

**FY 2008
Performance Summary Report**

**Office of National Drug Control Policy
March 2009**



FY 2007 Performance Summary Report

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UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF SAFE AND DRUG-FREE SCHOOLS

FEB 2 2009

Edward H. Jurith
Acting Director
Office of National Drug Control Policy
Executive Office of the President
Washington, D.C. 20500

Dear Mr. Jurith:

In accordance with the Office of National Drug Control Policy (ONDCP) Circular *Drug Control Accounting*, enclosed please find detailed information about performance-related measures for key drug control programs administered by the U.S. Department of Education contained in the *U.S. Department of Education's Performance Summary Report for Fiscal Year 2008*, along with the Department of Education Assistant Inspector General's authentication of the management assertions included in that report.

Please do not hesitate to contact me if you have any questions about this information.

Sincerely,

A handwritten signature in cursive script, appearing to read "W. Modzeleski".

William Modzeleski
Assistant Deputy Secretary (Acting)

Enclosure #1: Department of Education Performance Summary Report for Fiscal Year 2008, dated January 28, 2009

Enclosure #2: Authentication letter from Keith West, Assistant Inspector General for Audit Services, dated January 30, 2009

cc: Keith West

400 MARYLAND AVE., S.W., WASHINGTON, D.C. 20202
www.ed.gov

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

January 30, 2009

MEMORANDUM

To: William Modzeleski
Acting Assistant Deputy Secretary
Office of Safe and Drug-Free Schools

From: Keith West *Keith West*
Assistant Inspector General for Audit Services

Subject: Office of Inspector General's Independent Report on the *U.S. Department of Education's Performance Summary Report for Fiscal Year 2008*, dated January 28, 2009

Attached is our authentication of management's assertions contained in the *U.S. Department of Education's Performance Summary Report for Fiscal Year 2008*, dated January 28, 2009, as required by section 705(d) of the Office of National Drug Control Policy (ONDCP) Reauthorization Act of 1998 (21 U.S.C. § 1704(d)).

Our authentication was conducted in accordance with the guidelines stated in the Office of National Drug Control Policy Circular: *Drug Control Accounting*, dated May 1, 2007.

If you have any questions or wish to discuss the contents of this authentication, please contact Michele Weaver-Dugan, Director, Operations Internal Audit Team, at (202) 245-6941.

Attachment



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF INSPECTOR GENERAL

January 30, 2009

Office of Inspector General's Independent Report on the U.S. Department of Education's
Performance Summary Report for Fiscal Year 2008, dated January 28, 2009

We have reviewed management's assertions contained in the accompanying Performance Summary Report, titled *Department of Education Performance Summary Report for Fiscal Year 2008*, dated January 28, 2009. The U.S. Department of Education's management is responsible for the Performance Summary Report and the assertions contained therein.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion.

We performed review procedures on the "Performance Summary Information," "Assertions," and "Criteria for Assertions" contained in the accompanying Performance Summary Report. In general, our review procedures were limited to inquiries and analytical procedures appropriate for our review engagement. We did not perform procedures related to controls over the reporting system noted in the attached report.

Based on our review, nothing came to our attention that caused us to believe that management's assertions, contained in the accompanying Performance Summary Report, are not fairly stated in all material respects, based upon the Office of National Drug Control Policy Circular: *Drug Control Accounting*, dated May 1, 2007.

Keith West

Keith West
Assistant Inspector General for Audit Services

Department of Education



Performance Summary Report

Fiscal Year 2008

In Support of the

National Drug Control Strategy

As required by ONDCP Circular: *Drug Control Accounting*

January 28, 2009

Department of Education

Performance Summary Report for Fiscal Year 2008

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UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF SAFE AND DRUG-FREE SCHOOLS

JAN 28 2009

Ms. Mary Mitchelson
Inspector General (Acting)
U.S. Department of Education
400 Maryland Avenue, S.W.
Washington, DC 20202-1510

Dear Ms. Mitchelson:

As required by Office of National Drug Control Policy (ONDCP) Circular *Drug Control Accounting*, enclosed please find detailed information about performance-related measures for key drug control programs administered by the U.S. Department of Education, in accordance with the guidelines in the circular dated May 1, 2007. This information covers the Safe and Drug-Free Schools and Communities program, which is the Department's only Drug Control Budget Decision Unit displayed in the *National Drug Control Budget Summary*.

Consistent with the instructions in the ONDCP Circular, please provide your authentication to me in writing and I will transmit it to ONDCP along with the enclosed Performance Summary Report. As you know, ONDCP requests these documents by February 1, 2009 if possible. Please do not hesitate to contact me if you have any questions about the enclosed information.

Sincerely,

A handwritten signature in cursive script that reads "W. Modzeleski".

William Modzeleski
Acting Assistant Deputy Secretary for
Safe and Drug-Free Schools

400 MARYLAND AVE., S.W., WASHINGTON, D.C. 20202
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Performance Summary Information

Safe Schools/Healthy Students

Measure 1: The percentage of grantees demonstrating a decrease in substance abuse over the three-year grant period. (Safe Schools/Healthy Students – FY 2004, 2005, and 2006 cohorts)

Table 1

Cohort	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
2004	n/a	n/a	75	66.7	90	pending	n/a
2005	n/a	n/a	n/a	43.75	86.25	pending	n/a
2006	n/a	n/a	n/a	n/a	maintain a baseline	66.67	76.67%

The measure. This performance measure is for the Safe Schools/Healthy Students initiative, a joint project of the Departments of Education, Health and Human Services, and Justice. The initiative provides grants to local educational agencies (LEAs) to support the development and implementation of a comprehensive plan designed to prevent student drug use and violence and support healthy youth development.

This measure, one of four for this initiative, focuses on one of the primary purposes of the initiative – reduced student drug use. The initiative, and this measure, are directly related to the National Drug Control Strategy's goal of preventing drug use before it begins. Grantees select and report on one or more measures of prevalence of drug use for students. For the FY 2004 – 2006 cohorts, those grantee measures are not common across grant sites but, rather, reflect priority drug use problems identified by sites.

FY 2008 Performance Results. Because the measure is established to look at progress over the three-year grant period, it has just a single target for the third year of implementation of each cohort. Sites were not required to provide or collect baseline data at the time of application or before program interventions were implemented, so grantees provide baseline data for their selected measures related to drug use after year one (for example in FY 2005 for the FY 2004 cohort). Grantees from the FY 2004 cohort generally completed no-cost extension years and will be providing GPRA data in final grantee reports that were due at the end of December 2008. Those data will be aggregated later in FY 2009 to determine if the FY 2007 target for the cohort has been met. The FY 2005 cohort of grantees is also operating under no-cost extensions. Final GPRA data for this cohort will be submitted at the end of December 2009. First performance results for the FY 2006 cohort are included in the table above.

FY 2009 Performance Targets. Targets for the two earliest cohorts were initially established before any performance data for this measure were received, and represented our judgment at the time, given the significant size of SS/HS grants and the emphasis on research-based programs that is central to the initiative. We elected in 2008 to revise the target for the FY 2005 cohort for this measure based on the actual performance to date (implementation year two) of the FY 2004 cohort. Based on our professional judgment, it seemed that the revised target of 86.25 percent was appropriately aggressive and that attaining that target would be a meaningful outcome for the program, while acknowledging that our target for the initial (FY 2004) cohort may have been unrealistic. In 2008 we also developed revised targets for the FY 2006 cohort, again, based on the limited data currently available for this measure.

Our ability to establish appropriate targets for this program has also been impacted by challenges associated with the quality of data supplied by grant sites. A significant number of sites have failed to provide valid data for this and some other SS/HS measures. Through technical assistance activities we have achieved some improvements in data quality for some sites, but have not completed a full grant cycle with cohorts that have received early and more intensive technical assistance.

