



January 2016

# EXCESS PERSONAL PROPERTY

## DOD Should Further Reassess the Priorities of Its Disposal Process

Accessible Version

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## Abbreviations List

DLA	Defense Logistics Agency
DOD	Department of Defense
GSA	General Services Administration
LESO	Law Enforcement Support Office
MARS	Military Affiliate Radio System
MWR	Morale, Welfare, and Recreation
ROTC	Reserve Officer Training Corps

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# GAO Highlights

Highlights of [GAO-16-44](#), a report to congressional committees

## Why GAO Did This Study

Each year the military services identify thousands of items of personal property—including military equipment and materiel—that they need to dispose of because it is obsolete, not repairable, or excess to their requirements. For fiscal year 2014, DOD reported that excess and surplus property with a total original acquisition value of approximately \$3.18 billion in nominal dollars was reutilized, transferred, or donated. DOD reported total revenues of almost \$128 million from items sold in fiscal year 2014.

Congress included provisions in reports accompanying legislation for GAO to review DOD's current process for disposing of excess personal property. This report (1) describes the process for disposing of DOD's excess personal property in the U.S.; (2) assesses how DOD's priorities in its disposal process affect the distribution of excess property; and (3) assesses the extent to which DOD has encountered challenges in its capacity to manage excess personal property to be processed. GAO reviewed guidance; obtained the most recently available calendar year (2013-2014) data on property obtained by law enforcement agencies, wait times, and backlogs; and interviewed cognizant officials.

## What GAO Recommends

GAO recommends that DOD further reassess its disposal process to determine whether additional changes are needed in the priorities of recipients within the process and revise its guidance reflecting those priorities, accordingly, to better fulfill the disposal program's objectives. DOD concurred with the recommendation.

View [GAO-16-44](#). For more information, contact Brian J. Lepore at (202) 512-4523 or [leporeb@gao.gov](mailto:leporeb@gao.gov), or Seto J. Bagdoyan at (202) 512-6722 or [bagdoyans@gao.gov](mailto:bagdoyans@gao.gov).

January 2016

## EXCESS PERSONAL PROPERTY

### DOD Should Further Reassess the Priorities of Its Disposal Process

## What GAO Found

Disposing of Department of Defense (DOD) property that is excess to a military service's needs is a multi-stage process, executed by the Defense Logistics Agency (DLA). The process includes a 42-day period during which potential recipients may screen, request, and obtain excess property at the stages in which they are eligible to do so (see figure). First, usable property may be reutilized within DOD or provided to special programs (such as the program that provides excess DOD property to federal, state, and local law enforcement agencies) identified in statutes or by DOD. If not reutilized, this property may be transferred to federal civilian agencies, after which it becomes surplus and may be donated to other parties, such as state governments. Remaining property may be sold to the general public, if appropriate and safe, or rendered useless for its original military purpose (demilitarized) and sold as scrap or destroyed.

### Overview of DOD's Disposal Process



Source: GAO analysis of Defense Logistics Agency (DLA) data. | [GAO-16-44](#)

The priorities outlined in DOD's disposal process guidance place special program recipients in the first stage of the process (reutilization) versus the later stages (transfer or donation), giving some non-federal entities priority for excess property over some federal civilian agencies that may have similar needs. For instance, in calendar years 2013-2014, the special program for law enforcement agencies mentioned above provided 150 of those agencies with 285 pieces of earth-moving and excavating equipment, while at least 9 federal agencies also purchased equipment in this category for their mission needs. GAO could not definitively conclude that any specific item provided to state or local law enforcement agencies would have filled the need any federal agencies met using appropriated funds for new procurement, but the possibility exists. In October 2015, DOD revised its process so that DOD components will obtain its excess property before special programs. Still, special programs could obtain such property before most federal civilian agencies and non-federal entities. DOD is not planning to further assess its priorities to see if additional changes may be needed in the priorities of property recipients. Thus, the risk remains that federal agencies could spend federal funds to procure property that they might have been able to obtain through the DOD disposal process.

DLA Disposition Services faces challenges processing excess property that has been turned in for disposal. DLA has established goals for processing times and modified some of its practices for processing this property, but some military customers still face long waits to turn in property and thus may incur costs for moving, storing, and maintaining property they no longer need. DLA officials said they plan to study this issue to identify and make needed improvements.



January 29, 2016

## Congressional Committees

Each year the military services identify thousands of items of personal property—including military equipment and materiel—that they need to dispose of because the property is obsolete, not repairable, or excess to their requirements.<sup>1</sup> Because this property was originally purchased with federal funds, the government seeks to promote its reuse by federal agencies to minimize new procurement costs. Personal property that is not reutilized by another Department of Defense (DOD) organization or a special program becomes excess to DOD and may be transferred to other federal agencies. Remaining excess personal property becomes surplus when it is no longer required by federal agencies and may be donated to other parties, such as state and local governments; sold through a commercial vendor, if it is appropriate and safe to be sold to the general public; or demilitarized (i.e., rendered useless for its originally intended military purpose) and sold as scrap or destroyed. For fiscal year 2014, DOD reported that excess and surplus property with a total original acquisition value of approximately \$3.18 billion in nominal dollars was reutilized, transferred, or donated.<sup>2</sup> DOD reported total revenues of almost \$128 million from items sold in fiscal year 2014.<sup>3</sup> In our body of work on federal debt and long-term fiscal challenges, we have reported that the federal government is facing serious long-term fiscal challenges, and DOD and other federal agencies will likely encounter considerable

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<sup>1</sup>DOD defines personal property as all DOD property except real property, records of the federal government, and certain naval vessels (battleships, cruisers, aircraft carriers, destroyers, and submarines). DOD excess property is not required for the needs and the discharge of the responsibilities of any DOD activity. DOD defines property disposition as the process of reusing, recycling, converting, redistributing, transferring, donating, selling, demilitarizing, treating, destroying, or other ultimate disposition of personal property.

<sup>2</sup>The acquisition value is the amount identified as the original cost of the property or the estimated replacement cost. DLA uses this figure when reporting on its excess property disposal process.

<sup>3</sup>DOD reported approximately \$39 million in sales of usable property, \$34 million in scrap sales, and \$55 million from other contracts in fiscal year 2014.

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budget pressures over the coming years.<sup>4</sup> This makes it potentially attractive for DOD and other federal agencies to obtain usable personal property that is already in the federal inventory, rather than procuring similar new items. State and local governments face similar fiscal pressures, and obtaining federal surplus property assists those non-federal recipients in offsetting budgetary shortfalls.

The Joint Explanatory Statement accompanying the National Defense Authorization Act for Fiscal Year 2014, Pub. L. No. 113-66, included a provision for us to study DOD's process for disposing of excess personal property. The House Armed Services Committee Report (House Report 113-446) accompanying H.R. 4435, the National Defense Authorization Act for Fiscal Year 2015, also included a provision for us to review aspects of DOD's and the Defense Logistics Agency's (DLA) excess and surplus personal property programs. This report (1) describes the process for disposing of DOD's excess personal property in the United States; (2) assesses how DOD's priorities in its disposal process affect the distribution of excess property; and (3) assesses the extent to which DOD has encountered challenges in its capacity to manage excess personal property to be processed.<sup>5</sup>

To describe DOD's process for the disposal of excess personal property in the United States, we reviewed key documentation, such as the

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<sup>4</sup>GAO, *The Federal Government's Long-Term Fiscal Outlook: Spring 2013 Update*, [GAO-13-481SP](#) (Washington, D.C.: Apr. 11, 2013) and *State and Local Governments' Fiscal Outlook: 2014 Update*, [GAO-15-224SP](#) (Washington, D.C.: Dec. 17, 2014). These products are part of GAO's body of work on the federal debt and long-term fiscal challenges.

<sup>5</sup>DLA Disposition Services also manages disposition activities for military installations located outside of the United States. However, in this review, we focused solely on the process within the United States, including Alaska and Hawaii.

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*Defense Materiel Disposition Manual*,<sup>6</sup> to identify the guidance DOD provides to DLA Disposition Services and DOD components<sup>7</sup> on the disposal of excess personal property. We met with officials from the Office of the Assistant Secretary of Defense (Logistics & Materiel Readiness), DLA Headquarters, DLA Disposition Services Headquarters, and 5 of the 80 disposition sites in the United States to identify the specific priorities, systems, processes, and controls DOD uses to dispose of excess personal property. We selected the disposition sites based on the types of excess property they process, support provided to each of the four military services, and locations in two of the three Disposition Services Directorates that oversee the disposition sites in the continental United States. The information we obtained from these five disposition sites offers insight into the manner in which the process was implemented at those specific locations, although it is not projectable to DOD's entire disposal process. We also met with supply and logistics representatives from each of the military services and reviewed key service-specific guidance documents to determine how the services implement DOD guidance and the processes they establish to turn in their excess property in the United States. In addition, we met with officials from the General Services Administration (GSA) to gain an understanding of the overall federal system for disposing of excess property, including government-wide policies in general and DOD's disposal process in particular. We

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<sup>6</sup>During the course of our audit, we relied on DOD's August 1997 *Defense Materiel Disposition Manual*, which implemented the requirements of the Federal Property Management Regulation and other laws as appropriate, as they apply to the disposition of DOD's excess, surplus, and foreign excess personal property. On October 22, 2015, DOD released an updated four-volume *Materiel Disposition Manual*, which, in general, clarifies aspects of DOD's disposition process while maintaining the essential structure of the program. Because the 1997 manual was in effect during the audit period, our report relies on the 1997 guidance. Where there are noteworthy differences between the 1997 and 2015 *Defense Materiel Disposition Manuals*, we have highlighted those changes as appropriate. Our findings and recommendation remain valid, however, when considered within the context of the updated guidance, since the fundamental framework of the disposition process remains unchanged. See DOD 4160.21-M (Aug. 1997) and DODM 4160.21, vols. 1–4 (Oct. 22, 2015).

<sup>7</sup>DOD guidance defines components, collectively, as the Office of the Secretary of Defense, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the combatant commands, the Office of the Inspector General of the Department of Defense, the defense agencies, DOD field activities, and all other organizational entities within DOD. See DOD Directive 5100.01, *Functions of the Department of Defense and Its Major Components* (Dec. 21, 2010). For this review, we focused on the military services, because they collectively generate the most property for disposal. DLA's process for turning in excess personal property applies to all DOD components.



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looked in more detail at two of the special programs through which certain qualified organizations are authorized to receive excess DOD property—the foreign security assistance program and the program that provides excess DOD property to federal, state, and local law enforcement agencies (called the “1033 program,” for the section of the law that authorizes it)—to illustrate how these programs fit into and reflect the priorities in DOD’s disposal process.<sup>8</sup> We selected the foreign security assistance program because DLA Disposition Services has different processes to manage excess property for this special program, and we selected the 1033 program because, among the special programs, it receives the largest proportion of DOD excess personal property in terms of original acquisition value.

To assess how DOD’s priorities in its disposal process affect the distribution of excess property, we reviewed key guidance, manuals, and policies; legal authorities; and reports and other documents related to the disposal process and met with officials from DLA’s Disposition Services Headquarters. We met with officials from U.S. Customs and Border Protection to get the perspectives of a federal agency on DOD’s disposal process. We selected this federal agency because of its border security mission and its interest in obtaining DOD excess personal property. We also obtained detailed data on DLA Disposition Services transactions from the 1033 program for 2013 and 2014—the most recent full calendar years for which data were available. We analyzed these data to identify classes of items that were obtained by state and local law enforcement agencies; however, we did not review the justifications for individual property requests—including how those requests were verified by DLA Disposition Services personnel—because the purpose for which recipients planned to use the property they obtained and the ultimate disposal of such property were outside the scope of this review. To identify situations in which federal agencies may have purchased property similar to that obtained by law enforcement agencies, we reviewed publicly available government procurement data for the same time frame; however, we did not review signed contract language, determine whether donated property would have been suitable for the needs of the

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<sup>8</sup>Under the special program for foreign security assistance, approved foreign countries and international organizations may receive excess DOD personal property through either sales or donation. As implemented, foreign security assistance program participants may request excess DOD property at the same time as other DOD and special program reutilization recipients.

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purchasing agency, or confirm that the purchased equipment had been delivered. Finally, to identify processes that states follow and potential challenges that state recipients face in obtaining excess and surplus DOD personal property, we met with officials from four states who are responsible for managing either the 1033 program to support law enforcement activities, the Federal Surplus Personal Property Donation Program, or both programs for their states.<sup>9</sup> We selected these states based on their proximity to DLA Disposition Services disposition sites, their status in the 1033 program, whether the 1033 program coordinator also serves as the surplus coordinator, and whether the surplus coordinator serves as an officer or committee member of the National Association of State Agencies for Surplus Property.<sup>10</sup> Although the views of officials from these states are not generalizable to all states, they provided insights into the types of challenges faced by non-federal organizations involved in the disposal process.

To assess the extent to which DOD has encountered challenges in its capacity to manage excess personal property to be processed, we obtained from DLA Disposition Services available data and management briefings on the amount of time it took for military service customers to schedule an appointment to turn in their excess property and for DLA Disposition Services staff to process the property at disposition sites in the United States. We requested this information for calendar years 2013 and 2014, to obtain data for the two most recent calendar years, and analyzed it to gain an understanding of customer wait times and any backlogs at each of those sites. We also met with DLA officials at the selected disposition sites to discuss challenges they face in disposing of excess personal property, actions they have taken to address those challenges, and what resources are available to enable them to perform their property disposal functions. Additionally, we toured the sites and observed their disposal operations to understand the challenges associated with multiple types of operational structures and the effect that an increase in the amount of property to be processed could have on the sites' operations. Finally, we met with officials from each of the services to

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<sup>9</sup>The Federal Surplus Personal Property Donation Program provides for the donation of surplus personal property to state agencies for surplus property for further distribution to state and local governments and eligible nonprofit organizations.

