



U.S. Department of Justice

Bureau of Alcohol, Tobacco,
Firearms and Explosives

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Department of Defense Contractor Inspections: ATF Inspection Process

The Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) is responsible for licensing persons, including Department of Defense (DOD) contractors servicing the U.S. Government, engaged in manufacturing, importing, and dealing in firearms and explosives. ATF conducts inspections of Federal firearms licensees and Federal explosives licensees and permittees to ensure compliance with laws and regulations associated with the firearms and explosives industry. The following discussion of ATF's compliance inspection process is intended to help Federal firearms or explosives licensees who are DOD contractors prepare for and participate in an ATF compliance inspection, and it should help minimize any intrusion and on-site complications during such inspections.

Inspection Preparation

It is important that DOD contractors understand and are able to articulate the recordkeeping and reporting responsibilities for both DOD and commercial production, variances, product identification and marking standards relative to Defense production and explosives storage requirements to the ATF industry operations investigators (IOIs) at the pre-inspection phase of the on-site inspection.

Pre-Inspection

- The lead ATF IOI generally will contact the licensee's listed "Responsible Person" or point of contact in advance of an inspection. This contact may be by phone or in person, and it occurs several days before the actual on-site start of the inspection. During the pre-inspection discussion, the IOI will explain the purpose of the inspection.
- During the pre-inspection contact, the IOI will review the licensee's business operations, including products, and current licenses and permits. The IOI may request copies of U.S. Government contracts, both primary and secondary contractor information, any issued variances, and other documents relating to the licensee's operations. This information helps determine the course of ATF's inspection.
- The licensee should provide the name and contact information of its Defense Contract Management Agency point of contact (quality assurance representative or administrative contracting officer), if any. The IOI will ask the licensee or point of contact about topics that may include: 1) exempted items; 2) commercial products commingled with

exempted items and the effect of the commingling on recordkeeping; and 3) registration of certain commodities.

- The licensee should explain DOD security protocols and procedures, including requirements for safety training and access to the facility. For security reasons, ATF will provide the IOI's personally identifiable information to the DOD representative, and IOIs will not provide the information directly to the licensee. The licensee should provide the IOI with the appropriate contact information for the DOD personnel who will facilitate the IOI's access to the licensee's premises.

Opening Conference

- The inspection will occur during the licensee's business hours or at an agreed-upon time.
- The IOI will verify the licensee's corporate structure and request current lists of responsible persons and employee possessors.
- The IOI will review all Federal firearms licenses and explosives licenses/permits, special (occupational) tax stamps, and any other licenses or permits necessary to operate. If the licensee services a DOD contract, the IOI may ask about the terms of the contract as necessary.
- The IOI will review any variances held by the licensee.
- The IOI may request more specifics on the licensee's business operations – including information on U.S. Government sales, direct commercial sales (including foreign government sales), manufacturing or importing activities, subcontractors, and shipping procedures – in order to streamline the on-site inspection and make a determination between commercial products and goods destined for DOD use.
- The IOI may request a tour of the facility to become familiar with the location of records, storage facilities, etc.
- If the inspected company is a Federal explosives licensee or permittee, the IOI will request a plat plan. If permissible, the IOI will take photographs to validate the plat plan and table of distances.
- The IOI may request other supplemental records, including Department of Defense magazine information, DODIC numbers, safety data cards, State Department Directorate of Defense Trade Controls registration information, purchase orders, shipping documents, bills of lading, invoices, DSP-5, DD1348 – Issue Release Documents, DD1149- Requisition and Invoice Shipping Documents, DD 250 – Material Inspection and Receiving Reports, documentation that Certified Statements of Use were provided to suppliers, and other records.

Records/Inventory/Storage Review

For firearms:

- The IOI will review the licensee's Acquisition and Disposition Record and related records for accuracy and completeness regarding commercial production. The IOI will also examine the records to verify exemptions. (Manufacturing firearms on behalf of the U.S. Government is not an exempt activity.)

- For firearms manufacturers, the IOI will review the Manufacturer Acquisition and Disposition Record. The IOI may ask to see the annual National Firearms Act (NFA) exemption letter if the licensee is manufacturing NFA weapons for the U.S. Government, and the IOI will validate exemptions if and when applicable.
- The IOI will conduct a physical inventory and reconcile it against the Acquisition and Disposition Record and the Daily Summary of Magazine Transactions, if applicable. This will help the IOI distinguish between Department of Defense exempt products/storage and commercial products.
- The IOI may request documentation to confirm that items are exempt under Title 27, Code of Federal Regulations, Parts 478.141 and 555.141.
- The IOI will request to see any applicable variances for residual completed munitions (e.g., remnants and rejects) that are not part of a U.S. Government contract and are not marked, registered, or stored properly.
- The IOI will review Importer Forms 6 and 6A.
- The IOI will examine NFA Forms 2, 3, 5, and 9 and will compare those documents with the licensee's Acquisition and Disposition Record and the National Firearms Registration and Transfer Record.

For non-exempt explosives:

- The IOI will review the licensee's Acquisition and Disposition Record and related records for accuracy and completeness.
- The IOI will conduct a physical inventory and reconcile it against the Acquisition and Disposition Record and the Daily Summary of Magazine Transactions.
- The IOI will inspect explosives storage magazines and process buildings.
- The IOI will verify that products originally manufactured as explosives and then manufactured into a destructive device appear in both the explosives and firearms Acquisition and Disposition records or records of manufacture. The IOI will also verify commercial markings and markings pertaining to a DOD contract.
- The IOI will request to see applicable variances for residual completed munitions (remnants and rejects) that are not part of a U.S. Government contract and are not marked, registered, or stored properly.

Closing Conference

The IOI will hold a closing conference with a Responsible Person to discuss inspection findings. If violations are found, the IOI will issue a Report of Violations and discuss it with the licensee.