Subsequently, we have adopted revised GPRA measures for this initiative beginning with the FY 2007 cohort and will establish 2009 targets for sites in that cohort shortly.

Methodology. Data are collected by grantees, generally using student surveys. Data are furnished in the second of two semi-annual performance reports provided by grantees each project year. If grantees identified more than one measure of drug abuse or provided data for individual school-building types (for example, separate data for middle and high schools), grantees were considered to have experienced a decrease in substance abuse if data for a majority of measures provided reflected a decrease. If a grant site provided data for an even number of measures and half of those measures reflected a decrease and half reflected no change or an increase, that grant site was judged not to have demonstrated a decrease in substance abuse. The response rate for the FY 2004 cohort for this measure was 35 percent. While most sites were able to provide some data related to this measure, we considered as valid data only data from sites that used the same elements/items in each of years one and two. Nearly 80 percent of grantees from the FY 2006 cohort were able to provide valid data for this measure.

If data for this measure are not available at the time that performance reports are submitted, staff follow up with sites to attempt to obtain data for the measure. Grantees that fail to provide data are not included in the tabulation of data for the measures. Also, grantees that did not provide data for two consecutive project years (so that we could determine if a decrease in substance abuse had occurred) are not included in data reported for the measure. Authorized representatives for the grant site sign the annual performance report and, in doing so, certify that to the best of the signers' knowledge and belief, all data in the performance report are true and correct and that the report fully discloses all known weaknesses concerning the accuracy, reliability, and

completeness of the data included. Generally, the Department relies on the certification concerning data supplied by grantees and does not conduct further reviews.

Targets were established for this measure after the baseline data for the FY 2004 cohort were provided. Based on the available results for this first cohort, targets for future cohorts have been adjusted. For example, the targets for the FY 2005 and 2006 cohorts were adjusted in 2008.

Student Drug Testing

Measure 2: The percentage of student drug testing grantees that experience a 5 percent reduction in current (30-day) illegal drug use by students in the target population. (Student Drug Testing – FY 2003, 2005, 2006, and 2007 cohorts—no new grants were awarded under this program in FY 2004)

Table 2

Cohort	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
2003	n/a	n/a	33	25	n/a	n/a	n/a
2005	n/a	n/a	n/a	pending	50	pending	n/a
2006	n/a	n/a	n/a	n/a	50	66.7	60
2007	n/a	n/a	n/a	n/a	33	pending	50

The measure. This measure is one of two measures for the Student Drug-Testing Programs grant competition. The competition provides discretionary grants to LEAs, community-based organizations, or other public and private entities to support implementation of drug testing of students, consistent with the parameters established by the U.S. Supreme Court or for students and their families that voluntarily agree to participate in the student drug testing program.

This measure is directly related to the National Drug Control Strategy's goal related to preventing drug use before it starts. Student drug testing has been prominently featured in recent annual versions of the strategy as a recommended drug prevention intervention.

FY 2008 Performance Results. FY 2007 data for the FY 2003 cohort were submitted as part of final reports for these grants, and the aggregate of those data is included in the chart above.

In FY 2008 we completed a preliminary review of data submitted by the FY 2005 cohort for this measure and identified significant concerns about the quality and comparability of the data. Grant sites have reported on prevalence rates for a variety of illegal drugs and have not always provided data from the same items/elements across project years one and two. Also, some sites surveyed their entire student population and others

surveyed only students in the testing pool. Based on these concerns, we obtained assistance from the U.S. Department of Education's Data Quality Initiative contractor. With their help, we created and disseminated detailed data collection and reporting guidance for the program, as well as data standards that we will use to determine what constitutes valid data for this measure, and disseminated this guidance to the new cohort of 2008 grantees. Based on that guidance, as well as data quality and aggregation checks, in FY 2009 we will begin aggregating available data from the FY 2007 and 2008 cohorts and record those data in the Department's software that houses GPRA measures and data.

Data for the FY 2006 cohort come from the evaluation being conducted for the Department of Education by a contractor. Data for this cohort were collected by the contractor in 2007 and again in 2008; the data reported in the chart above reflects the results of student surveys administered by the contractor.

FY 2009 Performance Targets. We established targets for the percentage of grantees experiencing a 5 percent reduction in current illegal drug use after reviewing the first two years of data for the FY 2003 cohort of grant sites. Consistent with research that suggests that changes in student behavior related to student drug testing may not be realized immediately, we assumed that we could look for an increased number of grantees to experience positive change and, using our professional judgment, set that target at 50 percent of grantees. Although we have received data for three project years from a single cohort of sites (the FY 2003 cohort), the information provided by the grantees did not provide an adequate basis for revisiting targets for future cohorts. This cohort was very small (eight grantees), and also experienced extensive delays in implementation and data collection activities. Because only a handful of grantees were able to eventually provide data specific to the measure, we do not believe that it would be appropriate to base expectations about the performance of other cohorts on this limited information.

Similar problems with data quality for the FY 2005 cohort of grant sites mean that data from that cohort will not be helpful in determining if targets for the program will need to be readjusted. Challenges with data quality have resulted in only a very limited proportion of grant sites that provided approximately comparable data. Conversely, because the data from the evaluation are being collected by a contractor using comparable survey items and collection procedures (in contrast to the varying procedures used by individual grant sites in the other cohorts), data for the 2006 cohort does not provide an appropriate basis for making adjustments in existing targets under the program for the FY 2007 cohort. As a result, we have retained the established FY 2009 target for the FY 2007 cohort of grantees at this time.

We need to establish a revised FY 2009 target for this measure for the FY 2006 cohort of grant sites since FY 2008 performance already exceeds the current FY 2009 target. We will consider the data collected and reported by the contractor about changes in the illegal drug use in grant sites, in conjunction with the limited information about performance of other cohorts in this grant program to establish an appropriate FY 2009

target for this cohort.

Methodology With the exception of the FY 2006 cohort, data are collected by grantees using student surveys. Data are provided as part of the grantees' annual performance reports. Grantees do not use the same survey items to collect data for this measure but, rather, self-select survey items (often from surveys already administered) in order to provide these data. Survey items may relate to different substances, but must collect information concerning current use in order to be included in the data reported for this measure. Grantees did not provide baseline data in their applications, so we have to wait until grantees provide data both from project year one and two in order to determine if they have experienced a decrease in substance abuse. For the FY 2003 cohort, project implementation was delayed for one full year while grantees sought needed institutional review board clearance to drug test students, so performance data were initially received in 2005 and 2006. Only 3 of 8 grantees provided comparable data across the first two years of their project. The FY 2005 cohort of grant sites has also provided data, but similarly of questionable quality; therefore, data from many sites cannot be included in aggregating data for the cohort, resulting in only a partial picture of grantee progress.

Authorized representatives for the grant site sign the annual performance report and, in doing so, certify that to the best of the signer's knowledge and belief, all data in the performance report are true and correct and that the report fully discloses all known weaknesses concerning the accuracy, reliability, and completeness of the data included. Generally, the Department relies on the certification concerning data supplied by grantees and does not conduct further reviews.

Data for the FY 2006 cohort are being collected as part of an evaluation of student drug testing. Data for the measures are being collected by the evaluation contractor, using common survey items and collection procedures. Survey responses are analyzed by the contractor and data are provided to the Department.

The anticipated levels of decrease in substance abuse are consistent with those included in the National Drug Control Strategy – five percent per year. Targets were initially established following the report of baseline data for grant sites from the FY 2003 cohort. As discussed above, we do not currently have data of sufficient quality to support adjustment of targets for this program at this time.