<sup>10</sup>The National Association of State Agencies for Surplus Property is an organization whose 56 member agencies seek to establish and promote the acquisition and equitable distribution of federal personal property to public agencies and other eligible entities.

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identify challenges their units encounter in turning in or managing their excess personal property for disposal.

We conducted this performance audit from April 2014 to January 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Appendix I contains additional information about our scope and methodology.

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## Background

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### DOD's Process for Turning in Excess Personal Property

According to DOD's guidance for disposing of its excess personal property, the objectives of the defense material disposition process are to dispose of the property in a manner that ensures maximum use to satisfy valid needs, permits authorized donations of surplus property, obtains optimum monetary return to the U.S. government for property sold, and, among other things, minimizes the need for abandoning or destroying property.<sup>11</sup> In order to reutilize excess and surplus property before initiating repair or new procurement, DOD components are to screen available excess property for those assets which could satisfy their valid needs. DLA's Disposition Services executes the disposal of DOD's personal property. DLA Disposition Services receives, classifies, segregates, demilitarizes, accounts for, and disposes of personal property that has been identified as "excess" to the military services' needs. Before a military service determines that property it holds is excess and turns it in to Disposition Services, it may reallocate the property within the service, return it to a DLA distribution depot, sell it to a foreign government, or sell

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<sup>11</sup>Department of Defense, DOD 4160.21-M, *Defense Materiel Disposition Manual* (August 1997). According to the manual, recipients of donations, loans, and exchanges accept DOD excess and surplus property on an "as is-where is" basis, that is, in its current condition, without DOD performing any necessary repairs or modifications. In addition, eligible recipients are responsible for all costs associated with the preparation, handling, and movement of the property.

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it or trade it in for property of the same type through the exchange/sales program.<sup>12</sup>

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## Laws and DOD Guidance Defining DOD's Disposal Process

The Federal Property and Administrative Services Act of 1949, as amended, established GSA to, among other things, manage surplus federal property.<sup>13</sup> The act authorizes the administrator of GSA to delegate surplus property management to the heads of other federal agencies, and the administrator has delegated management of DOD's surplus property to the Secretary of Defense.<sup>14</sup> DOD's process for disposing of its excess personal property has changed over time as new laws have introduced eligible recipients in addition to DOD components and other federal agencies. Each new law allowed DOD discretion over the manner in which it implemented its disposal process with respect to new recipient programs, to include giving preference to non-federal special programs over some other federal agencies in claiming excess personal property. As shown in figure 1, subsequent laws have provided the Secretary with authority to reutilize, transfer, donate, or sell DOD's excess personal property to entities other than DOD components or federal agencies. For example, the Department of Defense Authorization Act of 1986 authorized the Secretary of Defense to make available excess nonlethal supplies from DOD stocks for humanitarian relief purposes to eligible foreign countries and international organizations.<sup>15</sup> Similarly, the National Defense Authorization Act of Fiscal Year 1997 authorized the Secretary of Defense to transfer DOD's excess personal property to federal and state agencies through what is now known as the

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<sup>12</sup>Under the exchange/sales program authority, an agency replacing personal property with similar items may exchange or sell the old items and apply the exchange allowance or sale proceeds in whole or part payment to reduce the cost of obtaining the replacement property, so long as the items are identical to and used for the same purpose as the items they are meant to replace.

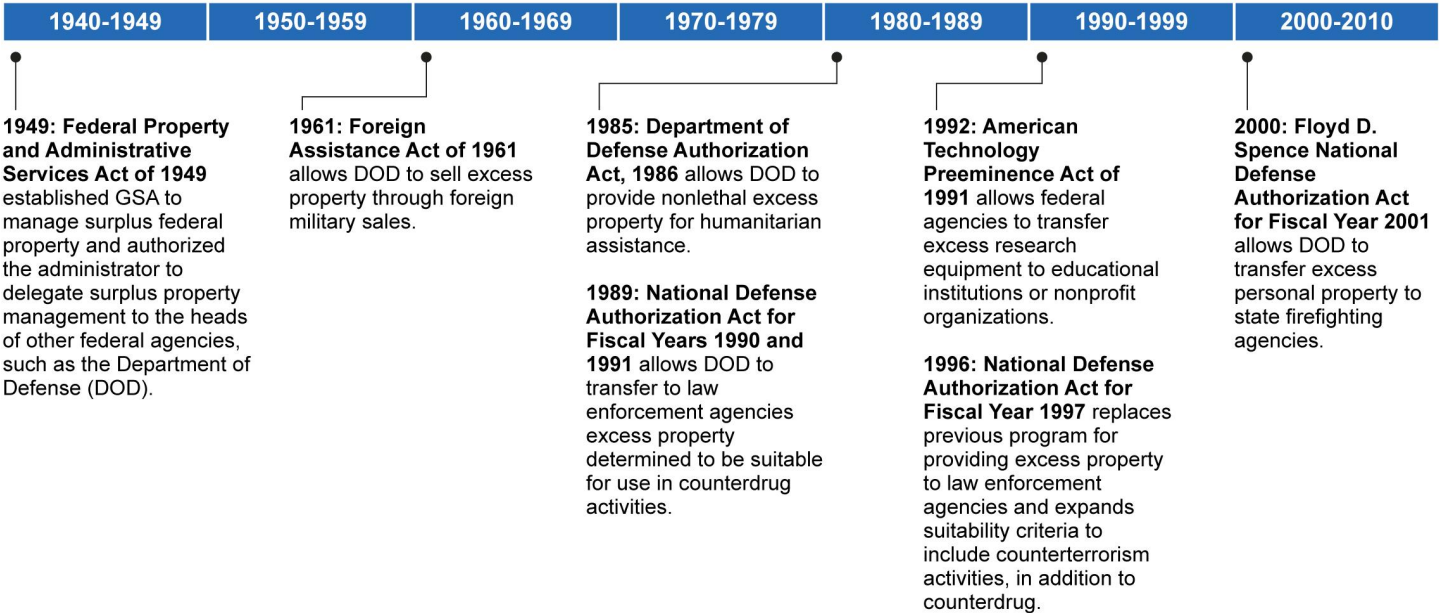
<sup>13</sup>Pub. L. No. 81-152 (June 30, 1949), codified at 40 U.S.C. § 471, et seq.

<sup>14</sup>40 U.S.C. § 121(d).

<sup>15</sup>Pub. L. No. 99-145, § 1454, (Nov. 8, 1985), codified at 10 U.S.C. § 2557. DOD administers both the nonlethal excess supply program and the military sales program created by the Foreign Assistance Act of 1961, Pub. L. No. 87-194, § 507 (Sept. 1, 1961). See DODM 4160.21-M, chap. 12 (Aug. 1997).

1033 program.<sup>16</sup> Appendix II provides additional information on DOD’s 12 current special programs, including the foreign security assistance and 1033 programs, which enable certain federal, state, or local organizations; nonprofit organizations; and selected foreign countries to receive DOD excess personal property.

**Figure 1: Timeline of Specific Laws Providing DOD with the Authority to Administer Its Program for the Disposal of Excess Personal Property**



Source: GAO analysis of applicable laws. | GAO-16-44

Demilitarization of Excess Property

DOD’s policy is to identify any property that has a significant military or commercial technology application and control that property to prevent improper use. The military services assign demilitarization codes when property enters the DOD supply system, and DLA validates the accuracy

<sup>16</sup>Pub. L. No. 104-201, § 1033 (Sep. 23, 1996), codified at 10 U.S.C. § 2576a. Prior to the creation of the 1033 program, a separate program, enacted in 1989, allowed the Secretary of Defense to make available to federal and state agencies excess DOD personal property—including small arms and ammunitions—that the Secretary determined was suitable for use by such agencies in counterdrug activities. Pub. L. No. 101-189, § 1208 (Nov. 28, 1989). This program, known as the section 1208 program, was repealed when the 1033 program was enacted.

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of these codes when the property is turned in after being identified as excess. These codes indicate whether the property is available for reuse without restriction or whether specific restrictions apply, such as removal of classified components, destruction of sensitive military technology, or trade security control.<sup>17</sup> DOD has procedures for demilitarizing such property, some of which may be screened for redistribution. The DOD Inspector General recently reported on inaccuracies in the initial assignment of demilitarization codes, noting that improper coding of property can result in an increased risk that sensitive military technology could be accidentally released to unauthorized individuals or in DOD spending unnecessary funds by over-controlling items that do not require demilitarization.<sup>18</sup> DOD concurred with the recommendations that the Assistant Secretary of Defense for Logistics & Materiel Readiness revise demilitarization guidance, establish metrics, and require the military services to revise their respective demilitarization guidance and establish controls.

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## Prior GAO Reviews of DOD's Disposal Process

We have previously reported significant issues with DOD's program for the reutilization of its excess personal property. In 2005, we made 13 recommendations to improve the overall economy and efficiency of DOD's reutilization program, including recommendations for better coordination between the predecessor to DLA Disposition Services (the Defense Reutilization and Marketing Service), DLA, and the military services with regard to data reliability and strengthened management oversight, accountability, and physical inventory control.<sup>19</sup> Since that review, DOD has implemented all 13 recommendations and made some improvements to its disposal process, including developing written guidance and formal training to assist Disposition Services personnel and the military services in the proper assignment of condition codes for excess property being turned in. Additionally, in June 2014, in a review of DLA's inventory management, we found that, in fiscal year 2013, DLA

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<sup>17</sup>Department of Defense Manual 4160.28-V2, *Defense Demilitarization: Demilitarization Coding* (June 7, 2011).

<sup>18</sup>DOD, Office of Inspector General, *The Services Need To Improve Accuracy When Initially Assigning Demilitarization Codes*, DODIG-2015-031 (Alexandria, VA: Nov. 7, 2014).

<sup>19</sup>GAO, *DOD Excess Property: Management Control Breakdowns Result in Substantial Waste and Inefficiency*, [GAO-05-277](#) (Washington, D.C.: May 13, 2005).

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disposed of \$855 million in items that its economic analyses determined should have been kept because there was risk that DLA would need to buy the same items again in the future.<sup>20</sup> To ensure that DLA does not dispose of inventory that it would be more economical to keep, we recommended that it reassess and, if appropriate, revise its inventory-reduction goals and schedule in a way that minimizes the risks and costs of having to buy items again. As a result of our recommendation, in July 2014 DLA conducted and documented a re-examination of its on-hand inventory reduction goal for fiscal year 2014 and revised its on-hand inventory goal for fiscal year 2014. DLA's adjustment to its goals resulted in less inventory needing to be disposed of to meet the goals, which reduced the risk that DLA might have to buy the same inventory again in the future.

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## The Process for Disposing of DOD's Excess Personal Property Involves Several Stages and Provides Multiple Opportunities for Recipients to Obtain Property

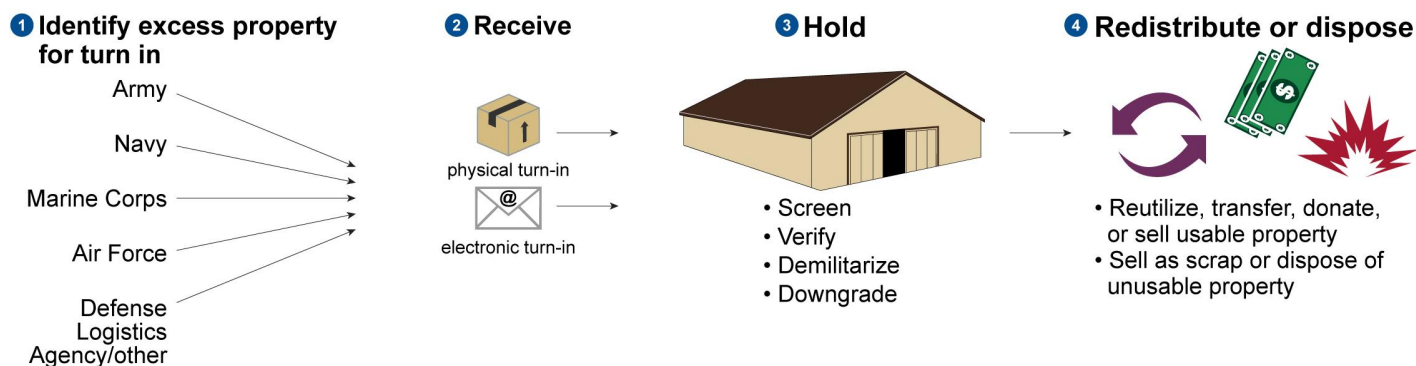
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<sup>20</sup>GAO, *Defense Inventory: Actions Needed to Improve the Defense Logistics Agency's Inventory Management*, [GAO-14-495](#) (Washington, D.C.: June 19, 2014).

## The Process for Disposing of Excess Personal Property in the United States Involves Several Stages

There are several stages in the process for disposing of DOD's excess property in the United States. When a DOD component has identified property that it no longer needs, and there is no valid requirement for the property elsewhere within that component, it turns the property over to DLA Disposition Services. The redistribution of such property to other DOD components, special programs, federal agencies, and states helps to conserve the budgetary resources of those recipients. As DLA Disposition Services receives excess personal property, it holds the property for processing (i.e., screening, verifying, demilitarizing, and downgrading) and enters information about the property into its inventory management system—the Distribution Standard System—and its website, from which DOD components are able to screen property that could satisfy their requirements. Once excess property has been turned in by a service or other DOD component and processed by DLA Disposition Services, DOD's disposal process redistributes it in one of three ways—by reutilizing the property within DOD or, in certain other organizations, through special programs; transferring the property to other federal agencies; or donating the property to state and local agencies or other organizations—before ultimately selling or destroying it if it is not claimed by a qualified organization. Figure 2 illustrates this process.

