

Not for publication until released
By the House Government Reform Committee
Subcommittee on National Security, Emerging
Threats, and International Relations

STATEMENT OF FREDERICK BAILLIE
EXECUTIVE DIRECTOR FOR DISTRIBUTION AND REUTILIZATION
POLICY
DEFENSE LOGISTICS AGENCY
BEFORE THE
HOUSE GOVERNMENT REFORM COMMITTEE
SUBCOMMITTEE ON NATIONAL SECURITY, EMERGING THREATS, AND
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Mr. Chairman and distinguished members of the Subcommittee, I am Fred Baillie, Executive Director for Distribution and Reutilization Policy, of the Defense Logistics Agency. With me today, is Colonel Patrick O'Donnell, USA, Commander, Defense Reutilization and Marketing Service (DRMS). I welcome this opportunity to address your concerns regarding the disposal of DOD excess nuclear, biological and chemical (NBC) protective equipment and medical laboratory equipment. My office is responsible for implementing policy on the reutilization, transfer, donation, sale and control of excess surplus Department of Defense property and equipment. As such, we share your concerns regarding effective control measures to prevent excess DOD property and equipment from falling into the hands of those who wish the United States and its allies harm. DLA is responsible for managing millions of pieces of equipment for DOD. As stewards of this property and equipment, our focus is to maximize accountability and ensure that internal control measures are in place, are followed, or upgraded as needed.

We continue to incorporate the results of our own internal assessments, with external checks by GAO and the IG to validate established measures and affect improvement, as necessary.

We recognize the problems identified in the GAO report. We share your concern that DOD's excess NBC clothing and equipment could be used by terrorists to make and disseminate biological agents, such as anthrax. We also share your concern that "First Responders" not receive faulty NBC protective gear. DLA takes both of these problems very seriously and actions have been and are being taken to address them, including notifying the affected agencies of the policies and providing disposition instructions for NBC gear and equipment.

DLA is doing even more. The United States Marine Corps (as of Nov 2001) manages the Joint Service NBC Equipment Assessment Program. On March 21, 2003, DLA and JSNBC implemented policy requiring DRMS to contact the JSNBC before disposing of appropriate NBC protective equipment. If the property meets current NBC protective standards, it will be issued to the military services. If not, it will be used for "Training Purposes Only" or be destroyed. As GAO identified, our surplus sales contractor, Government Liquidation, received chemical biological suits to sell to the public. We have addressed this matter. We are reviewing all clothing turned in, removing any chemical and biological suits and sequestering them. Additionally, GL is returning to DLA all NBC chemical and biological suits in its possession.

State and Local Law Enforcement Agencies are eligible to receive excess and surplus DOD property on the same priority as the DOD, under special programs authorized by Congress. Each state has a coordinator and works through DLA's Law Enforcement

Support Office (LESO) to receive excess property. We contacted these coordinators about the chemical biological suits, issuing a warning alert. This alert noted that the chemical suits these organizations received through the LESO program, may be defective and requested that they take the suits out of service by either using them for “Training Purposes Only” or disposing of them.

The recommendations to DLA in the GAO report are appropriate and we concur with their usefulness in our efforts to maintain accountability, issue only serviceable equipment, and to properly dispose of that equipment. We also concur with the recommendation for the conduct of a risk assessment to determine what controls are necessary to ensure excess DOD supplies and equipment are not accessible to terrorists who may use them to develop chemical or biological agents to use against the United States. We welcome and appreciate the Assistant Secretary of Defense for Homeland Defense taking the lead in bringing together an interagency group to conduct this risk and vulnerability assessment. DLA will be an active member of that risk assessment group.

The first GAO recommendation is that DLA require and confirm that Government Liquidation, LLC, return all restricted DOD-use only excess NBC protective clothing in its possession to DOD. As I stated earlier, Government Liquidation is returning all requested equipment.

The second recommendation is that DLA consider additional improvements to controls over the assignment of demilitarization codes to these restricted items, particularly those items that are purchased locally and have local stock numbers. We agree. In 1998, DLA established the Demilitarization Coding Management Office (DCMO) to review the accuracy of the Department’s Demilitarization Codes. DCMO

reviews all 14.7 million inventory items in the Federal Logistics Information System (FLIS) for accuracy and makes recommended demilitarization code changes when assigned codes are determined incorrect. A team has recently been formed (May 2003) and will review the demilitarization code assignment process to determine areas of deficiencies where improvements can be made to correct demilitarization coding inaccuracies and address how best to correctly assign demilitarization codes for items purchased locally with no assigned National Stock Number (NSN).

The third recommendation is that DLA establish mechanisms such as periodic audits to provide assurance that excess NBC chemical and biological protective clothing is being properly controlled. To ensure we are not receiving these suits, DLA has added a review for NBC equipment to future quarterly Defense Reutilization and Marketing Office (DRMO) Self Assessments and Compliance Assessment Visits. The DLA Disposition and Regulated Program Management Division will participate on these periodic inspections to ensure NBC suits that are no longer required are properly destroyed and place additional controls in place if necessary to ensure our war-fighters and first-responders only receive approved NBC equipment and gear. Our Law Enforcement Support Office (LESO) published a memorandum to all state coordinators requiring that any future issues made to Law Enforcement Agencies (LEA) will be marked for "Training Purpose Only" on the NBC protective equipment. This office will continue to conduct compliance inspections every two years on each state participating in the LESO program and will complete annual reconciliations for all states receiving Demilitarization-required property, including NBC protective equipment.

The fourth recommendation is that DLA notify local law enforcement agencies of identifying information on defective chemical and biological protective suits and request that they return any such suits that they have received to DOD. As noted previously, we have already implemented this recommendation.

The fifth recommendation is that DLA establish appropriate criteria and finalize and issue a policy for restricting the disposition of clothing items with IR reflectant properties. We submitted a request for a commodity jurisdiction determination to the Department of State this summer. Their determination will provide the appropriate controls on textiles with infrared reflectant characteristics. Department of State has said, they will have a decision by mid October. Once issued, DLA will provide the appropriate guidance on the control of these textiles.

Mr. Chairman, distinguished committee members, we recognize the problems noted in the GAO report and are addressing these issues. We understand what is at stake here. The procedures that we have in place today are being thoroughly reviewed and are being changed as appropriate to ensure adequate control measures are used to prevent excess DOD property and equipment from falling into the hands of terrorists. The procedures that we implemented to dispose of NBC protective equipment, coupled with internal control actions recently initiated, will ensure our military and first responders have effective, safe and serviceable equipment for use.

Thank you Mr. Chairman.