Measure 3: The percentage of student drug testing grantees that experience a 5 percent reduction in past-year illegal drug use by students in the target population. (Student Drug Testing – FY 2003, 2005, 2006, and 2007 cohorts—no new grants were awarded under this program in FY 2004)

Table 3

Cohort	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
2003	n/a	n/a	25	0	n/a	n/a	n/a
2005	n/a	n/a	n/a	pending	50	pending	n/a
2006	n/a	n/a	n/a	n/a	50	55.5	60
2007	n/a	n/a	n/a	n/a	33	pending	50

The measure. This measure is one of two measures for the Student Drug-Testing Programs grant competition. The competition provides discretionary grants to LEAs, community-based organizations, or other public and private entities to support implementation of drug testing of students, consistent with the parameters established by the U.S. Supreme Court or for students and their families that voluntarily agree to participate in the student drug testing program.

This measure is directly related to the National Drug Control Strategy's goal related to preventing drug use before it starts. Student drug testing has been prominently featured in recent annual versions of the strategy as a recommended drug prevention intervention.

FY 2008 Performance Results. FY 2007 data for the FY 2003 cohort were submitted as part of final reports for these grants and the aggregate of those data is included in the chart above.

In FY 2008 we completed a preliminary review of data submitted by the FY 2005 cohort for this measure and identified significant concerns about the quality and comparability of the data. Grant sites have reported on prevalence rates for a variety of illegal drugs and have not always provided data from the same items/elements across project years one and two. Also, some sites surveyed their entire student population and others surveyed only students in the testing pool. Based on these concerns, we obtained assistance from the U.S. Department of Education's Data Quality Initiative contractor. With their help, we created and disseminated detailed data collection and reporting guidance for the program, as well as data standards that we will use to determine what constitutes valid data for this measure, and disseminated this guidance to the new cohort of 2008 grantees. Based on that guidance, as well as data quality and aggregation checks, in FY 2009 we will begin aggregating available data from the FY 2007 and FY 2008 cohorts and record those data in the Department's software that houses GPRA measures and data.

Data for the FY 2006 cohort come from the evaluation being conducted for the Department of Education by a contractor. Data for this cohort were collected by the contractor in 2007 and again in 2008; the data reported in the chart above reflects the results of student surveys administered by the contractor. An important note is that data supplied for the measure for the 2006 cohort represents student drug use in the six

months prior to the survey (rather than the one-year period called for in the measure.)

FY 2009 Performance Targets. We established targets for the percentage of grantees experiencing a 5 percent reduction in annual illegal drug use after reviewing the first two years of data for the FY 2003 cohort of grant sites. Consistent with research that suggests that changes in student behavior related to student drug testing may not be realized immediately, we assumed that we could look for an increased number of grantees to experience positive change and, using our professional judgment, set that target at 50 percent of grantees. Although we have received data for three project years from a single cohort of sites (the FY 2003 cohort), the information provided by the grantees did not provide an adequate basis for revisiting targets for future cohorts. This cohort was very small (eight grantees), and also experienced extensive delays in implementation and data collection activities. Because only a handful of grantees were able to eventually provide data specific to the measure, we do not believe that it would be appropriate to base expectations about the performance of other cohorts on this limited information.

Similar problems with data quality for the FY 2005 cohort of grant sites mean that data from that cohort will not be helpful in determining if targets for the program will need to be readjusted. Challenges with data quality have resulted in only a very limited proportion of grant sites that provided approximately comparable data. Conversely, because the data from the evaluation are being collected by the contractor using comparable survey items and collection procedures (in contrast to the varying procedures used by individual grant sites in the other cohorts), data for the 2006 cohort does not provide an appropriate basis for making adjustments in existing targets under the program for the FY 2007 cohort. As a result, we have retained the established FY 2009 target for the FY 2007 cohort of grantees.

Methodology With the exception of the FY 2006 cohort, data are collected by grantees using student surveys. Data are provided as part of the grantees' annual performance reports. Grantees do not use the same survey items to collect data for this measure but, rather, self-select survey items (often from surveys already administered) in order to provide these data. Survey items may relate to different substances, but must collect information concerning annual use in order to be included in the data reported for this measure. Grantees did not provide baseline data in their applications, so we have to wait until grantees provide data both from project year one and two in order to determine if they have experienced a decrease in substance abuse. For the FY 2003 cohort, project implementation was delayed for one full year while grantees sought needed institutional review board clearance to drug test students, so performance data were initially received in 2005 and 2006. Only three of eight grantees provided comparable data across the first two years of their project. The FY 2005 cohort of grant sites has also provided data, but similarly of questionable quality; therefore, data from many sites cannot be included in aggregating data for the cohort, resulting in only a partial picture of grantee progress.

Authorized representatives for the grant site sign the annual performance report and, in

doing so, certify that to the best of the signer's knowledge and belief, all data in the performance report are true and correct and that the report fully discloses all known weaknesses concerning the accuracy, reliability, and completeness of the data included. Generally, the Department relies on the certification concerning data supplied by grantees and does not conduct further reviews.

Data for the FY 2006 cohort are being collected as part of an evaluation of student drug testing. Data for the measures are being collected by the evaluation contractor, using common survey items and collection procedures. Survey responses are analyzed by the contractor and data are provided to the Department.

The anticipated levels of decrease in substance abuse are consistent with those included in the National Drug Control Strategy – five percent per year. Targets were initially established following the report of baseline data for grant sites from the FY 2003 cohort. As discussed above, we do not currently have data of sufficient quality to support adjustment of targets for this program at this time.

Safe and Drug-Free Schools and Communities State Grants

Measure 4: The percentage of students in grades 9-12 who were offered, sold, or given an illegal drug on school property during the past 12 months. (Safe and Drug-Free Schools and Communities State Grants)

Table 4

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
None	25.4	None	22.3	None	None	26

The measure. This measure is one of three measures directly related to reducing student drug or alcohol use for the Safe and Drug-Free Schools and Communities (SDFSC) State Grants. This formula grant program provides funds to the States, based on school-aged population and the State's relative share of Elementary and Secondary Education Act Title I concentration grant funds, to support drug and violence prevention programs. The measure directly relates to the National Drug Control Strategy Goal of preventing youth drug use by focusing on the extent to which illegal drugs are available on school property.

FY 2008 Performance Results. There is no target and no data collected for this measure in FY 2008 because data are collected only in odd-numbered years.

FY 2009 Performance Targets. The target identified for this measure in FY 2009 is currently 26 percent. Given the FY 2007 results, ED will need to revise the target to reflect the progress achieved in FY 2007.

Methodology. Data for this measure are collected from a nationally representative

sample of students in grades 9-12 as part of the Youth Risk Behavior Surveillance System (YRBSS), sponsored by the Centers for Disease Control and Prevention (CDC). Data are collected in odd years and reported in the following even years. No data are collected for even years and, as a result, no targets have been established for even years.

Detailed information about the methodology used to sample and report data for the YRBSS is available at the CDC website at: <http://www.cdc.gov/mmwr/preview/mmwrhtml/ss5505a1.htm>. We rely on the assertions provided about methodology presented by CDC in using this data to report on performance of SDFSC State Grants.

Measure 5: The percentage of students in grades 9-12 who used marijuana one or more times during the past 30 days. (SDFSC State Grants)

Table 5

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
None	20	None	19.7	None	None	18

The measure. This measure is one of three measures directly related to reducing student drug and alcohol use for SDFSC State Grants. This formula grant program provides funds to the States, based on school-aged population and the State's relative share of Elementary and Secondary Education Act Title I concentration grant funds, to support drug and violence prevention programs. The measure is directly related to the National Drug Control Strategy Goal of preventing youth drug use by focusing on the extent of current use by high school aged-youth of the most prevalent illegal drug.

FY 2008 Performance Results. This is no target and no data for this measure in FY 2008 because data are collected only in the odd-numbered years.

FY 2009 Performance Targets. The target for this measure in FY 2009 is 18. Given the limited progress made toward achieving the established target level in FY 2007, we do not plan to revise this target.