**Figure 2: Process for Identifying, Receiving, Holding, and Redistributing or Disposing of Excess Property**



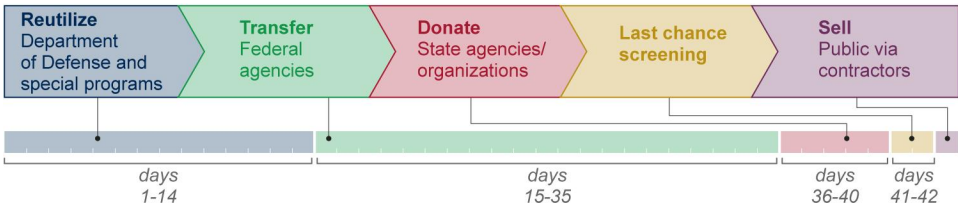
Source: GAO analysis of Defense Logistics Agency (DLA) data. | GAO-16-44

Note: According to DOD guidance, DOD components are encouraged to use electronic turn-in documents. Although a component's excess property will not always be physically moved to a DLA Disposition Services disposition site—for example, when the site is unable to accept the property because of regulations or other restrictions—the property is still turned in to DLA Disposition Services electronically and removed from the component's property records.



Once usable property is identified as excess, turned in by a service or other DOD component, and received by DLA Disposition Services, it is disposed of through DOD’s “Reutilization, Transfer, Donation, and/or Sale” process. DLA officials explained that, in accordance with DLA guidance and policy, the disposal process is a four-stage process that includes 42 days (known as the “screening cycle”) during which potential recipients may screen, request, and obtain excess property at the stages in which they are eligible to do so, after which any remaining property may be sold. The property may spend a specific number of days in each stage, as identified in figure 3.<sup>21</sup> If the property is not disposed of during one stage of the cycle, it moves on to the next stage. We discuss the disposal process in more detail in the sections that follow.

**Figure 3: Overview of DOD’s Disposal Process**



Source: GAO analysis of Defense Logistics Agency (DLA) data. | GAO-16-44

<sup>21</sup>DOD officials stated that not all property goes through the entire 42-day screening cycle. For example, usable property for which demilitarization is required undergoes a 14-day reutilization screening period only and does not go through all of the stages of the cycle.

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## The Disposal Process Allows Multiple Opportunities for Potential Recipients to Obtain Property

DLA Disposition Services reallocates excess defense property during the 42-day disposal screening cycle that begins when Disposition Services receives the property and records the property in its accountable records. Potential recipients can obtain excess or surplus property at different and, in some cases, multiple stages of the cycle.<sup>22</sup> DLA Disposition Services restricts the number of days during which specific organizations are allowed to screen property they may wish to obtain, either onsite or electronically on its website. According to DLA Disposition Services, a 7-day accumulation period precedes the 42-day disposal screening cycle. DLA Disposition Services officials stated that DOD components and special programs, including law enforcement agencies participating in the 1033 program, were allowed to screen and request property during the accumulation period.<sup>23</sup> Each stage of the disposal process—reutilization, transfer, donation, and sales—is described in more detail below.



Source: GAO analysis of Defense Logistics Agency (DLA) data. | GAO-16-44

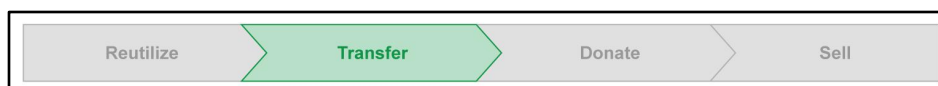
**Reutilization (first stage—days 1-14).** After a service or other DOD component has turned in excess personal property, DLA Disposition Services posts information about that property on its website, called RTD Web, where DOD components can screen and determine whether to request it. Although it is not required by law or regulation, DOD allows special programs to screen and request this property at the same time. Officials from DLA Disposition Services told us that property requests made through its website are processed nightly; however, while any special program may screen and request excess property from the first

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<sup>22</sup>Given a compelling reason—such as a property item’s low potential for reutilization, transfer, or donation or the possibility of deterioration from outside storage, and with prior GSA approval—DLA Disposition Services may authorize expedited processing of its excess personal property. Additionally, certain property, because of its inherent nature or its potential negative effect on public health, safety, the environment, security, or private industry, must be disposed of in accordance with specialized procedures. This property includes, but is not limited to, agricultural commodities, aircraft and watercraft, ammunition, medical equipment and non-consumable medical supplies, safes and related equipment, trophies and relics, vehicles, and environmentally regulated and hazardous property.

<sup>23</sup>Since the completion of our fieldwork, DOD has updated its materiel disposition process to limit screening during the accumulation period to DOD components only. See DODM 4160.21, *Defense Materiel Disposition: Reutilization, Transfer, and Sale of Property*, vol. 3, encl. 5, § 3(b)(1) (Oct. 22, 2015).

through the fourteenth day of the disposal screening cycle, there is no guarantee that the program will receive the property.<sup>24</sup> DOD components and other organizations can specify their excess property needs on a “want list,” and DLA Disposition Services’ website will automatically send notices when such property becomes available.<sup>25</sup> Those components and other organizations may then screen the property on DLA Disposition Services’ website and place a request for it through the system. Measured in terms of original acquisition value, DOD disposes of most of its excess personal property in this stage. Of the \$3.18 billion (in nominal dollars) in excess and surplus property that DOD disposed of in fiscal year 2014, approximately \$2.83 billion, or 89 percent, was reutilized by DOD components or provided to the special programs.<sup>26</sup>



Source: GAO analysis of Defense Logistics Agency (DLA) data. | GAO-16-44

**Transfer (second stage—days 15-35).** Once DOD components and special programs have screened the excess property during the reutilization stage (the first stage) and have determined it is not required for the needs and the discharge of the responsibilities of any DOD activity, excess property that is still available at this point is considered excess to DOD and may be transferred to other federal agencies.<sup>27</sup> During the transfer stage, both federal and non-federal agencies may

<sup>24</sup>DOD’s updated guidance specifies that, although special programs can screen and request property during the reutilization stage of the process, property will not be issued to the special programs until the end of this stage. DODM 4160.21, *Defense Materiel Disposition: Reutilization, Transfer, and Sale of Property*, vol. 3, encl. 5, § 3(b)(2) (Oct. 22, 2015). The effect is that special programs may not obtain excess property before DOD components have an opportunity to request and claim the same property for themselves.

<sup>25</sup>The Distribution Standard System is the accountable system of record for DLA Disposition Services that is used to receive property.

<sup>26</sup>For fiscal year 2014, DOD also reported approximately \$254 million in transfers to federal agencies and approximately \$101 million in donations to state agencies and other eligible recipients. These figures represent the total original acquisition value of the property in nominal dollars.

<sup>27</sup>In addition to federal agencies, the Senate, the House of Representatives, the Architect of the Capitol and any activities under his direction, the District of Columbia government, and certain mixed-ownership government corporations are also eligible to acquire excess personal property. See 41 C.F.R. § 102-36.60.

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view the property on the GSA website, GSAXcess, for 21 days.<sup>28</sup> Federal agencies—including DOD components—may also *request* property during this stage. DLA Disposition Services officials told us that, like a DOD component or a special program, a federal agency may obtain property only if there is no higher priority request that has been received before the federal agency's request has been processed.



Source: GAO analysis of Defense Logistics Agency (DLA) data. | GAO-16-44

**Donation (third stage—days 36-40).** If excess property is still available after the reutilization and transfer stages, it is declared by GSA to be surplus and may be donated to state and municipal governments and other qualified organizations (eligible recipients) through the Federal Surplus Personal Property Donation Program.<sup>29</sup> These eligible recipients include public agencies, nonprofit educational and public health activities, veterans' organizations, and certain businesses that have been approved by the Small Business Administration. While potential recipients may screen and request excess DOD personal property simultaneously with federal agencies from days 15 through 35 of the cycle, they may not actually obtain the property until it has been declared surplus and GSA has made its allocation decisions—during days 36 through 40 of the cycle. Officials from DLA Disposition Services told us that if higher priority requests have been received before a potential recipient's request is processed, the property may no longer be available.

After day 40 of the cycle, DOD provides two additional days during which all eligible recipients may screen and request surplus property that is still

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<sup>28</sup>GSAXcess is GSA's customer interface to the federal disposal system, which eligible customers—including DOD—use to report their unrequired personal property to GSA electronically. The website is also used by customers seeking property that has been reported and is available. Agencies can search GSA's inventory through a process known as screening, and they can request property by selecting specific items. According to DLA Disposition Services officials, the special programs may not request property through DLA Disposition Services' website during this stage of the disposal process. However, a special program customer could also be eligible as a federal customer and would be able to screen and request property through GSAXcess as a federal agency.

<sup>29</sup>In the donation stage, as in the transfer stage, eligible recipients request property through GSAXcess, and GSA reviews and allocates the property. DOD, however, maintains physical control of the property until it is picked up by the recipient.

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unclaimed before it is sold or destroyed. During this final screening period, federal and state agencies have another opportunity to obtain the property through GSAXcess.



Source: GAO analysis of Defense Logistics Agency (DLA) data. | GAO-16-44

**Sales (fourth stage—days 43+).** Usable property that is not redistributed during the reutilization, transfer, and donation stages of the cycle, and is determined to be viable for sale, is sold through one of two commercial venture contracts. Some property is also sold through other negotiated sales contracts, downgraded to scrap, or disposed of through other mechanisms if sales are impracticable. According to officials from DLA Disposition Services, until 2014, DLA Distribution Services administered a term commercial sales contract with a single contractor. Under this contract, DLA would turn over its remaining usable DOD surplus property to the contractor to sell. In return, DOD would receive no more than 2 percent of the property's original acquisition value. DOD received proceeds of approximately \$153 million in nominal dollars from commercial venture sales of usable surplus personal property in fiscal years 2010 through 2014.<sup>30</sup>

In July 2014, DLA Disposition Services awarded a contract to a new contractor for the sale of surplus rolling stock and a separate contract to its existing contractor for all other surplus property.<sup>31</sup> DLA Disposition Services officials told us that under the new rolling stock contract, the contractor pays DLA Disposition Services 0.25 percent of the property's original acquisition value when it receives the property. After selling the property, the contractor gives DLA Disposition Services 75.29 percent of the resale proceeds. DOD officials told us that the government realized a revenue increase of over 300 percent as a result of separating the disposal of rolling stock from the disposal of other property, restructuring the rolling stock contract so that the buyer paid DLA a percentage of the gross resale proceeds rather than of the original acquisition value, and

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<sup>30</sup>These figures include only sales of usable property through commercial venture contracts. They do not include sales from scrap or other sales contracts.

<sup>31</sup>In its invitation for bid No. 14-0092, DLA defined the pool of rolling surplus property (rolling stock) to include passenger motor vehicles, trucks, dozers, and trailers.

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using a live auction to determine the high bidder for the contract. DOD officials said that, from November 2014 through June 2015, the rolling stock contractor sold 7,255 pieces of rolling stock with a total original acquisition value of about \$432.8 million, from which DLA received resale proceeds of approximately \$34 million. According to those officials, rolling stock revenue under the previous commercial sales contract would have been less than \$7.8 million. Similarly, DLA Disposition Services officials told us that, under the new contract for non-rolling stock, DLA Disposition Services will receive 4.35 percent of the original acquisition value of the property. DOD officials characterized this as a significantly greater percentage than it had received under the previous single sales contract. DLA Disposition Services also administers contracts for scrap property, hazardous materials, and precious metals recovery, among other kinds of contract.

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## DOD's Implementation of the Disposal Process Has Given Some Non- Federal Entities Priority over Some Federal Agencies for Obtaining Property

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### DOD's Program for Law Enforcement Agencies Allows Some State and Local Agencies to Take Priority over Some Federal Agencies

DOD's disposal process has evolved over time as new laws have authorized non-federal program recipients to obtain property from DOD that DOD no longer needs. As new laws have added special programs to the list of eligible recipients for DOD's excess property, DOD has exercised its statutory authority to implement these special programs by allowing certain non-federal recipients (such as state and local law enforcement agencies) to screen and request property in the first stage of the disposal process—reutilization—before federal civilian agencies and state and local governments, which obtain property in later stages—

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transfer or donation.<sup>32</sup> Officials from DLA Disposition Services told us that if they received a higher priority request—for example, if an item was critical to the mission of a DOD component—and the special program’s request for the property had not yet been processed, the DOD component would receive the property. However, if the special program’s request had already been processed, the special program would receive the property even should DLA Disposition Services later receive a higher priority request.<sup>33</sup> As a result, the relative order of priority for other federal agencies and for state and local governments to request this excess and surplus property comes after the special programs, including those special programs that provide property to non-federal entities. Figure 4 shows a breakdown of the approximately \$2.83 billion in excess personal property obtained by recipients in the reutilization stage during fiscal year 2014 and identifies the percentage of the dollar value of the property obtained by each recipient, as measured by its original acquisition value (original cost to DOD).<sup>34</sup> For that year, the military services combined, including the Coast Guard, obtained the greatest proportion of reutilized property, in terms of original acquisition value, followed by law enforcement agencies.<sup>35</sup> For example, the law enforcement agencies obtained 32.6 percent of property disposed of at the reutilization stage, or about \$922 million in original acquisition value (in nominal dollars), which was approximately 29.0 percent of all of the property that DOD reutilized, transferred, or donated in fiscal year 2014.

