation on 3/14/95. Waiting for verification from Atlanta Probation.
3. [REDACTED] – should be listed as Lost/Stolen in firearms inventory from the Inspection Service in New Orleans LA; entered in NCIC on 3/22/1990.
4. [REDACTED] – should be listed as Lost/Stolen in firearms inventory from Inspection Service, Newark NJ; entered in NCIC on 11/20/1990.
5. [REDACTED] – should be listed as Lost/Stolen in firearms inventory from Inspection Service in New Orleans LA; entered in NCIC on 01/25/1990.
6. [REDACTED] – should be listed as Lost/Stolen in firearms inventory from Inspection Service in Hartford CT; entered in NCIC on 11/15/1989.
7. [REDACTED] – should be listed as Lost/Stolen in firearms inventory from Inspection Service, Newark NJ; entered in NCIC on 11/20/1990.
8. [REDACTED] – returned to Sturm Ruger from Philadelphia. Deleted in error by data input team.
9. [REDACTED] – returned to Sturm Ruger from Philadelphia. Deleted in error by data input team.
10. [REDACTED] – returned to Sturm Ruger from Miami. It is believed this record was deleted in error by data input team.
11. [REDACTED] – returned to Sturm Ruger from Miami. It is believed this record was deleted in error by data input team.
12. [REDACTED] – should be listed as Lost/Stolen in firearms inventory. An NCIC entry was made on 8/16/1994, but has since been purged for reasons unknown.
13. [REDACTED] – should be listed as Lost/Stolen in firearms inventory from Inspection Service in Philadelphia PA; entered in NCIC on 12/18/1990.
14. [REDACTED] – should be listed as Lost/Stolen in firearms inventory from Inspection Service in Pasadena CA; entered in NCIC on 03/21/1990.
15. [REDACTED] – should be listed as lost/stolen in firearms inventory from Los Angeles CA, NCIC on 6/10/1990.
16. [REDACTED] – should be listed as Lost/Stolen in firearms inventory from Inspection Service's Memphis Division.