Methodology. Data for this measure are collected from a nationally representative sample of students in grades 9-12 as part of the Youth Risk Behavior Surveillance System (YRBSS), sponsored by the Centers for Disease Control and Prevention (CDC). Data are collected in odd years and reported in the following even years. No data are collected for even years and, as a result, no targets have been established for even years.

Detailed information about the methodology used to sample and report data for the YRBSS is available at the CDC website at: <http://www.cdc.gov/mmwr/preview/mmwrhtml/ss5505a1.htm>. We rely on the assertions

provided about the methodology presented by CDC in using this data to report on performance of SDFSC State Grants.

Measure 6: The percentage of students in grades 9-12 who had five or more drinks of alcohol in a row one or more times during the past 30 days. (SDFSC State Grants)

Table 6

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
None	26	None	26	None	None	25

The measure. This measure is one of three measures related to reducing student drug or alcohol use for SDFSC Grants. This formula grant program provides funds to the States, based on school-aged population and the State's relative share of Elementary and Secondary Education Act Title I concentration grant funds, to support drug and violence prevention programs. The measure is directly related to the National Drug Control Strategy Goal of preventing youth drug use by focusing on the prevalence of binge drinking by high school aged-students. While alcohol is not explicitly an emphasis of the National Drug Control Strategy, illegal use of alcohol can be associated with use of other illegal drugs.

FY 2008 Performance Results. There is no target and no data for measure in FY 2008 because data are collected only in the odd-numbered years.

FY 2009 Performance Targets. The target for this measure for FY 2009 is 25. Given that there was no change in the data for this measure between 2005 and 2007, we do not plan to revise the target for FY 2009.

Methodology. Data for this measure are collected from a nationally representative sample of students in grades 9-12 as part of the Youth Risk Behavior Surveillance System (YRBSS), sponsored by the Centers for Disease Control and Prevention (CDC). Data are collected in odd years and reported in the following even years. No data are collected for even years and as a result no targets have been established for even years.

Detailed information about the methodology used to sample and report data for the YRBSS is available at the CDC website at: <http://www.cdc.gov/mmwr/preview/mmwrhtml/ss5505a1.htm>. We rely on the assertions provided about the methodology presented by CDC in using this data to report on performance of SDFSC State Grants.

Measure 7: The percentage of drug and violence prevention programs/practices supported with SDFSC State Grant funds that are research based. (SDFSC State Grants)

Table 7

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
None	7.8	None	None	None	n/a	13

The measure. This measure examines the extent to which programs and practices supported with SDFSC State Grant funds are based on research. The measure supports attainment of National Drug Control Strategy goals by focusing on the quality of programs supported with SDFSC State Grants funds and the likelihood that the programs will reduce or prevent youth drug use. The 2005 data constitute the baseline for this measure.

FY 2008 Performance Results. No FY 2008 target is in effect for this measure in FY 2008; data will be collected in 2009 for this measure.

FY 2009 Performance Targets. A contract to collect data to implement this measure could not be issued in time to permit data collection during FY 2008 as originally scheduled. As a result, we established a 2009 target against the 2005 baseline that is a linear extrapolation of a previously established FY 2008 target for this measure. The next data collection is scheduled to collect information about programs implemented during the 2008-2009 school year.

Methodology. Baseline data for this measure were collected from a nationally representative sample of schools under a contract supported by ED. As a first step, the contractor developed a large list of research-based programs and then screened those programs to identify programs that were relevant to the SDFSC State Grants program; had at least two empirical studies completed that met stringent methodological standards; had implementation materials available; used at least two independent samples in program evaluations; and demonstrated an adequate level of program effectiveness.

The contractor collected data for the measure using surveys of national probability samples of public elementary and secondary schools and the school districts with which they were associated. The surveys – conducted using both mail and web-based approaches – gathered information on prevention programs operating during the 2004-2005 school year. Survey information was collected between fall 2005 and spring 2006.

The sample design included 2,500 districts, and nearly 6,000 schools that were sampled from the 2,500 districts. The contractor used the National Assessment of Educational Progress (NAEP) national sample frame. The NAEP sample frame is derived from the 2003-2004 National Center for Education Statistics Common Core of Data (CCD) Public Elementary and Secondary School Universe and Agency files. Using the NAEP sample frame allowed the contractor to take advantage of edits already made to the CCD files (for example eliminating administrative school districts from the sample frame).

Survey instruments used included 89 prevention programs; respondents were also able to write in any programs omitted from those listed. The contractor received responses from 91 percent of the districts included in the sample and 86 percent of schools.

The study conducted by the contractor to obtain data for this measure has some limitations that are the result of both the research synthesis and survey data collections. Despite significant efforts to be comprehensive, it is possible that the literature searches used may not have identified some published studies on prevention programs and, as a result, the number of research-based program may be understated.

Some other study limitations pertain to the quality of data collected via the surveys. Recall problems and responses from less knowledgeable respondents in some schools and districts (particularly among schools and districts that provided information late in the collection period) may have affected the quality of data. Schools may have also over-reported the prevention programs operating in their schools if respondents confused the specific named program in the survey with other similarly named but different programs.

Measure 8: The percentage of drug and violence prevention curriculum programs that are implemented with fidelity. (SDFSC State Grants)

Table 8

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
None	44.3	None	None	None	n/a	53.1

The measure. This measure examines the extent to which research-based curriculum programs supported with SDFSC State Grant funds are implemented with fidelity. The measure supports attainment of National Drug Control Strategy goals by focusing on the quality of implementation of the research-based programs and practices supported with SDFSC State Grants funds, and the corresponding likelihood that the programs will reduce or prevent youth drug use. The 2005 data constitute the baseline for this measure.

FY 2008 Performance Results. No FY 2008 target is in effect for this measure; data will be collected in 2009 for this measure.

FY 2009 Performance Targets. A contract to collect data to implement this measure could not be issued in time to permit data collection during FY 2008 as originally scheduled. As a result, we established a 2009 target against the 2005 baseline that is a linear extrapolation of a previously established FY 2008 target for this measure. The next data collection is scheduled to collect information about programs implemented during the 2008-2009 school year.

Methodology. Baseline data for this measure were collected from a nationally representative sample of schools under a contract supported by ED. Data were collected in the fall of 2006, and reflected information about programs and practices implemented during the 2004-2005 school year. The contractor developed a list of research-based programs and compared information about programs and practices being implemented with SDFSC State Grants funds with the list of research-based program and practices. (See discussion for Measure 7)

The contractor then followed up with a subset of respondents to examine the extent to which research-based programs and practices were implemented in a manner consistent with implementation keys for individual programs (as determined by program developers). The contractor focused its review on the 10 programs (from the list of 21 research-based programs) that were implemented most frequently by respondents in the initial phase of the study.

The contractor mailed copies of questionnaires to principals and program implementers to each school that reported operating at least one research-based program in the response to the earlier survey. The response rate for the questionnaire supplied to program implementers was 78 percent; the response rate for questionnaires completed by principals was 70 percent.

The study developed program-specific measures of quality implementation for each of the research-based programs identified by the study. The standards were based on program developer's specifications for individual programs. Aspects of implementation considered included issues such as frequency of student participation; number of lessons delivered; and topics covered. Based on applying these quality standards to data supplied on the two questionnaires, the contractor identified the percentage of research-based programs that were implemented according to the standards identified by the program developer (which the study refers to as being implemented with "fidelity").

This aspect of the study has some limitations related to the application of the program-specific standards used for assessing the quality of program implementation to responses provided from respondents concerning their program implementation. Valid measurement of quality of implementation required that a program developer's program specifications be applied to implementer reports on that specific program. In some cases, responses raised questions about whether respondents were reporting on the correct program. Study staff worked to confirm that implementers were reporting on the correct program; in cases where the implementer reported on the wrong program, that report was considered invalid and not included in the final data. If responses suggested that the program implementer reported on the wrong program and confirmation could not be made, those cases were also excluded from analyses.