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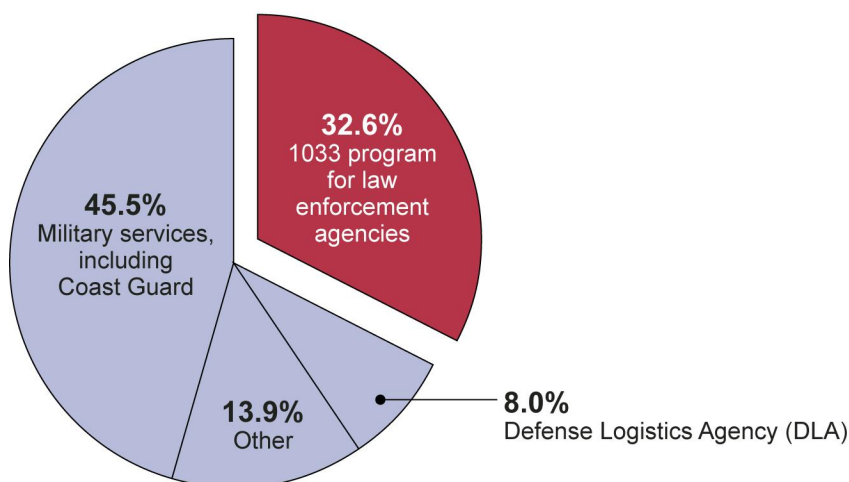
<sup>32</sup>In this report, we refer to federal civilian agencies as those which are not military, law enforcement, or firefighting agencies.

<sup>33</sup>Under DOD’s revised materiel disposition guidance, the process described above remains essentially unchanged except that the updated manual explicitly states that DOD reutilization requirements have priority during the first 14 days of the screening cycle when special programs may also place orders. Property is not issued to special programs until the end of the cycle, ensuring that DOD components will receive the property they request before special programs. However, special programs continue to receive priority ahead of federal civilian agencies for screening and issuance. As under DOD’s prior guidance, federal civilian agencies may screen on days 15–35 of the disposition process. See DODM 4160.21-V3, encl. 5 (Oct. 22, 2015).

<sup>34</sup>The Federal Firefighters Program, as codified at 10 U.S.C. § 2576b, is also a large special program that receives excess DOD personal property. However, it is smaller than the 1033 program, and we did not include it in the scope of this review.

<sup>35</sup>DLA Disposition Services officials told us that federal law enforcement agencies have not participated in the 1033 program in great numbers in the past. These officials told us that federal participation has been increasing in recent months.

**Figure 4: Proportion of Total Original Acquisition Value of Property Obtained at the Reutilization Stage by Recipient in Fiscal Year 2014**



Source: GAO analysis of Department of Defense (DOD) data. | GAO-16-44

**Notes:**

1. The 1033 program provides excess DOD personal property to federal, state, local, and tribal law enforcement agencies. For fiscal year 2014, approximately 85 percent of the property obtained by 1033 program recipients, by original acquisition value, went to state and local law enforcement agencies.
2. DLA includes the Coast Guard with the military services because, like the DOD components, the Coast Guard has been assigned a DOD identification code to request and obtain DOD excess property.
3. Other includes all other DOD components and special programs.
4. Percentages refer to the percentage of the dollar value of the property obtained as measured by its original acquisition value. This is the original cost to DOD, not a depreciated value of the property at the time it is turned in.

As previously discussed, DOD's implementation of its disposal process gives special programs, including the 1033 program—which provides excess property to federal, state, and local law enforcement agencies during the reutilization stage—priority over some federal civilian agencies in obtaining such property.<sup>36</sup>

<sup>36</sup>As identified earlier and in appendix II, some of the special programs were established in laws and codified in statute, such as the 1033 and foreign military sales programs. Other programs, however, were established by DOD under its GSA-delegated authority to manage its own personal property. Such programs include support provided to morale, welfare, and recreation activities, National Guard units, Senior Reserve Officer Training Corps units, and DOD contractors.



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Under the 1033 program, the Secretary of Defense may provide excess DOD property to federal, state, and local law enforcement agencies, giving preference among these agencies to those law enforcement agencies that indicate the property obtained from DOD will be used in their counterdrug or counterterrorism activities.<sup>37</sup> The Law Enforcement Support Office (LESO), within DLA Disposition Services, manages the 1033 program, which is unique to DOD. Governor-appointed state coordinators approve (or disapprove) applications from local law enforcement agencies in their states to participate in the program. Before they forward the requests and justifications to LESO for approval, state coordinators ensure, among other things, that law enforcement agencies requesting excess DOD personal property have submitted proper justification for requesting the property.

The statutory language authorizing the 1033 program is silent on the issue of whether state and local law enforcement agencies are to be prioritized over federal law enforcement agencies for the receipt of DOD excess property. As noted earlier, DOD has discretion in the manner in which it implements its disposal process, and both DOD and DLA officials acknowledged that DOD has the authority to revise the 1033 program, provided that such revisions do not violate the language of the statute. LESO officials explained that property is generally allocated on a first come, first served basis to law enforcement agencies at all levels, and such requests are to have a sufficient and valid justification that clearly defines how the agency will utilize the requested property for law enforcement. Thus, if LESO receives a request from a state or local law enforcement agency and later receives one from a federal law enforcement agency, such as Customs and Border Protection, the state or local agency will typically receive the property. LESO officials told us that allocations may be restricted based on information about the property a law enforcement agency has previously received from LESO or about limits to the quantities of a specific type of property that a law

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<sup>37</sup>The High Intensity Drug Trafficking Areas program, created by Congress with the Anti-Drug Abuse Act of 1988, provides assistance to federal, state, local, and tribal law enforcement agencies operating in areas determined to be critical drug-trafficking regions of the United States. Pub. L. No. 100-690, § 1005 (Nov. 18, 1988, codified at 10 U.S.C. § 1706). Most of the counties on the southern border of the United States have been designated High Intensity Drug Trafficking Areas. As a result, Disposition Services officials told us, the law enforcement agencies supporting border security activities in those areas, such as Customs and Border Protection, are also eligible to receive excess property through the 1033 program, because of their counterdrug and counterterrorism missions.

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enforcement agency may receive, based on the number of law enforcement officers it has. In accordance with its guidance, DLA Disposition Services' LESO generally allocates no more than one of any item per officer through the 1033 program. For example, LESO is to allocate no more weapons to a law enforcement agency than that agency's total number of officers.

In late 2014, DOD proposed an update to the priority that special programs have for obtaining excess property during the reutilization stage of the disposal process. Citing the large drawdown of forces from the wars in Iraq and Afghanistan, which resulted in significant quantities of unneeded property—including hazardous property—for which the proper disposition must be determined, DOD submitted an interim final rule to the *Federal Register* on December 29, 2014, prescribing updated procedures for the disposition of DOD personal property. The interim final rule was incorporated into the new disposition manual released October 22, 2015. In the new manual, DOD explicitly allows special programs to screen and request excess DOD personal property during the reutilization stage (days 1-14). However, during this time, only DOD components are able to obtain property; property will not be issued to special programs until the reutilization stage has ended. This change now explicitly gives priority for obtaining DOD excess property to DOD components over the special programs. This, in turn, lessens the potential for a special program to obtain excess property generated by one DOD component before other DOD components are able to request it. It does not, however, affect the possibility for a special program to obtain property before federal civilian agencies, which will continue to screen, request, and obtain property during the transfer stage (days 15-35).<sup>38</sup> Likewise, special programs will still be able to obtain property before potential recipients in the donation stage (days 36-40). As of November, DOD officials told us they were not planning further revisions to the priorities in the disposal process at that time, as discussed later in this report.

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<sup>38</sup>DOD Manual 4160.21, *Defense Materiel Disposition: Reutilization, Transfer, and Sale of Property*, vol. 3, encl. 5, § 3(b)(3) (Oct. 22, 2015).

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## Some Excess Property Obtained by State and Local Law Enforcement Agencies May Meet the Needs of Other Federal Agencies and Non-federal Entities

In analyzing 1033 program information from the Federal Excess Property Management Information System,<sup>39</sup> we found that law enforcement agencies at all levels have used the program to obtain property—such as excavating equipment, fencing, and musical instruments—that could also be used by other agencies at the federal, state, and local levels. While some of this property went to federal law enforcement agencies, the vast majority was obtained by state and local law enforcement agencies. If such property were available as excess to federal civilian agencies that do not have law enforcement missions, those agencies could potentially save appropriated funds by obtaining it from DOD through the disposition process rather than by initiating new procurements.<sup>40</sup> The Executive Office of the President has reported that approximately 96 percent of the property issued to law enforcement agencies through the 1033 program from September 2013 through August 2014 was non-controlled property, or property without military attributes—such as furniture and forklifts.<sup>41</sup>

Because DOD has implemented the 1033 program to give state and local law enforcement agencies priority over federal non-law enforcement (civilian) agencies for obtaining excess property, property originally purchased with federal dollars may go to state and local agencies before other federal agencies have the opportunity to request it. As a result, in

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<sup>39</sup>The Federal Excess Property Management Information System is the online property book for all agencies that are enrolled in the 1033 program. It is managed by the U.S. Forest Service on behalf of LESO.

<sup>40</sup>We did not review the justifications for individual requests to determine their specific planned use and relation to the law enforcement agencies' arrest and apprehension missions because the purpose for which recipients planned to use claimed property and the use and ultimate disposition of such property were outside the scope of this review. In addition, we did not estimate the value of any potential cost savings to the federal government, because that, too, fell outside the scope of this review.

<sup>41</sup>The Executive Office of the President, *Review: Federal Support for Local Law Enforcement Equipment Acquisition* (December 2014) defines controlled property as military designed equipment on the Department of State Munitions Control List or Department of Commerce Control List, such as small arms, night vision devices, certain tactical vehicles (High Mobility Multipurpose Wheeled Vehicles and Mine Resistant Ambush Protected vehicles), aircraft, and watercraft. Non-controlled property, i.e., property without military attributes, includes items such as commercial vehicles, office furniture, generators, and forklifts. The property's assigned demilitarization code determines whether it is controlled or non-controlled. We did not assess how much of this property could potentially be used by other agencies, or the extent to which cost savings might accrue to those agencies by using such property, because these efforts were outside the scope of our review.

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some cases, federal agencies that may also have a need for such property for their missions may not be able to obtain it through the disposal process, because the excess property that was available has already been claimed by or provided to state or local law enforcement agencies. As noted previously, most of DOD's excess property is reutilized by DOD components or provided to specific organizations through special programs in the first stage of the disposal process. In fiscal year 2014, law enforcement agencies obtained approximately 29.0 percent of that property, in terms of original acquisition value. This could result in those federal agencies then using appropriated funds to acquire property similar to the property that has been provided at little to no cost to the non-federal agencies. Non-controlled excess property that law enforcement agencies receive under this program could also potentially be used by state and local governments, non-law enforcement public agencies, and other eligible recipients, if it is not needed by other federal agencies and becomes surplus property available for donation, as illustrated in the example discussed below.

During calendar years 2013 and 2014, 150 law enforcement agencies obtained 285 pieces of earth-moving and excavating equipment through the 1033 program, with original acquisition values totaling just over \$25 million. We found that at least 9 federal agencies purchased earth-moving equipment to meet their mission requirements during the same period. We could not determine whether any specific item that DLA Disposition Services provided to state and local law enforcement agencies would have filled the need that one of those federal agencies met by using appropriated funds for a new procurement. Nonetheless, DLA's implementation of the disposal process risks such an occurrence. While the property that was available might not have been suitable to meet federal agency requirements—for example, because of matters such as quantity, timing, condition, and transportation costs—it is possible that equipment that was suitable could have allowed the federal government to postpone or even avoid some of these purchases. See appendix III for more information about this example, which illustrates that DOD also transferred, donated, and sold property in this category during the same time frame. Table 1 provides examples of some of the other categories of

items we analyzed.<sup>42</sup> Such property could potentially be transferred to federal civilian agencies to meet their needs or donated to states, municipalities, schools, or nonprofit organizations. Appendixes IV through VI provide additional examples of non-controlled property we identified that was provided to law enforcement agencies at around the same time that some federal agencies were purchasing similar equipment.<sup>43</sup>

**Table 1: Selected Examples of Non-Controlled Property Obtained by Law Enforcement Agencies in 2013 and 2014**

Description	Total number of items	Total number of law enforcement agencies that obtained the property <sup>a</sup>	Total number of states whose law enforcement agencies obtained the property	Approximate total original acquisition value <sup>b</sup>
Rough Terrain Container Handlers	4	4	3	\$3,430,344
Forklifts	331	198	30	\$15,126,622
Fence posts	18,291	13	6	\$197,245
Musical instruments	65	17	11	\$93,730

Source: GAO analysis of Federal Excess Property Management Information System data. | GAO-16-44

<sup>a</sup>Only one federal law enforcement agency obtained property in these specific categories during this time frame. That federal agency obtained 500 fence posts with a total original acquisition value of less than \$2,500. We do not include that agency in our state count.

<sup>b</sup>Acquisition value is rounded to the nearest dollar and represents the original cost of the property or the estimated replacement cost. DLA uses this figure when reporting on its excess property disposal process.

As implemented, the 1033 program enables federal, state, and local law enforcement agencies to request excess DOD personal property during the first stage of the disposal process (reutilization), rather than the transfer stage, which occurs later and during which federal agencies that are not law enforcement agencies can request and obtain the property.

<sup>42</sup>We reviewed the data in the Federal Excess Property Management Information System for calendar years 2013 and 2014 and extracted only those property items with a valid national stock number. We did not include property with locally assigned stock numbers, so the totals could potentially be greater for some of these items. For the earth-moving and excavating equipment, we included only the equipment end items and not parts or attachments.