Similar problems occurred for programs that had multiple components or different versions that are implemented for different ages or grade levels. Study staff reviewed program materials for different components or versions and worked to identify the

program standards most closely related to the various components or versions. If a meaningful standard for a component or measure could be developed, the case was included in the analyses; if not, the program was omitted.

Limitations related to data quality from questionnaires also exist. Because a substantial number of cases were ineligible for inclusion in the study analyses for the reasons described above, the number of valid cases was reduced, leading in turn to decreased precision in estimates and larger than expected standard errors and confidence intervals. Similar recall problems caused by the gap between program implementation and data collection (as discussed for the previous measure) may have also impacted data quality. Finally, the quality of reports varied by the extent to which respondents were in a position to observe actual implementation and intentionally bias reports. Program implementers may have difficulty in providing objective information about programs they are responsible for establishing. However, previous research using similar measures suggests that this "social desirability" bias is likely to be low.

Grants to Reduce Alcohol Abuse

Measure 9: The percentage of grantees whose target students show a measurable decrease in binge drinking. (Grants to Reduce Alcohol Abuse Program – FY 2004, 2005 and FY 2007 cohorts – no new grants were awarded under this program in FY 2006.)

Table 9

Cohort	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
2004	n/a	n/a	50	pending	n/a	n/a	n/a
2005	n/a	n/a	n/a	65	75	pending	n/a
2007	n/a	n/a	n/a	n/a	set a baseline	61.5	baseline + 25%(76.87)

The measure. This measure examines a key outcome for the Grants to Reduce Alcohol Abuse (GRAA) program – reduction in binge drinking for the target population. While the National Drug Control Strategy is focused most intensively on preventing the use of controlled substances, the strategy does address the role of alcohol as a drug of choice for teenagers. Data do suggest that early use of alcohol is more likely to result in heavy later use of alcohol.

FY 2008 Performance Results. Actual performance data for the FY 2004 cohort will be contained in final reports for these grant projects, which were due at the end of December 2008. Data supplied by grantees in these reports will be aggregated by the Department and be available in early 2009. Grantees from the FY 2005 cohort are currently operating in no-cost extensions; generally, their final reports are due at the end

of 2009. Data will be aggregated and available in March 2010.

We did not establish a FY 2008 target for the FY 2007 cohort because we were not certain that grantees would be able to provide both baseline data and year one performance data in their first annual performance report. However grantees were generally able to provide these data, and we will use them to establish an FY 2009 target for this cohort. Performance for this measure for this cohort after a single year of implementation was almost equal to that of the prior cohort after two years.

FY 2009 Performance Targets. We established an FY 2009 target for the FY 2007 cohort based on the performance of prior cohorts. Since this cohort achieved performance levels after one year that were close to those met after two years by a prior cohort, we plan to revisit the FY 2009 target for the FY 2007 cohort and enter the target into ED's software for recording measures, targets and actual results before the deadline for revisions to FY 2009 targets.

Methodology. Data for this measure are collected by grantees and reported as part of annual performance reports. If data for this measure are not available at the time that performance reports are submitted, staff follow up with sites to attempt to obtain data for the measure. Grantees that fail to provide data are not included in the tabulation of data for the measures. Also, grantees that did not provide data for two consecutive project years (so that we could determine if a decrease in binge drinking had occurred) are not included in the aggregate data reported for the measure. Authorized representatives for the grant site sign the annual performance report and, in doing so, certify that to the best of the signer's knowledge and belief, all data in the performance report are true and correct and that the report fully discloses all known weaknesses concerning the accuracy, reliability, and completeness of the data included. Generally, the Department relies on the certification concerning data supplied by grantees and does not conduct further reviews.

ED does not mandate data collection protocols or instruments for grantees. Grantees select a survey item that reflects the concept of binge drinking, and collect and report data about that survey item as part of their performance reports. As a result, data are not comparable across grant sites, but individual grant sites are required to use the same survey items across performance periods.

Applicants are not required to furnish baseline data as part of their applications. Data supplied after year one are considered baseline data for the projects. Projects require two years of data in order to determine if a decrease in binge drinking among target students has occurred.

We have provided significantly increased guidance and technical assistance beginning for the FY 2007 cohort, and believe that these efforts have produced data that are of higher quality and more comparable across sites than those of previous cohorts.

Measure 10: The percentage of grantees that show a measurable increase in the

percentage of target students who believe that alcohol abuse is harmful to their health. (Grants to Reduce Alcohol Abuse – FY 2004, 2005, and 2007 cohorts)

Table 10

Cohort	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
2004	n/a	n/a	55.6	pending	n/a	n/a	n/a
2005	n/a	n/a	n/a	70	80	pending	n/a
2007	n/a	n/a	n/a	n/a	set a baseline	69.2	baseline + 25% (86.5)

The measure. This measure examines a key outcome for the Grants to Reduce Alcohol Abuse (GRAA) program – perception of health risk for alcohol abuse among target students. While the National Drug Control Strategy is focused most intensively on preventing the use of controlled substances, the Strategy does address the role of alcohol use as a drug of choice for teenagers. Data do suggest that changes in perceptions about risks to health resulting from alcohol use are positively correlated with reductions in alcohol use.

FY 2008 Performance Results. Actual performance data for the FY 2004 cohort will be contained in final reports for these grant projects, which were due at the end of December 2008. Data supplied by grantees in these reports will be aggregated by the Department and be available in early 2009. Grantees from the FY 2005 cohort are currently operating in no-cost extensions; generally, their final reports are due at the end of 2009. Data will be aggregated and available in March 2010.

We did not establish a FY 2008 target for the FY 2007 cohort because we were not certain that grantees would be able to provide both baseline data and year one performance data in their first annual performance report. However grantees were generally able to provide these data, and we will use them to establish an FY 2009 target for this cohort. Performance for this measure for this cohort after a single year of implementation was almost equal to that of the prior cohort after two years.

FY 2009 Performance Targets. We had established an FY 2009 target for the FY 2007 cohort based on the performance of prior cohorts. Since this cohort achieved performance levels after one year that were close to those met after two years by a prior cohort, we plan to revisit the FY 2009 target for the FY 2007 cohort and enter any revised target into ED's software for recording measures, targets and actual results before the deadline for revisions to FY 2009 targets.

Methodology. Data for this measure are collected by grantees and reported as part of annual performance reports. If data for this measure are not available at the time that performance reports are submitted, staff follow up with sites to attempt to obtain data for

the measure. Grantees that fail to provide data are not included in the tabulation of data for the measures. Also, grantees that did not provide data for two consecutive project years (so that we could determine if an increase in the percentage of students who believe that alcohol abuse is harmful to their health had occurred) are not included in the aggregate data reported for the measure. Authorized representatives for the grant site sign the annual performance report and, in doing so, certify that to the best of the signers' knowledge and belief, all data in the performance report are true and correct and that the report fully discloses all known weaknesses concerning the accuracy, reliability, and completeness of the data included. Generally, the Department relies on the certification concerning data supplied by grantees and does not conduct further reviews.

ED does not mandate data collection protocols or instruments for grantees. Grantees select a survey item that reflects the concept of binge drinking, and collect and report data about that survey item as part of performance reports. As a result, data are not comparable across grant sites, but individual grant sites are required to use the same survey items across performance periods.

Applicants are not required to furnish baseline data as part of their applications. Data supplied after year one are considered baseline data for the projects. Projects require two years of data in order to determine if a decrease in binge drinking among target students has occurred.

We have provided significantly increased guidance and technical assistance beginning for the FY 2007 cohort, and believe that these efforts have produced data that are of higher quality and more comparable across sites than those of previous cohorts.