<sup>43</sup>Our analysis could not definitively conclude whether any of the property DLA Disposition Services disposed of was suitable for another federal agency's needs, because of such considerations as quantity, timing, condition, and transportation costs. However, it is possible that suitable equipment that agencies might have obtained through the disposal process could have allowed the federal government to postpone or even avoid some of these purchases.

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DLA Disposition Services' guidelines for the 1033 program allow a law enforcement agency to obtain DOD property even if it does not appear to be exclusively related to law enforcement activities so long as the law enforcement agency provides the required justification for obtaining the property, and the state coordinator and then LESO approve the request.<sup>44</sup> The Executive Office of the President has reported that, over the last 25 years, DLA has provided excess property estimated to be worth \$5.1 billion in original acquisition value to law enforcement agencies through the 1033 program; \$2.7 billion worth of that property has been provided within the last 5 years.<sup>45</sup>

A key internal control for federal agencies is management's ability to assess and manage risks associated with achieving agency objectives, including consideration of an assessment of significant interaction between the organization and other parties and development of mechanisms to respond to changes in governmental and operating conditions, among other special risks.<sup>46</sup> DOD has revised its policies and procedures for disposing of excess personal property, but has not altered the program's screening and issuance priorities because, according to DOD officials, there is no demand from federal agencies, other than Customs and Border Protection, to change these priorities. DOD officials acknowledged that they have the authority to give preference to federal law enforcement agencies over state and local law enforcement agencies and to limit the quantity of non-controlled property provided to law enforcement agencies under the 1033 program. DOD's disposal process gives preference to special programs over potential federal civilian agency recipients for obtaining excess property. Consequently, in some cases, federal agencies may be disadvantaged in favor of non-federal

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<sup>44</sup>Law enforcement agencies participating in the 1033 program must meet eligibility requirements and comply with program guidelines. Specifically, program participants must be government agencies whose primary function is the enforcement of applicable federal, state, and local laws and whose compensated law enforcement officers have powers to apprehend and arrest. LESO requires that all requests for property be based on current, bona fide law enforcement requirements and that any property obtained be placed into use within a year. See Defense Logistics Agency Instruction 8160.01, *Law Enforcement Support Office (LESO)* (July 21, 2014).

<sup>45</sup>The Executive Office of the President, *Review: Federal Support for Local Law Enforcement Equipment Acquisition* (December 2014).

<sup>46</sup>Internal controls comprise the plans, methods, and procedures used to meet the mission, goals, and objectives of the entity. See GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: 1999).

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agencies in their ability to obtain property that was originally purchased with federal funds. In such cases, federal agencies are at risk of spending appropriated funds to acquire property that could potentially be obtained through DOD's disposal process at lower cost. While DOD has modified the disposal process so that excess property is provided only to DOD components during the first 14 days of the disposal cycle, this modification does not change the preference given to special programs to request and obtain excess property before federal civilian agencies and other non-federal entities. It is reasonable that, in certain circumstances, agencies under the special programs may need property before federal civilian agencies—for example, in order to provide humanitarian assistance or for other U.S. government priorities. However, DOD has not identified any additional changes that need to be made to the priorities within its disposal process or to the categories and quantities of excess property that special programs may obtain. Unless DOD further reassesses its disposal process to determine if it needs to make additional changes to its guidance governing the priorities of the disposal process—specifically for property obtained by special programs such as the 1033 program—and revises its guidance reflecting those priorities, the risk remains that federal civilian agencies may spend additional appropriated federal funds to procure equipment, rather than pursue obtaining equal or similar items at little or no additional cost to the federal government through DOD's disposal process.

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## DOD Has Encountered Challenges in Its Capacity to Manage Excess Property in Need of Disposal

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Some Disposition Services Sites Have Extended Waits for Turn-In Appointments and Backlogs of Unprocessed Property

DLA Disposition Services faces challenges in processing the current levels of excess property that the military services are turning in for disposal, and these challenges may affect DOD's ability to handle any increases in the amount of property for disposal in an efficient manner. Once a military service determines that property is excess to its needs, its military units (customers) that have excess property to dispose of typically bring or send that property to a Disposition Services disposition site. DOD guidance states that the customers should schedule all turn-ins in advance, before delivering the property to a disposition site. DLA Disposition Services personnel are to coordinate closely with their DOD customers to ensure that the scheduling of property turn-ins takes into consideration each site's receiving capacity and the volume of property to be turned in. Disposition Services has established a goal for customers to be able to turn in their excess property within 14 days of requesting an appointment. Once Disposition Services has physically received property from the customer, its goal is to record the receipt of the property in its accountable system of record within 5 days. When this process takes more than 5 days, Disposition Services experiences backlogs of unprocessed property and future customers may sometimes have to wait to turn in property.

Customers wanting to turn in property use DLA Disposition Services' online appointment system to schedule a time to drop off the property. This system identifies the next available appointment date and time for property turn-in. Military service officials told us that, in some cases, the next appointment may be several weeks out, and some units have experienced wait times of a month or more.<sup>47</sup> These officials told us that customer wait times longer than 14 days prevent them from turning in their property in a timely manner and that the extra wait may result in additional costs to the services. For example, Navy officials told us that, while waiting for their scheduled turn-in appointment date at some disposition sites, they place excess property into temporary storage ashore. These officials said that, in addition to costs for storage, this leads to redundant work by fleet supply personnel who have to prepare the materiel for storage and later, for transfer to the disposition site. They also cited the additional work Navy personnel must perform to maintain

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<sup>47</sup>Navy, Army, and Marine Corps officials all cited challenges with the amount of time it took to schedule property turn-ins to the DLA Disposition Services disposition sites. Air Force officials did not identify similar issues.



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visibility, access, accountability, and, in some cases, maintenance of property that has been set aside to turn in later.

DLA Disposition Services officials told us that, at some of the 80 disposition sites in the United States, it takes several weeks to process the property being turned in, leading to backlogs of unprocessed property.<sup>48</sup> According to these officials, the reasons for backlogs and extended customer wait times vary by site. They include shortages of staff, a lack of covered storage at the site, and limitations on space for receiving trucks and processing the property. DLA Disposition Services tracks customer wait times and backlogs at its sites, and officials told us that those tracking data are monitored daily, briefed to management monthly, and reported to all locations. Although we found that these data have certain limitations because they are not consistently collected and reported over time, are estimates, are captured for only points in time, or do not address the underlying causes of the wait times or backlogs, officials from DLA Disposition Services told us that the data do provide indications to management of potential issues at the sites and that they are supplemented by other information sources.

- For customer wait times, DLA Disposition Services looks at the automated appointment calendar for each site once a month to identify the next available appointment date. Because the next available appointment date changes from day to day as customers make, change, and cancel their turn-in appointments, this method provides data only for a specific point in time, and the information cannot be replicated. However, officials at DLA Disposition Services told us that collecting these data for each site on an on-going basis enables them to compare the wait times across several months. This practice helps them identify those sites that might consistently have long waits over time. Other sources of information on customer wait times that supplement these monthly data are comments on DLA Disposition Services' website and direct contacts from military service customers.

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<sup>48</sup>According to data obtained from DLA Disposition Services officials, as of the end of April 2015, there were 17 disposition sites in the United States that had backlogs of over 5 days. Of those 17 sites, 11 had backlogs of over two weeks, including some of the larger sites, such as those at Norfolk, Virginia; Red River, Texas; and Warner Robins, Georgia.

- Similarly, DLA Disposition Services tracks the backlogs at its sites based on estimates of the amount of property that is queued for processing, but the actual amounts of property to be processed can vary greatly from these estimates once the disposition site personnel determine the number of items in each line of the turn-in document. However, officials at DLA Disposition Services told us that collecting these data for each site on an ongoing basis enables them to monitor the backlogs at each site over time. This practice helps them assess where there might be problems at the disposition sites and therefore where they can focus their efforts to reduce backlogs. DLA Disposition Services supplements these data with other tools for identifying backlogs, such as its performance reviews and inspections of the sites.

Disposition Services Has Taken Some Actions to Address Customer Wait Times and Backlogs	As shown in table 2, DLA Disposition Services has recently taken some actions to address customer wait times and backlogs at its sites.
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Table 2: Actions Taken by Defense Logistics Agency Disposition Services to Reduce Customer Wait Times and Backlogs

Action Taken	Effect Reported
<b>Increased Resources.</b> Defense Logistics Agency (DLA) Disposition Services officials have established special teams, which they refer to as “Tiger Teams,” to go to those sites where they had identified the greatest backlogs to assist in processing the property, among other things. These teams were supplemented as necessary with personnel from sites without large backlogs and by contractor personnel.	Reduced the backlogs at most Disposition Services sites, although backlogs remained at some larger sites, including the one in Norfolk, Virginia. At one Disposition Services site we visited, officials told us that they had reallocated personnel and increased work hours to address processing backlogs at the site. At the Bragg disposition site in North Carolina, officials described how they had pulled staff from administrative jobs and had all staff working overtime on weekends to reduce the backlogs from around 100 days to within the 5-day goal. At the time of our visit, officials told us that the site’s goal was to process property on the day it was turned in.
<b>Redirecting Property to Other Sites.</b> DLA Headquarters and DLA Disposition Services officials told us that customers are required to turn in their excess property to the closest disposition site. However, if there are backlogs and extended customer wait times at that site, a customer can either wait for the next available appointment or use the online transportation scheduler to request that DLA Disposition Services arrange transportation for the property to a location other than the closest site. The officials said they have begun redirecting property that would normally go to the Norfolk site to other nearby sites.	Eliminates the need for customers to wait for extended periods for the next available appointment to turn in the property at the closest disposition site.

Action Taken	Effect Reported
<p><b>Disposal Service Representatives.</b> Personnel from DLA Disposition Services travel to the customers' locations to assist with documentation and processing of the property to be turned in. These disposal service representatives provide onsite assessments of the property, training, and assistance with the turn-in of property. According to DLA Disposition Services guidance, the disposal service representatives assist the customers by helping them prepare for the actual property turn-in and making sure the documentation is correct and ready for processing. For example, at Marine Corps Base Quantico, Virginia, which generally sends its excess property to the Disposition Services site at Richmond, Virginia, for disposal, officials told us that a disposal service representative from the Richmond site rotates among the installations the site serves and assists property control officers at the installations with turning in excess property.</p>	<p>Enables the services to turn in excess property more efficiently by ensuring that documentation is correct, thereby eliminating the need for service customers to make multiple trips to turn in property.</p>
<p><b>On-site Property Inspections.</b> Prospective transfer and donation recipients go to an installation that has excess property it planned to turn in to look at the property in place.</p>	<p>Prevents multiple and potentially costly moves of property that would consume space at the DLA Disposition Services site.</p>
<p><b>Receipt in Place.</b> DLA Disposition Services sites develop separate memorandums of agreement with their customers to receive property for turn-in at the customer's location. These agreements lay out, for example, responsibilities for both agencies that address, among other things, how property is to be labeled and how long it will remain in place at the installation once DLA Disposition Services has entered it onto its accountable records. Although the property has been removed from the customer's property book, the customer still retains custodial responsibility for the property and must maintain and secure it until it is physically moved.</p>	<p>Avoids repetitive handling and shipping costs for the property.</p>
<p><b>Expedited Processing.</b> DLA Disposition Services, with the approval of the relevant General Services Administration regional office, may be authorized to expedite the processing of property being turned in when there is documented low redistribution, transfer, or donation potential; backlog situations; potential deterioration from being stored outside; or for other compelling reasons. DLA Disposition Services officials told us that sites requesting expedited processing must receive approval from both their headquarters and the General Services Administration.</p>	<p>Frequently used for processing large amounts of furniture that must be stored indoors, where space at the disposition sites may be inadequate. Now continuously used as a DLA business practice in certain circumstances.</p>
<p><b>Demilitarization as a Condition of Sale.</b> DLA Disposition Services officials told us that they use a sales contract in which the buyer is required to perform the physical demilitarization of the property in order to receive the title to the scrap residue. As a condition of sale for these types of contracts, the buyer provides the necessary equipment and resources to demilitarize the property. For all demilitarization as a condition of sale actions, an independent government employee must verify that the demilitarization was done properly and completely before the buyer receives the title to the residue. Once the government employee verifies the demilitarization, the buyer generates revenue by selling the resulting scrap material.</p>	<p>Reduces backlogs of materiel to be processed at its Centralized Demilitarization Center sites.</p>

Action Taken	Effect Reported
<b>Network Optimization and Standardized Procedures.</b> DLA Headquarters and DLA Disposition Services are initiating a study of the throughput at all of the disposition sites. This study is one piece of a new initiative—network optimization—that will look at the workload and resources at each disposition site to determine where improvements could be made. DLA Disposition Services officials told us that this study is still in the planning stages, but it will include a review of the different types and sizes of sites (cross-dock operations, hubs, and small sites) and any shifts of the customer base. Another part of network optimization is looking at standardizing procedures among the sites.	Will identify areas where efficiencies and customer service can be improved. DLA Disposition Services officials stated that the study will help them to assess the issues at each disposition site and identify whether they are due to changes in the types and numbers of customers being served, site leadership, or other factors. Additionally, they said that standardizing procedures across the disposition sites will provide DLA Disposition Services information on the throughput at each site. Identifying where the property is being turned in will assist the agency in determining where to truck property or redirect it to other locations.

Source: GAO analysis of DLA Headquarters and DLA Disposition Services information. | GAO-16-44

Despite these actions, at the time of our review, DLA Disposition Services officials acknowledged that customer wait times and backlogs were still a problem at some of the larger DLA Disposition Services disposition sites, such as Norfolk (Virginia) and Hill (Utah). Further, some of these actions, such as deploying Tiger Teams or diverting property, may temporarily reduce backlogs at a location but do not guarantee that the underlying problems that led to the backlogs have been addressed.