Measure 11: The percentage of grantees that show a measurable increase in the percentage of target students who disapprove of alcohol abuse. (Grants to Reduce Alcohol Abuse – FY 2004 and FY 2005 Cohorts)

Table 11

Cohort	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
2004	n/a	n/a	66.7	pending	n/a	n/a	n/a
2005	n/a	n/a	n/a	71	87	pending	n/a
2007	n/a	n/a	n/a	n/a	set a baseline	69.2	baseline + 25 % (86.5)

The measure. This measure examines a key outcome for the Grants to Reduce Alcohol Abuse (GRAA) program – perception of health risk for alcohol abuse among target students. While the National Drug Control Strategy is focused most intensively on the

preventing the use of controlled substances, the Strategy does address the role of alcohol use as a drug of choice for teenagers. Data do suggest that increases in the percentage of target students who believe that alcohol abuse is not socially acceptable are associated with declines in consumption of alcohol.

FY 2008 Performance Results. Actual performance data for the FY 2004 cohort will be contained in final reports for these grant projects, which were due at the end of December 2008. Data supplied by grantees in these reports will be aggregated by the Department and be available in early 2009. Grantees from the FY 2005 cohort are currently operating in no-cost extensions; generally, their final reports are due at the end of 2009. Data will be aggregated and available in March 2010.

We did not establish a FY 2008 target for the FY 2007 cohort because we were not certain that grantees would be able to provide both baseline data and year one performance data in their first annual performance report. However grantees were generally able to provide these data, and we will use them to establish an FY 2009 target for this cohort. Performance for this measure for this cohort after a single year of implementation was almost equal to that of the prior cohort after two years.

FY 2009 Performance Targets. We had established an FY 2009 target for the FY 2007 cohort based on the performance of prior cohorts. Since this cohort achieved performance levels after one year that were close to those met after two years by a prior cohort, we plan to revisit the FY 2009 target for the FY 2007 cohort and enter the target into ED's software for recording measures, targets and actual results before the deadline for revisions to FY 2009 targets.

Methodology. Data for this measure are collected by grantees and reported as part of annual performance reports. If data for this measure are not available at the time that performance reports are submitted, staff follow up with sites to attempt to obtain data for the measure. Grantees that fail to provide data are not included in the tabulation of data for the measures. Also, grantees that did not provide data for two consecutive project years (so that we could determine if an increase in the percentage of students that disapprove of alcohol abuse had occurred) are not included in the aggregate data reported for the measure. Authorized representatives for the grant site sign the annual performance report, and in doing so, certify that to the best of the signer's knowledge and belief, all data in the performance report are true and correct and that the report fully discloses all known weaknesses concerning the accuracy, reliability, and completeness of the data included. Generally, the Department relies on the certification concerning data supplied by grantees and does not conduct further reviews.

ED does not mandate data collection protocols or instruments for grantees. Grantees select a survey item that reflects the concept of binge drinking, and collect and report data about that survey item as part of performance reports. As a result, data are not comparable across grant sites, but individual grant sites are required to use the same survey items across performance periods.

Applicants are not required to furnish baseline data as part of their applications. Data

supplied after year one are considered baseline data for the projects. Projects require two years of data in order to determine if a decrease in binge drinking among target students has occurred.

We have provided significantly increased guidance and technical assistance beginning for the FY 2007 cohort, and believe that these efforts have produced data that are of higher quality and more comparable across sites than those of previous cohorts.

Assertions

Performance Reporting System

The Department of Education has a system in place to capture performance information accurately and that system was properly applied to generate the performance data in this report. In instances in which data are supplied by grantees as part of required periodic performance reports, the data that are supplied are accurately reflected in this report.

Data related to the drug control programs included in this Performance Summary Report for Fiscal Year 2008 are recorded in the Department of Education's software for recording performance data and are an integral part of our budget and management processes.

Methodology for Establishing Performance Targets

The methodology described in the Performance Summary Report for Fiscal Year 2008 to establish performance targets for the current year is reasonable given past performance and available resources.

Performance Measures for Significant Drug Control Activities

The Department of Education has established at least one acceptable performance measure for each Drug Control Decision Unit identified in its Detailed Accounting of Fiscal Year 2008 Drug Control Funds.

Criteria for Assertions

Data

No workload or participant data support the assertions provided in this report. Sources of quantitative data used in the report are well documented. These data are the most recently available and are identified by the year in which the data was collected.

Other Estimation Methods

No estimation methods other than professional judgment were used to make the

required assertions. When professional judgment was used, the objectivity and strength of those judgments were explained and documented. Professional judgment was used to establish targets for programs until data from at least one grant cohort were available to provide additional information needed to set more accurate targets. We routinely re-evaluate targets set using professional judgment as additional information about actual performance on measures becomes available.

Reporting Systems


Reporting systems that support the above assertions are current, reliable, and an integral part of the Department of Education's budget and management processes. Data collected and reported for the measures discussed in this report are stored in the Department of Education's Visual Performance System (VPS). The VPS includes appropriate disclosures about data quality issues associated with measures. Data from the VPS are used in developing annual budget requests and justifications, and in preparing reports required under the Government Performance and Results Act of 1993.

Tab B



JAN 16 2009

TO: Timothy B. Hill
Director and Chief Financial Officer
Office of Financial Management
Centers for Medicare & Medicaid Services

FROM:  Joseph E. Vengrin
Deputy Inspector General for Audit Services

SUBJECT: Independent Attestation Review: Centers for Medicare & Medicaid Services
Performance Summary Report for National Drug Control Activities for Fiscal
Year 2008 (A-03-09-03000)

The purpose of this report is to provide the results of our attempt to perform an attestation review of the Centers for Medicare & Medicaid Services (CMS) Performance Summary Report for Drug Control Activities and required assertions for fiscal year (FY) 2008.

Pursuant to 21 U.S.C. § 1703(b)(13), each National Drug Control Program agency must submit to the Director of the Office of National Drug Control Policy (ONDCP) an evaluation of the progress of the agency with respect to drug control program goals using the performance measures established for that agency. Section 1703(d)(7) authorizes ONDCP to “monitor implementation of the National Drug Control Program, including – (A) conducting program and performance audits and evaluations.” ONDCP may request “assistance from the Inspector General of the relevant agency in such audits and evaluations.” Section 7 of the ONDCP Circular entitled “Drug Control Accounting,” dated May 1, 2007, provides the reporting requirements to comply with section 1703(b)(13). Section 8 of the ONDCP Circular requires the Office of Inspector General to express a conclusion about the reliability of each assertion made in each Performance Summary Report for National Drug Control Activities.

CENTERS FOR MEDICARE & MEDICAID SERVICES PERFORMANCE MEASURES

ONDCP designated CMS as a National Drug Control Program agency beginning in FY 2008. The FY 2008 Budget Summary of the National Drug Control Strategy (dated February 2007) indicated that CMS was adding health care procedure codes covering alcohol and drug screening and brief intervention, with anticipated State implementation in FY 2008. Using actuarial data, CMS and ONDCP estimated FY 2008 expenditures under these codes at \$75 million. CMS did not develop performance measures for the implementation and use of the procedure codes; the ONDCP Budget Summary stated that such measures “will be identified after the program is

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established.” CMS did not submit a Drug Control Activities Performance Summary Report or related assertions for FY 2008. ONDCP advised us that it expected no accounting report from CMS (apparently because the National Drug Control Strategy Budget Summary contained only actuarial outlay estimates and not budget authority).

Under these circumstances, CMS did not produce a detailed accounting summary or a performance summary report. Accordingly, we could not perform an attestation review on the report or assertions for FY 2008.

OFFICE OF INSPECTOR GENERAL CONCLUSION

We could not express a conclusion on CMS’s Performance Summary Report and related assertions for FY 2008, as required by the ONDCP Circular entitled “Drug Control Accounting,” dated May 1, 2007, because CMS did not prepare and submit the report.