## Existing Challenges May Limit DOD's Ability to Manage a Large Increase in the Amount of Personal Property for Disposal

The challenges that DLA Disposition Services is currently facing with its turn-in process will likely have a negative effect on its ability to handle an increase in the amount of property to be processed, particularly with the ongoing backlogs it continues to experience at several of its larger sites and the extended wait times many customers are facing at certain disposition sites. Specifically,

- Inconsistent tracking.** As noted earlier, although DLA Disposition Services has established a method for monitoring and tracking backlogs at its sites, this tracking has not been consistent over the past few years. The data collected through this tracking provide an indicator to management about potential backlogs at the sites, but they do not provide context for the various factors that might be driving the development of a backlog at a particular site.
- Lack of formal plans.** While we were told that site management must submit a formal plan for addressing backlogs if those backlogs exceed 5 days, we found that such plans had not been prepared for two of the five sites we visited—Bragg (North Carolina), which had overcome its backlogs with assigned personnel and overtime, and Norfolk (Virginia), which has experienced backlogs and extensive customer wait times for the past several years.

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- **Lack of backlog reduction process.** Backlogs have been addressed by deploying temporary duty personnel to specific sites and by starting to standardize some procedures, but no agency-wide process exists for reducing backlogs and maintaining those reductions. DOD officials told us that standardized receiving is the agency-wide process used for reducing backlogs, increasing production efficiency, and maintaining sustainable controls over backlogs. In addition, the recent Tiger Teams have managed to reduce the backlogs at most disposition sites. However, according to DLA Disposition Services officials, backlogs persist at a few of the larger sites that have a large number of customers. Additionally, because DLA Disposition Services has not yet reassessed the capacity at its sites, it is not certain whether some of the sites may have developed backlogs as a result of shortages of storage or processing space rather than insufficient personnel or inadequate procedures. If this is the case, adding more personnel or standardizing procedures would not solve the underlying problems at those sites.
  - **Diversions create other costs.** Diverting property to another disposition site may be a short-term solution that does not address the underlying problem, and, if the excess property has to be transported across greater distances than is normally the case, could involve additional transportation costs and coordination with customers.
  - **Drawbacks to expedited processing.** Given a large amount of property to be processed, DLA Disposition Services could expedite the disposal process under certain circumstances. However, expediting the processing of excess and surplus property may carry the risk of DOD's excess property moving too quickly to sales or destruction, possibly giving potential recipients insufficient opportunity to screen and request it. State surplus property officials, in particular, expressed concern about the potential effect of expedited processing on their ability to obtain surplus property for their states.

We asked DLA and military service officials the extent to which they coordinate the turn-in of excess personal property and how they prepare for any large increase in the amount of property identified for disposal, such as during force drawdowns or base realignment and closure actions. DLA officials told us that they believed the effect of such an increase on DLA Disposition Services' overall disposal process would not be significant. These officials cited the example of the drawdown in the Army's brigade combat teams, which they asserted had not had a significant effect at any disposition site. To support this drawdown, DLA Disposition Services officials told us they had successfully implemented

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mobile disposal capabilities at several Army sites to expedite disposal, adding turn-in appointments and increasing operating hours and even manpower in cases where the current capabilities were not sufficient. They also said that any significant increase in the amount of excess property would become apparent as an increase in the receiving backlog at the affected sites, which is monitored on a monthly basis. DLA officials also said that, if a site's backlog grows beyond the 5-day threshold, site management must submit a plan for reducing it, using local resources such as overtime or split shifts. If this plan is not effective, DLA Disposition Services Headquarters can add more personnel resources to that site or divert some of the property to be turned in to other disposition sites. These officials also said that DLA Disposition Services coordinates with the services in advance of large amounts of property being turned in, so that the sites can plan for increased workloads. However, as noted previously, even with these assurances, backlogs continued at 17 sites as of the end of April 2015.

A key internal control of successful federal organizations is their management's ability to identify, analyze, and respond to risks that could inhibit the organization in reaching its defined objectives.<sup>49</sup> DLA Disposition Services has established an operational goal for customers to be able get an appointment to turn in their excess property within 14 days of requesting one. After Disposition Services has received property from a customer, it has 5 days to process the property, that is, record the receipt of the property in its accountable system of record. When it takes more than 5 days for DLA to process property that has been turned in, backlogs of unprocessed property occur. DOD components turn in huge amounts of excess property, particularly at the larger disposition sites. Although DLA Disposition Services has modified some of its practices for processing this property, backlogs in processing property that has been turned in continued to occur at 17 locations as of the end of April 2015. As noted in table 2, officials from DLA Disposition Services told us that the study they have initiated to review the throughput at the disposition sites will enable them to look at the workload and resources at each site to determine where improvements could be made.

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<sup>49</sup>[GAO/AIMD-00-21.3.1](#).

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## Conclusions

For fiscal year 2014, DOD reported that it had reutilized, transferred, or donated excess and surplus property with a total original acquisition value of approximately \$3.18 billion in nominal dollars. Property amounting to a little over a quarter of this value was obtained by law enforcement agencies—through special programs—during the reutilization stage of the disposal process, rather than moving forward through the other stages where it might be transferred to federal civilian agencies, donated to non-federal organizations, or sold or destroyed. DOD’s implementation of the disposal process has placed special program recipients in the first stage of the process (reutilization) rather than the later stages (transfer or donation), where some of these organizations would otherwise obtain the property. As a result, in some cases the disposal process gives preference for obtaining excess property to special programs—particularly to state and local law enforcement agencies—over potential federal recipients outside of DOD. When preference is given to eligible recipients under special programs over federal civilian agencies, there is a risk that federal agencies could spend appropriated funds to acquire property through new procurement that they could potentially have obtained at lower cost (such as the costs to cover transportation from the disposition site) through the DOD disposal process. While DOD has taken some steps to update its procedures to better ensure that DOD components can obtain its excess property before the special programs, those special programs could still obtain such property prior to most federal civilian agencies and non-federal entities. It is reasonable that agencies under the special programs may obtain specific property ahead of federal civilian agencies in certain circumstances, such as for humanitarian assistance or to meet other U.S. government priorities. However, DOD has not determined whether additional changes are needed in the priorities of its disposal process and the categories and quantities of excess property that special programs may obtain through the process, and it does not currently have plans to do so. Thus, the risk remains that federal agencies may spend federal funds to procure property rather than obtaining that or similar property through the DOD disposal process.

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## Recommendation for Executive Action

Recognizing that DOD has recently revised its disposition guidance, we recommend that the Secretary of Defense direct the Director, DLA, to further reassess DOD’s disposal process to determine whether additional changes are needed in the priority given to recipients within the process, including potential changes to the categories and quantities of property that special programs may obtain, and revise its guidance reflecting those

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priorities accordingly to better enable DOD to fulfill the disposal program's objectives.

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## Agency Comments and Our Evaluation

We provided a draft of this product to the Department of Defense, the General Services Administration, and the Department of Homeland Security for comment. In its written comments, DOD concurred with our recommendation and stated that it would continue to assess all aspects of the disposal process as part of its standard operating procedures. As we discuss in this report, we believe that DOD should separately assess the priorities in its disposal process, to include preferences provided to the special programs. Absent such an assessment, risk remains that federal agencies may spend additional appropriated federal funds to procure equipment, rather than pursue obtaining equal or similar items at little or no additional cost to the federal government through DOD's disposal process. While we understand that DOD already assesses its disposal process as part of its normal operations, we continue to believe that the potential chance to make more efficient use of federal funds warrants further efforts in this area, even though this could require some effort by DOD entities for the primary benefit of federal civilian agencies. DOD's comments are reprinted in their entirety in appendix VII. We also received technical comments from the General Services Administration and the Department of Homeland Security, which we incorporated as appropriate.

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We are sending copies of this report to the appropriate congressional committees, the Secretary of Defense, the Administrator of the General Services Administration, the Secretary of Homeland Security, and other interested parties. In addition, the report is available at no charge on the GAO website at <http://www.gao.gov>.

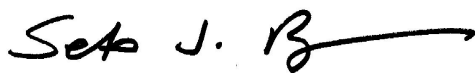


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If you or your staff have any questions about this report, please contact Brian J. Lepore at (202) 512-4523 or [leporeb@gao.gov](mailto:leporeb@gao.gov) or Seto J. Bagdoyan at (202) 512-6722 or [bagdoyans@gao.gov](mailto:bagdoyans@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VIII.



Brian J. Lepore  
Director, Defense Capabilities and Management



Seto J. Bagdoyan  
Director, Forensic Audits and Investigative Service

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*List of Committees*

The Honorable John McCain  
Chairman  
The Honorable Jack Reed  
Ranking Member  
Committee on Armed Services  
United States Senate

The Honorable Thad Cochran  
Chairman  
The Honorable Richard Durbin  
Ranking Member  
Subcommittee on Defense  
Committee on Appropriations  
United States Senate

The Honorable Mac Thornberry  
Chairman  
The Honorable Adam Smith  
Ranking Member  
Committee on Armed Services  
House of Representatives

The Honorable Rodney Frelinghuysen  
Chairman  
The Honorable Pete Visclosky  
Ranking Member  
Subcommittee on Defense  
Committee on Appropriations  
House of Representatives

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# Appendix I: Scope and Methodology

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To describe the process for disposing of Department of Defense (DOD) excess personal property in the United States, we reviewed key documentation of guidance DOD provides to Defense Logistics Agency (DLA) Disposition Services and DOD components on the disposition of excess personal property, such as the *Defense Materiel Disposition Manual*<sup>1</sup> and the *DOD Demilitarization Manual*.<sup>2</sup> We met with officials from the Office of the Secretary of Defense to discuss the overall disposal process, property accountability policies for DOD property, and the costs and revenues associated with the process. We also met with officials from DLA Headquarters and DLA Disposition Services Headquarters to discuss the overall disposal process and their roles and responsibilities in that process. In addition, we met with staff at 5 of the 80 DLA Disposition Services disposition sites in the United States that support different military services and specific disposition processes, in order to view DOD's disposal process and identify the specific systems, processes, and controls DOD uses to dispose of excess personal property. Criteria we used to select those sites include, among others, the capacity to process controlled property, property requiring demilitarization, or hazardous property. The sites also represent two of the three Disposition Services Directorates that oversee the disposition sites in the continental United States—Eastern United States and Middle America. The information obtained from these five disposition sites offers insight into the manner in which the process was implemented at those select locations, although it is not projectable to DOD's entire disposal process. Additionally, we reviewed key service-specific guidance documents to determine how the services implement DOD guidance and the processes they establish for turning in their excess property in the United States, and we met with supply and logistics representatives from each of the military services.

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<sup>1</sup>During the course of our audit, we relied on DOD's August 1997 *Defense Materiel Disposition Manual*, which implemented the requirements of the Federal Property Management Regulation and other laws, as appropriate, as they apply to the disposition of DOD's excess, surplus, and foreign excess personal property. On October 22, 2015, DOD released an updated four-volume *Materiel Disposition Manual* which, in general, clarifies aspects of DOD's disposition process while maintaining the essential structure of the program. Because the 1997 manual was in effect during the audit period, our report relies on the 1997 guidance. Our findings and recommendation remain valid, however, when considered within the context of the updated guidance, since the fundamental framework of the disposition process remains unchanged. See DOD 4160.21-M (Aug. 1997) and DODM 4160.21, vols. 1–4 (Oct. 22, 2015).

<sup>2</sup>Department of Defense, DOD 4160.28-M, *Defense Demilitarization: Program Administration* (Vol. 1), *Demilitarization Coding* (Vol. 2), and *Procedural Guidance* (Vol. 3) (June 7, 2011).

We also contacted officials from the DOD Office of the Inspector General for information on their recently completed, ongoing, or planned audits of DOD's disposal process, including the 1033 program. Finally, we met with officials from the General Services Administration (GSA) to gain an understanding of the overall federal system for disposing of excess property, including government-wide policies in general and DOD's disposal process in particular, and obtained access to GSAXcess to view how GSA makes property available to potential customers to view and obtain.

We looked in more detail at two of the special programs through which certain qualified organizations are authorized to receive excess DOD property—the foreign security assistance program and the program that provides excess DOD property to federal, state, and local law enforcement agencies (called the “1033 program” for the section of the law that authorizes it)—to illustrate how these programs fit into and affect the priorities in DOD's disposal process. We selected the foreign security assistance program because DLA Disposition Services has different processes to handle excess property for this special program, and we selected the 1033 program because it is the special program that receives the greatest proportion of DOD excess personal property each year in terms of original acquisition value. In addition to reviewing laws and policies related to these two programs, we discussed the programs with officials from DLA Disposition Services Headquarters. We also obtained reported reutilization, transfer, donation, and sales information for fiscal years 2010 through 2014—the most recent full fiscal year data available—from DOD and GSA to describe the disposal process. Although we did not independently validate the accuracy of the detailed reutilization, transfer, donation, and sales data, we believe the data are sufficiently reliable for our purpose of illustrating the overall size and scope of DOD's disposal process.