In future years, as the States implement the new procedure codes covering substance abuse screening and intervention, ONDCP will likely expect an annual accounting summary from CMS. Similarly, the Budget Summary indicates that ONDCP expects CMS to develop measures that will form the basis for the annual Performance Summary Report. CMS has advised us that it currently does not have sufficient resources to track claims under these codes.

CENTERS FOR MEDICARE & MEDICAID SERVICES COMMENTS

In its January 14, 2009, comments on our draft report, CMS provided clarification about why it did not prepare a Performance Summary Report. CMS said that it did not have the authority to encourage the use of any specific procedure codes, including those covering alcohol and drug screening and brief intervention, because Medicaid is a State-run program. Moreover, CMS stated that because of the nature of the Medicaid grants to States, budget authority is not allocated to any specific activity, such as ONDCP. CMS’s comments are included in their entirety as the Attachment.

This report is intended solely for the information and use of Congress, ONDCP, and CMS and is not intended to be, and should not be, used by anyone other than these specified parties. If you have questions or comments, please contact me, or have your staff call Stephen Virbitsky, Regional Inspector General for Audit Services, Region III, at (215) 861-4470.

Attachment

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ATTACHMENT

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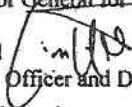
DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
7500 Security Boulevard, Mail Stop C2-21-15
Baltimore, Maryland 21244-1850



Office of Financial Management

JAN 14 2009

To: Joseph E. Vengrin
Deputy Inspector General for Audit Services

From: Timothy B. Hill 
Chief Financial Officer and Director, Office of Financial Management

Subject: Response to Independent Attestation Review: Centers for Medicare & Medicaid Services Performance Summary Report for National Drug Control Activities for Fiscal Year 2008 (A-03-09-03000)

The Centers for Medicare & Medicaid Services (CMS) appreciates the opportunity to review and comment on the Independent Attestation Review: Centers for Medicare & Medicaid Services Performance Summary Report for National Drug Control Activities for Fiscal Year 2008 (A-03-09-03000).

This report objectively presents the background of the Office of the National Drug Control Policy's (ONDCP) expectations for Drug Control Agencies to report on performance measures. Specifically, after ONDCP deemed CMS to be a Drug Control Agency in 2008, and CMS introduced two new Health Care Common Procedures Codes (HCPCS) codes for alcohol and drug screening and brief intervention (SBI) for use in the healthcare community, ONDCP assumed that CMS should report on the utilization of these new SBI codes by States in the Medicaid program. CMS has not agreed to such a measure and believes it is inappropriate to do so, as explained below.

We wish to clarify the OIG's conclusion. The statement that "CMS has advised us that they currently do not have sufficient resources to track claims under these codes" while true, is an incomplete description of why ONDCP's expectation for performance measures has not been — and we believe cannot be — fulfilled by CMS.

The Medicaid program is a State-run program, and the use of the HCPCS codes made available to the States by CMS is voluntary — i.e., it is a State option and is not in CMS' control. We do not have the authority to encourage the use of these codes or any HCPCS codes; therefore, it would be inappropriate for CMS to adopt a performance measure to track utilization of these SBI codes by the States, since this is entirely outside CMS' control.

In addition, due to the nature of the Medicaid Grants to States program, budget authority is not allocated to any specific benefit activity, such as ONDCP. In CMS' FY 2009 Congressional Justification, we included \$0 budgetary resources for ONDCP; therefore, we did not propose a performance goal. Performance expectations cannot be accomplished without resources.


We thank you, again, for the opportunity to comment on this report.

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JAN 16 2009

TO: Robert G. McSwain
Director
Indian Health Service

FROM:  Joseph E. Vengrin
Deputy Inspector General for Audit Services

SUBJECT: Independent Attestation Review: Indian Health Service Fiscal Year 2008
Performance Summary Report for National Drug Control Activities and
Accompanying Required Assertions (A-03-09-00356)

The purpose of this report is to provide the results of our attestation review of the Indian Health Service (IHS) Performance Summary Report for National Drug Control Activities and accompanying required assertions for fiscal year (FY) 2008.

Pursuant to 21 U.S.C. § 1703(b)(13), each National Drug Control Program agency must submit to the Director of the Office of National Drug Control Policy (ONDCP) an evaluation of the progress of the agency with respect to drug control program goals using the performance measures established for that agency. Section 1703(d)(7) authorizes ONDCP to “monitor implementation of the National Drug Control Program, including – (A) conducting program and performance audits and evaluations.” ONDCP may request “assistance from the Inspector General of the relevant agency in such audits and evaluations.” Section 7 of the ONDCP Circular entitled “Drug Control Accounting,” dated May 1, 2007, provides the reporting requirements to comply with section 1703(b)(13). Section 8 of the ONDCP Circular requires the Office of Inspector General to express a conclusion about the reliability of each assertion made about the performance summary report for national drug control activities.

Pursuant to 21 U.S.C. § 1703(d)(7) and in compliance with the ONDCP Circular, we reviewed the attached IHS report entitled “FY 2008 Performance Summary Report; National Drug Control Activities” and accompanying required assertions, dated November 10, 2008. We conducted our attestation review in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in “Government Auditing Standards” issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is to express an opinion on management’s assertions contained in its report; accordingly, we do not express such an opinion.

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INDIAN HEALTH SERVICE PERFORMANCE SUMMARY REPORT

IHS's report included assertions for five measures of National Drug Control Program activities. The five measures were (1) regional treatment center improvement/accreditation: accreditation rate for youth regional treatment centers in operation 18 months or more; (2) domestic violence (intimate partner) screening: proportion of women who are screened for domestic violence at health care facilities; (3) behavioral health: proportion of adults ages 18 and over who are screened for depression; (4) alcohol screening (fetal alcohol syndrome prevention): alcohol-use screening among appropriate female patients; and (5) suicide surveillance: incidences of suicidal behavior reported by health care (or mental health) professionals.

We performed review procedures on the performance summary report and accompanying required assertions. In general, we limited our review procedures to inquiries and analytical procedures appropriate for our attestation review.

OFFICE OF INSPECTOR GENERAL CONCLUSION

Based on our review, nothing came to our attention that caused us to believe that IHS's performance summary report for FY 2008 and management's assertions accompanying its report were not fairly stated, in all material respects, based on the ONDCP Circular entitled "Drug Control Accounting," dated May 1, 2007.

This report is intended solely for the information and use of Congress, ONDCP, and IHS and is not intended to be, and should not be, used by anyone other than these specified parties. If you have questions or comments, please contact me, or have your staff call Stephen Virbitsky, Regional Inspector General for Audit Services, Region III, at (215) 861-4470.

Attachment

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ATTACHMENT

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DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

Indian Health Service
Rockville MD 20852

NOV 10 2008

TO: Director
Office of National Drug Control Policy

Through: Richard J. Turman
Deputy Assistant Secretary, Budget

FROM: Director
Indian Health Service

SUBJECT: Response to Attestation Review: Indian Health Service Performance Summary
Report for National Drug Control Activities for Fiscal Year 2008

In accordance with the requirements of the Office of National Drug Control Policy Circular, "Drug Control Accounting," I make the following assertions regarding the attached Performance Summary Report for National Drug Control Activities:

Performance Reporting System

- I assert that Indian Health Service (IHS) has a system in place to capture drug control performance information accurately and that this system was properly applied to generate the performance data presented in the attached report.

Explanations for Not Meeting Performance Targets

- I assert that the explanations presented in the attached report for failure to meet a specified performance target are reasonable and that any recommendations concerning plans and schedules for meeting future targets or for revising or eliminating performance deficiencies are reasonable.

Methodology to Establish Performance Targets

- I assert that the methodology used to establish performance targets presented in the attached report is reasonable given past performance and available resources.

Performance Measures Exist for All Significant Drug Control Activities

- I assert that adequate performance measures exist for all significant drug control activities.