To assess how DOD's priorities in its disposal process affect the distribution of excess property, we reviewed key guidance, manuals, and policies; legal authorities; and reports and other documents related to the process. We met with officials from DLA's Disposition Services Headquarters and the selected sites to discuss challenges they had identified. To get the perspectives of a federal law enforcement agency on DOD's disposal process for its excess personal property, we met with officials from U.S. Customs and Border Protection. We selected this federal agency because of its border security mission and its interest in obtaining DOD excess personal property. To identify challenges that state recipients face in obtaining excess and surplus DOD personal property,

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we met with officials from four states who are responsible for managing either the 1033 program to support law enforcement activities, the Federal Surplus Personal Property Donation Program, or both programs for their states. We selected these states based on proximity to DLA Disposition Services disposition sites, their status in the 1033 program, whether the 1033 program coordinator also serves as the surplus coordinator, and whether the surplus coordinator serves as an officer or committee member of the National Association of State Agencies for Surplus Property.<sup>3</sup> We also met with the executive director of the National Association of State Agencies for Surplus Property and participated in one of the conference calls that the association holds with officials from DLA Disposition Services and GSA, in which association members bring up issues and questions related to obtaining surplus property from DOD. Finally, we contacted the audit agencies for each of the four states to determine whether or not they had any recently completed, ongoing, or planned audits of the Federal Surplus Personal Property Donation Program or the 1033 program in their state. Although the views of officials from these states are not generalizable to all states, they provided insights into the types of challenges faced by non-federal organizations involved in the disposal process and into other related audit work.

To identify types of excess property obtained by law enforcement agencies, we obtained and analyzed data on the 1033 program from an extract of the Federal Excess Property Management Information System provided by the U.S. Forest Service, which manages this database on behalf of the Law Enforcement Support Office (LESO). To assess the reliability of these data, we interviewed knowledgeable officials at the U.S. Forest Service and LESO, performed electronic testing of key data elements, and met with both the 1033 program coordinator and a local law enforcement agency in each of two states to compare the property on hand with the records in the database. Based on these efforts, we concluded that the data were sufficiently reliable for the purposes of this review. We then used the data to examine property obtained by law enforcement agencies from calendar years 2013 and 2014—the most recent full calendar year data available—that did not appear to be exclusive to law enforcement activities and that did not possess military

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<sup>3</sup>The National Association of State Agencies for Surplus Property is an organization whose 56 member agencies seek to establish and promote the acquisition and equitable distribution of federal personal property to public agencies and other eligible entities.

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attributes.<sup>4</sup> To provide some examples of types of property that could fall into these categories, we analyzed data from six federal supply classes, including earth-moving and excavating equipment (federal supply class #3805); self-propelled warehouse trucks and tractors (3930); fencing, fences, gates, and components (5660); food cooking, baking, and serving equipment (7310); kitchen equipment and appliances (7320); and musical instruments (7710).<sup>5</sup> We selected these broad categories of property based on testimonial evidence we had gathered during site visits to the four states and our judgment of property that did not seem to be exclusively related to law enforcement activities but that had recently been obtained by law enforcement agencies. We used the national stock numbers to calculate the number of items, number of distinct law enforcement agencies, number of states, and range of acquisition values for various equipment types within each federal supply class.<sup>6</sup> We also met with officials from an international police association to discuss the potential uses by law enforcement agencies of the categories of property we selected. Finally, to identify situations in which federal agencies may have purchased property similar to that obtained by law enforcement agencies, we reviewed publicly available government procurement data. Specifically, we searched the USASpending.gov website for terms related to the six federal supply classes and obtained additional details about individual contracts using the Federal Procurement Data System-Next

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<sup>4</sup>We analyzed these data to identify classes of items that were obtained by state and local law enforcement agencies; however, we did not review the justifications for individual property requests—including how those requests were verified by DLA Disposition Services personnel—because the purpose for which recipients planned to use the property they obtained and the ultimate disposal of such property were outside the scope of this review.

<sup>5</sup>DOD uses federal supply classification to classify all personal property types identified in the federal cataloguing system. There are 80 federal supply groups that identify broad commodity areas, and these groups are further subdivided into 645 classes. Each federal supply class covers a relatively homogeneous area of commodities, in respect to physical or performance characteristics, items that are usually requisitioned or issued together, or items that constitute a related grouping for supply management purposes. For example, earth-moving and excavating equipment is in federal supply class 3805, which is part of federal supply group 38 (construction, mining, excavating, and highway maintenance equipment).

<sup>6</sup>We did not include in our analysis property that had been turned in to DLA Disposition Services using locally assigned stock numbers, since the numbers vary by location and it is difficult to make comparisons among them. For these federal supply classes, including local stock numbers would increase the amount of property obtained by law enforcement agencies during this time frame.

Generation database. However, in performing this work, we did not review signed contract language, determine whether donated property would have been suitable for the needs of the purchasing agency, or confirm that the purchased equipment had been delivered.<sup>7</sup>

To assess the extent to which DOD has encountered challenges in its capacity to manage excess personal property to be processed, we obtained from DLA Disposition Services available data and management briefings on the amount of time it took for military service customers to schedule an appointment to turn in their excess property and for DLA Disposition Services staff to process the property at disposition sites in the United States. We requested this information for calendar years 2013 and 2014, to obtain data for the two most recent calendar years. To obtain more recent backlog information, we subsequently requested data through April 2015. We analyzed these data and briefings and discussed them with officials at DLA Disposition Services so we could gain an understanding of customer wait times and backlogs at each of those sites. These data and briefings are among the tools that DLA Disposition Services uses to identify potential problems at its sites, although we found that they had certain limitations in providing comprehensive information on customer wait times and backlogs at the disposition sites because they were not consistently reported over time, were estimates, captured data for only a point in time, or did not get at underlying causes. We also received documentation on initiatives that DLA Disposition Services has undertaken to reduce customer wait times and backlogs, and we discussed these documents with officials from DLA Disposition Services. Additionally, we met with DLA officials at the selected Disposition Services disposition sites to discuss challenges they face in disposing of excess personal property, actions they have taken to address those challenges, and what resources they have available to perform their property disposal functions.<sup>8</sup> We toured the sites and observed their

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<sup>7</sup>Due to the ongoing reviews of the use of military equipment by law enforcement agencies, we did not focus on the 4 percent of property that those agencies obtain that is controlled. We did, however, discuss with DOD officials developments in this area that will affect the 1033 program, including the White House review and subsequent Law Enforcement Equipment Working Group report.

<sup>8</sup>Under the Disposition to Distribution initiative, storage and distribution functions (receiving, storing, and issuing property) performed by both DLA Distribution and DLA Disposition Services were consolidated under DLA Distribution. As a result, we talked with officials from both DLA Distribution and DLA Disposition Services, depending on the site.

disposal operations to understand the challenges associated with multiple types of operational structures and the effect that an increase in the amount of property to be processed could have on the sites' operations. Finally, we talked with officials representing each of the military services to discuss the disposal process and to identify challenges their units encounter in turning in or managing their excess personal property for disposal. These officials represented the headquarters, some major commands, and at least one installation from each of the military services.

Table 3 identifies the organizations and agencies we contacted during our review.

**Table 3: List of Organizations and Agencies Contacted during Our Review**

Organization or agency	Location
Office of the Secretary of Defense	
Under Secretary of Defense (Acquisition, Technology and Logistics)	
Assistant Secretary of Defense (Logistics & Materiel Readiness) - Supply Chain Integration	Arlington, Virginia
Acquisition Resources and Analysis Directorate - Property & Equipment Policy	Arlington, Virginia
Under Secretary of Defense (Comptroller)	Arlington, Virginia
Defense Logistics Agency (DLA)	
DLA Headquarters	Fort Belvoir, Virginia
DLA Disposition Services Headquarters	Battle Creek, Michigan
Five DLA Disposition Services disposition sites	Anniston and Huntsville, Alabama; Warner Robins, Georgia; Bragg, North Carolina; and Norfolk, Virginia
United States Army	
Assistant Secretary of the Army (Acquisition, Logistics and Technology)	Arlington, Virginia
Department of Army Headquarters G-4 (Logistics)	Arlington, Virginia
U.S. Army Forces Command	Fort Bragg, North Carolina
U.S. Army Materiel Command	Redstone Arsenal, Alabama
3rd Brigade Combat Team, 82nd Airborne Division; Department of Public Works; and Logistics Readiness Center	Fort Bragg, North Carolina
Directorate of Public Works and Directorate of Material Management's Material Movement Branch	Anniston Army Depot, Alabama
United States Navy	
Assistant Secretary of the Navy, Research Development and Acquisition and Energy, Installations and Environment	Arlington, Virginia
Chief of Naval Operations, Director for Material Readiness and Logistics (N4)	Arlington, Virginia



## Appendix I: Scope and Methodology

Organization or agency	Location
Naval Supply Systems Command	Mechanicsburg, Pennsylvania
USS Harry S Truman (aircraft carrier)	Norfolk, Virginia
United States Marine Corps	
Headquarters Marine Corps, Logistics Plans, Policies, and Strategic Mobility	Washington, D.C.
Marine Corps Installation Command	Quantico, Virginia
Logistics (G-4)	Marine Corps Base Quantico, Virginia
United States Air Force	
Headquarters Air Force A4 (Logistics, Installations and Mission Support)	Joint Base Andrews, Maryland
Air Combat Command	Langley Air Force Base, Virginia
Air Force Materiel Command	Wright-Patterson Air Force Base, Ohio
Air Force Vehicle and Equipment Management Support Office	Langley Air Force Base, Virginia
Federal Agencies	
General Services Administration	Washington, D.C.
Office of Government-wide Policy	Washington, D.C.
Federal Acquisition Service	Washington, D.C.
U.S. Customs and Border Protection Headquarters (Department of Homeland Security)	Washington, D.C.
Offices of Administration, Border Patrol, Field Operations, and Technology Innovation and Acquisition	Washington, D.C.
U.S. Forest Service Headquarters (U.S. Department of Agriculture)	Washington, D.C.
Fire and Aviation Management Program (Federal Excess Property Management Information System Program Manager)	Boise, Idaho
States	
1033 program coordinators	Montgomery, Alabama; Atlanta, Georgia; Jessup, Maryland; Raleigh, North Carolina; and North Chesterfield, Virginia
Surplus coordinators	Montgomery, Alabama; Atlanta, Georgia; Raleigh, North Carolina; and Richmond, Virginia
Local law enforcement agencies	Colmar Manor, Maryland, and Quantico, Virginia
Associations	
National Association of State Agencies for Surplus Property	Mechanicsburg, Pennsylvania
International Association of Chiefs of Police	Alexandria, Virginia

Source: GAO. | GAO-16-44

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We conducted this performance audit from April 2014 to January 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: DOD Special Programs

There are 12 special programs that may screen and request DOD excess personal property during the reutilization stage of the disposal process. Six of these programs are found in laws and codified in statutes as shown in table 4.

Table 4: DOD Special Programs Found in Statutes		
Special program	Description	Authority
1033 program for law enforcement agencies	Authorizes the Secretary of Defense to transfer excess DOD property that is suitable for use by law enforcement activities, including counter-drug and counter-terrorism activities.	10 U.S.C. § 2576a
Foreign military sales	Authorizes international defense cooperation and sales of arms to eligible foreign countries in accordance with the purposes of the foreign assistance program (22 U.S.C. § 2151 et. seq) and the foreign policy interest of the United States.	22 U.S.C. § 2751
Firefighter property program	Authorizes the Secretary of Defense to transfer any personal property of DOD to a firefighting agency in a state. The U.S. Forest Service manages DOD firefighting property transfers.	10 U.S.C. § 2576b
Humanitarian assistance programs	Authorizes the Secretary of Defense to make available for humanitarian relief purposes any nonlethal excess supplies of DOD. The Secretary may also make available to the Secretary of Veterans Affairs excess clothing, shoes, sleeping bags, and related nonlethal excess supplies for distribution to homeless veterans and programs assisting homeless veterans.	10 U.S.C. § 2557
Computers for Learning	Authorizes federal agencies to loan, lease, or give research equipment that is excess to the agency to an educational institution or nonprofit organization for technical and scientific education and research activities.	15 U.S.C. § 3710(i)
Museums program	Authorizes the Secretary of Defense to lend, gift, or exchange books, manuscripts, works of art, historical artifacts, drawings, plans, models, and condemned or obsolete combat materiel to a state, county, or city; a servicemen's monument association; a museum, historical society, or historical institution; a Veterans of Foreign Wars of the United States or an American Legion post or other recognized war veterans' association.	10 U.S.C. § 2572

Source: GAO analysis of existing legal authorities. | GAO-16-44

The remaining six special programs were established by DOD, and no separate legal authorities apply. Table 5 identifies these special programs.

**Table 5: Special Programs Established by DOD**

<b>Special program</b>	<b>Description</b>	<b>DOD guidance</b>
National Guard units	National Guard units are designated by DOD to receive excess DOD property with the approval of the National Guard Bureau or the U.S. Property and Fiscal Officer, or their authorized representative, for the state in which the National Guard unit is located.	DOD 4160.21-M, chap. 5, att. I, § 6 (Aug. 1997)
Morale, welfare, and recreation (MWR) activities and services	MWR activities are authorized by DOD to receive excess DOD property through their servicing accountable officer.	DOD 4160.21-M, chap. 5, att. I, § 8 (Aug. 1997)
Military Affiliate Radio System (MARS)	The military services responsible for the MARS program are authorized to requisition excess DOD property from DLA Disposition Services through their respective accountable officers.	DOD 4160.21-M, chap. 5, att. I, § 9 (Aug. 1997)
Civil Air Patrol	As the official auxiliary of the U.S. Air Force, this program is eligible to receive excess DOD property without reimbursement.	DOD 4160.21-M, chap. 5, att. I, § 10 (Aug. 1997)
Senior Reserve Officer Training Corps units (ROTC)	ROTC units may obtain excess DOD property to support supplemental proficiency training programs, with the approval of the installation commander or designee normally responsible for providing logistical support for the instructor groups concerned. Junior ROTC units are not covered.	DOD 4160.21-M, chap. 5, att. I, § 7 (Aug. 1997)
DOD contractors	A military service or Defense component may withdraw or authorize the withdrawal of specified excess property from a DLA Disposition Services disposition site for use by or for a contractor as government-furnished equipment to fulfill contract requirements.	DLM 4000.25-1, chap. 11, § C11.1.1 (July 14, 2014)

Source: GAO analysis of DOD guidance. | GAO-16-44



## Background

Federal supply class 3805 covers, earth-moving and excavating equipment and includes scrapers, ditchers, loaders, graders, and special construction type earth and rock hauling trucks and trailers, among other property. It excludes standard tractors, trailers, and trucks, which are included in other categories.

### Excavator



### Scoop loader



### Scraper



Source: Defense Logistics Agency (DLA). | GAO-16-44

# Appendix III: Excess Property Obtained by Law Enforcement Agencies

## Earth-Moving and Excavating Equipment

In addition to other property, law enforcement agencies obtained 285 items related to earth-moving and construction through the 1033 program in 2013 and 2014—including ditching machines, road graders, and dump trucks. Officials from U.S. Customs and Border Protection said they use such items for operations such as maintaining roads on the border to ensure safe operations for agents in the field. Table 6 summarizes the types of earth-moving equipment obtained by law enforcement agencies during this time frame, broken down into six broad categories.

**Table 6: Categories of Earth Moving and Excavating Equipment Obtained by Law Enforcement Agencies during 2013-2014**

Property type	Total number of items	Total number of law enforcement agencies	Total number of states	Range of original acquisition values per item (in dollars) <sup>a</sup>
Ditching machines	5	5	3	91,033 – 113,460
Dump trucks and trailer	29	18	6	65,000 – 211,764
Excavators	9	9	6	55,414 – 336,448
Loaders <sup>b</sup>	137	100	22	1,900 – 246,604
Road graders	74	62	19	45,735 – 223,471
Tractor scrapers	31	21	12	120,410 – 141,210

Source: GAO analysis of data from the Federal Excess Property Management Information System.

<sup>a</sup>Ranges of original acquisition values are rounded to the nearest dollar and exclude values of \$0.

<sup>b</sup>Loaders include scoop loaders, backhoes, skid steer loaders, and multi-terrain loaders.

**DOD Data on Earth-Moving and Excavating Equipment.** According to data provided by DOD officials, the department reutilized, transferred, or donated 649 pieces of earth-moving and excavating equipment (total original acquisition value of almost \$59.6 million) and sold 59 in calendar years 2013 and 2014. This equipment was reutilized by DOD (14.8 percent), law enforcement agencies (43.6 percent), and the special program for firefighters (7.7 percent); transferred to federal agencies (10.6 percent); or donated (23.3 percent).

**Recent Federal Purchases of Similar Property.** According to publicly available government procurement data, at least 9 federal agencies purchased earth-moving equipment in federal supply class 3805 during calendar years 2013 and 2014. For example, the Department of Interior entered into contracts to purchase hundreds of thousands of dollars' worth of dump trucks, excavators, graders, and loaders. Our analysis could not definitively conclude whether any of the property DLA Disposition Services disposed of was suitable for another agency's needs—because of considerations such as quantity, timing, condition, and transportation costs. However, it is possible that suitable equipment that agencies might have obtained through the disposal process could have allowed the federal government to postpone or even avoid some of these purchases.





Background

Federal supply class 3930 covers self-propelled warehouse trucks and tractors. It includes tug jockeys, forklift trucks, platform trucks, and straddle trucks.

Forklift truck



Rough terrain forklift



Rough terrain container handler



Source: Defense Logistics Agency (top and middle) and Defense Video and Imagery Distribution System (bottom). | GAO-16-44

Appendix IV: Excess Property Obtained by Law Enforcement Agencies

Self-Propelled Warehouse Equipment

In addition to other property, law enforcement agencies obtained items related to handling large, bulky materials—including forklift trucks, rough terrain forklifts, and rough terrain container handlers—through the 1033 program in calendar years 2013 and 2014. U.S. Customs and Border Protection officials said they use forklifts to load and unload property for border patrol missions and to inspect or unload vehicles or equipment at checkpoints. Table 7 shows selected examples of types of self-propelled warehouse equipment obtained by law enforcement agencies during this time frame, broken down into four broad categories.

Table 7: Selected Examples of Self-Propelled Warehouse Equipment Obtained by Law Enforcement Agencies during 2013-2014

Property type	Total number of items	Total number of law enforcement agencies	Total number of states	Range of original acquisition values per item (in dollars) <sup>a</sup>
Forklift trucks	267	171	29	1,000 – 102,273
Rough terrain forklifts	62	42	16	43,250 – 70,000
Rough terrain container handlers	4	4	3	857,586 – 857,586
Wheeled warehouse tractors	9	6	5	8,755 – 22,804

Source: GAO analysis of data from the Federal Excess Property Management Information System.  
<sup>a</sup>Ranges of original acquisition values are rounded to the nearest dollar.

**DOD Data on Self-Propelled Warehouse Equipment.** According to data provided by DOD officials, the department reutilized, transferred, or donated 1,100 forklifts (total original acquisition value of over \$50.5 million) and sold 477 in calendar years 2013 and 2014. This equipment was reutilized by DOD (25.8 percent), law enforcement agencies (29.1 percent), and the special programs for firefighters (6.8 percent) and foreign military sales (0.9 percent); transferred to federal agencies (7.4 percent); or donated (30 percent). Five of the 10 rough terrain container handlers redistributed in this period were reutilized within DOD, four by law enforcement agencies, and one was donated. None were sold.

**Recent Federal Purchases of Similar Property.** According to publicly available government procurement data, at least 20 federal agencies purchased property in the 3930 federal supply class during calendar years 2013 and 2014. For example, the Departments of Justice, Homeland Security, and State all entered into contracts to purchase hundreds of thousands of dollars’ worth of forklifts. Our analysis could not definitively conclude whether any of the property DLA Disposition Services disposed of was suitable for another agency’s needs—because of such considerations as quantity, timing, condition, and transportation costs. However, it is possible that suitable equipment that agencies might have obtained through the disposal process could have allowed the federal government to postpone or even avoid some of these purchases.



## Background

Federal supply class 7710 includes complete musical instruments. Assemblies, parts, attachments, accessories for use in or on musical instruments, phonographs, radios, and television sets are found under different supply classes.

Electric guitar



French horn



Source: GAO. | GAO-16-44

# Appendix V: Excess Property Obtained by Law Enforcement Agencies

## Musical Instruments

In addition to other property, law enforcement agencies obtained complete musical instruments through the 1033 program in calendar years 2013 and 2014—including clarinets, French horns, guitars, and drums. Table 8 shows the types of musical instruments obtained by law enforcement agencies, broken down into five broad categories.

Table 8: Categories of Musical Instruments Obtained by Law Enforcement Agencies during 2013-2014

Property type	Total number of items	Total number of law enforcement agencies	Total number of states	Range of original acquisition values per item (in dollars) <sup>a</sup>
Brass instruments	28	7	5	466 – 4,301
Percussion	17	7	7	213 – 693
Piano	1	1	1	1,617
String instruments	10	5	4	883 – 3,565
Woodwinds	9	4	4	1,262 – 4,701

Source: GAO analysis of data from the Federal Excess Property Management Information System.

<sup>a</sup>Ranges of original acquisition values are rounded to the nearest dollar.

**DOD Data on Musical Instruments.** According to data provided by DOD officials, the department reutilized, transferred, or donated 983 musical instruments (total original acquisition value of almost \$1.6 million) and sold 443 in calendar years 2013 and 2014. This property was reutilized by DOD (8.1 percent) and law enforcement agencies (7.0 percent); transferred to federal agencies (3.1 percent); or donated (81.8 percent).

**Recent Federal Purchases of Similar Property.** According to publicly available government procurement data, at least five federal agencies purchased musical instruments during calendar years 2013 and 2014. For example, the Department of Homeland Security entered into contracts to purchase tens of thousands of dollars' worth of trumpets, trombones, pianos, and other instruments. Our analysis could not definitively conclude whether any of the property DLA Disposition Services disposed of was suitable for another agency's needs—because of such considerations as quantity, timing, condition, and transportation costs. However, it is possible that suitable equipment that agencies might have obtained through the disposal process could have allowed the federal government to postpone or even avoid some of these purchases.





## Background

This equipment in this category is contained in two federal supply classes, 7310 and 7320.

Food cooking, baking, and serving equipment (7310) includes warming and/or chilling equipment used for displaying and serving food, such as warming and chilling tables; baking ovens; special aircraft, marine, and railway food cooking equipment; utensils with integral heating units; and other types of refrigerated food serving and display equipment commonly used in cafeterias, mess hall kitchens, and the like.

Kitchen equipment and appliances (7320) includes dishwashing machines; food slicing machines; food mixers; and utility carts specially designed for use in kitchen and dining areas.

# Appendix VI: Excess Property Obtained by Law Enforcement Agencies

## Food Cooking, Baking, and Serving Equipment and Kitchen Equipment and Appliances

In addition to other property, law enforcement agencies obtained property related to food preparation and kitchen equipment through the 1033 program in calendar years 2013 and 2014. These property items included steam kettles, food cutters, and electric mixing machines. Table 9 shows selected examples of types of commercial kitchen items obtained by law enforcement agencies during this timeframe, broken down into nine broad categories.

Table 9: Selected Examples of Food and Kitchen Equipment and Appliances Obtained by Law Enforcement Agencies during 2013-2014

Property type	Total number of items	Total number of law enforcement agencies	Total number of states	Range of original acquisition values per item (in dollars) <sup>a</sup>
Modern burner unit v3	75	9	8	4,228 – 4,228
Ovens	10	5	4	4,572 – 6,612
Ration heating set	3	2	1	25,289 – 25,289
Steam cooker	2	2	2	7,307 – 13,272
Steam jacketed kettles	3	3	3	5,209 – 12,593
Commercial dishwasher	1	1	1	9,765
Dough proofing cabinet	1	1	1	1,475
Electric food mixing machines	6	6	4	3,684 – 12,297
Electric meat slicing machines	9	7	6	1,396 – 4,957

Source: GAO analysis of data from the Federal Excess Property Management Information System.

<sup>a</sup>Ranges of original acquisition values are rounded to the nearest dollar.

**Recent Federal Purchases of Similar Property.** According to publicly available government procurement data, dozens of federal agencies purchased property related to food preparation and kitchen equipment in the 7310 and 7320 federal supply classes during calendar years 2013 and 2014. For example, the Department of Justice entered into contracts to purchase tens of thousands of dollars' worth of food cutters and steam kettles. Our analysis could not definitively conclude whether any of the property DLA Disposition Services disposed of was suitable for another agency's needs—because of such considerations as quantity, timing, condition, and transportation costs. However, it is possible that suitable equipment that agencies might have obtained through the disposal process could have allowed the federal government to postpone or even avoid some of these purchases.



# Appendix VII: Comments from the Department of Defense



LOGISTICS AND  
MATERIEL READINESS

ASSISTANT SECRETARY OF DEFENSE  
3500 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3500

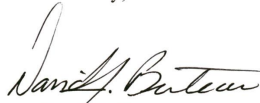
DEC 28 2015

Mr. Brian Lepore  
Director, Defense Capabilities Management  
U.S. Government Accountability Office  
441 G Street, N.W.  
Washington, DC 20548

Dear Mr. Lepore:

Thank you for the opportunity to comment on this draft report. This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) Draft Report, GAO-16-44, "EXCESS PERSONAL PROPERTY: DOD Should Further Reassess the Priorities of Its Disposal Process," dated November 23, 2015 (GAO Code 100020). Detailed comments on the report recommendation are enclosed.

Sincerely,

  
David J. Berteau

Enclosure:  
As stated

GAO Draft Report Dated November 23, 2015  
GAO-16-44, (GAO CODE 100020)

**“EXCESS PERSONAL PROPERTY: DOD SHOULD FURTHER REASSESS THE  
PRIORITIES OF ITS DISPOSAL PROCESS,”**

**DEPARTMENT OF DEFENSE COMMENTS  
TO THE GAO RECOMMENDATION**

**RECOMMENDATION 1:** Understanding that DOD has recently revised its materiel disposition guidance, we recommend that the Secretary of Defense direct the Director, DLA, to further reassess DOD's disposal process to determine whether additional changes are needed in the priorities of recipients within the process, including potential changes to the categories and quantities of property that special programs may obtain, and revise its guidance reflecting those priorities accordingly to better enable DOD to fulfill the disposal program's objectives.

**DoD RESPONSE:** Concur. The Department operates the excess property program in accordance with statutory requirements and the authorized priorities of recipients within the process. The Department will continue to assess all aspects of the disposal process as part of its standard operating procedures.

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# Appendix VIII: GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Brian J. Lepore, (202) 512-4523 or [leporeb@gao.gov](mailto:leporeb@gao.gov)  
Seto J. Bagdoyan, (202) 512-6722 or [bagdoyans@gao.gov](mailto:bagdoyans@gao.gov)

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## Staff Acknowledgments

In addition to the contacts named above, Maria Storts and Philip Reiff (Assistant Directors), John Ahern, Karyn Angulo, Ronnie Bergman, Gary Bianchi, Steve Boyles, John Bumgarner, William Cordrey, Jeanette Espinola, Robert Graves, Samuel Harris, Joanne Landesman, Felicia Lopez, Daniel McKenna, Anna Maria Ortiz, Carol Petersen, Terry Richardson, Amie Steele, Sabrina Streagle, Guiovary Venegas, and Nicholas Weeks made key contributions to this report.

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