Robert G. McSwain

Attachment: FY 2008 Performance Summary Report--National Drug Control Activities, IHS

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Page 1 - FY 2008 Performance Summary Report National Drug Control Activities - IHS

ATTACHMENT

FY 2008 Performance Summary Report
National Drug Control Activities--Indian Health Service

Decision Unit 1: Office of Clinical and Preventive Services, Division of Behavioral Health, IHS

Measure 1: RTC Improvement/Accreditation: Accreditation Rate for Youth Regional Treatment Centers (YRTC) in operation 18 months or more

Table 1: Measure No. 1						
FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
+2%	100%	100%	91%	100%	91%	100%

(1) Describe the measure--(In doing so, provide an explanation of how the measure (1) reflects the purpose of the program; (2) contributes to the National Drug Control Strategy; and (3) is used by management of the program. This description should include sufficient detail to permit non-experts to understand what is being measured and why it is relevant to the Agency's drug control activities.)

Measure No. (1) reflects an evaluation of the quality of care associated with accreditation status by either the Joint Commission, the Commission on Accreditation of Rehabilitation Facilities (CARF), State certification, or regional Tribal health authority certification. These programs provide alcohol and substance abuse treatment and prevention services to rural and urban communities, with a focus on holistic and culturally-based approaches.

This measure, most specifically CARF accreditation, contributes to the *National Drug Control Strategy* by providing alcohol and substance abuse services to "heal America's drug users." The Navajo Tribal Behavioral Health Authority, located in Window Rock, Arizona, which is in the boundary of the Navajo Reservation, reviews and certifies that the Shiprock YRTC exists as part of an integrated Behavioral Health Team (BHT) that works collaboratively to reduce the incidence of alcoholism and other drug dependencies in American Indian and Alaska Native (AI/AN) communities.

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Page 2 - FY 2008 Performance Summary Report National Drug Control Activities - IHS

(2) Provide narrative that examines the FY 2008 actual performance results with the FY 2008 target, as well as prior year actuals. If the performance target was not achieved for FY 2008, the Agency should explain why this is the case. If the Agency has concluded it is not possible to achieve the established target with available resources, the Agency should include recommendations on revising or eliminating the target.

The actual performance measure was not met in fiscal year (FY) 2008 as a result of a change in ownership status by a single YRTC program, the Shiprock Youth Regional Treatment Center (Shiprock YRTC), located on the Navajo Reservation in the State of New Mexico.

As a private entity, the Shiprock YRTC was certified. When ownership transferred to the Tribe, the Shiprock YRTC needed to obtain certification. Efforts are currently underway between the Navajo Nation Regional Behavioral Health Authority (NNRBHA) in Window Rock, Arizona, and the State of New Mexico to allow the NNRBHA to review and certify the Shiprock YRTC facility, (located within the Navajo Nation boundaries), as part of its sovereign status. Once negotiations are complete, the NNRBHA will invite New Mexico representatives to join them in the review and certification process. The NNRBHA's certification will be acknowledged by the State of New Mexico. The Shiprock YRTC will however, meet New Mexico guidelines.

(3) The Agency should describe the performance target for FY 2009 and how the Agency plans to meet this target. If the target in FY 2008 was not achieved, this explanation should detail how the Agency plans to overcome prior year challenges to meet targets in FY 2009.

The FY 2009 performance target for the YRTCs will remain unchanged. The FY 2008 target was not met due to change of status by the Shiprock YRTC from a private facility to a Tribal facility. The Agency is confident that the FY 2009 performance of the YRTC will meet the required certification standards of the appropriate behavioral health accreditation authority, which in turn will notify the State.

(4) The Agency should describe the procedures used to ensure performance data for this measure are accurate, complete, and unbiased in presentation and substance. The Agency should also describe the methodology used to establish targets and actuals, as well as the data source(s) used to collect information.

On an annual basis, the Indian Health Service (IHS) Office of Clinical and Preventive Services, Division of Behavioral Health requires all YRTCs to verify their accreditation/certification status by forwarding a copy (or copies) of this documentation to Agency Headquarters in Rockville, Maryland. Using verified program documents, this methodology ensures that standards for continued accreditation/certification are continually being met and deficiencies addressed. To ensure performance data for this measure are accurate, complete, and unbiased, the IHS Division of Behavioral Health collects, evaluates, and monitors individual program files for each YRTC. Program Directors are required to submit the appropriate documentation for FY 2009 data.

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awareness of the connection between domestic violence and health and wellness. Program staff also provides technical assistance at the regional, IHS Area, and national level to promote awareness, consistent screening, and the importance of ongoing assessment and prevention. The IHS has emphasized this important issue by establishing domestic violence as a national performance measure and cascading this performance measure in executive level performance plans.

(2) Provide narrative that examines the FY 2008 actual performance results with the FY 2008 target, as well as prior year actuals. If the performance target was not achieved for FY 2008, the Agency should explain why this is the case. If the Agency has concluded it is not possible to achieve the established target with available resources, the Agency should include recommendations on revising or eliminating the target.

The FY 2008 performance target for this measure was exceeded by a relative 17 percent. Since FY 2005 the Agency has increased the screening rate by 223 percent, from 13 percent in 2005 to 42 percent in 2008, through informational campaigns and incorporating domestic violence screening as a routine part of women's health care.

(3) The Agency should describe the performance target for FY 2009 and how the Agency plans to meet this target. If the target in FY 2008 was not achieved, this explanation should detail how the Agency plans to overcome prior year challenges to meet targets in FY 2009.

The performance target for FY 2009 is to maintain the previous year's performance of 42 percent. The rationale for maintaining the target at this level is based on several factors. The measure is categorized as high priority, but low cost, which means health care providers can conduct the screening in conjunction with any health care visit or encounter. Within the context of the Agency's current overall health services funding, projections based on maintaining the existing performance rate may ultimately prove ambitious, but achievable. Reductions in current health services funding will impact access to care for this population as the Agency absorbs higher costs for population growth, medical inflation, and program staffing.

(4) The Agency should describe the procedures used to ensure performance data for this measure are accurate, complete, and unbiased in presentation and substance. The Agency should also describe the methodology used to establish targets and actuals, as well as the data source(s) used to collect information.

Clinical Reporting System (CRS) Documentation

Data Collection

The IHS relies on the Resource and Patient Management System (RPMS) to track and manage data at facilities and clinical sites. Clinical Reporting System (CRS) software automates the data extraction process using data from patient records in the IHS health information system (RPMS) at the individual clinic level. CRS is updated at least annually to reflect changes in clinical

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guidelines for existing measures as well as adding new measures to reflect new healthcare priorities. Software versions are tested first on developmental servers on large data bases and then are beta tested at facilities, before submission to IHS Software Quality Assurance, which conducts a thorough review prior to national release. The new version of the application is released as Class 1 software throughout the IHS. In 2005 the Healthcare Information and Management Systems Society (HIMSS) selected the Clinical Reporting System for the Davies Award of Excellence in public health information technology.

Completeness

After local sites submit their data, IHS Area coordinators use CRS to create Area level reports, which are forwarded to the national data support team for a second review and final aggregation. CRS software automatically creates a special file format of Area data for use in national aggregation, which eliminates potential errors that could occur if manual data extraction were required. These national aggregations are thoroughly reviewed for quality and accuracy before final submission. Specific instructions for running quarterly reports are available for both local facilities and each IHS Area.

CRS-generated data reports are comprehensive representations of patient data and clinical performance for those facilities that participate and include data from 100 percent of all IHS direct facilities. At this time however, not all Tribes have elected to participate in the RPMS. Because Tribal participation is voluntary, 2007 results include data for only 76 percent of IHS active users who are served by Tribal clinics and hospitals.

Reliability

Electronic collection, using CRS, ensures that performance data is comparable across all facilities and is based on a review of 100 percent of all patient records rather than a sample. Facility reports are submitted on a quarterly and annual basis to the Government Performance and Results Act (GPRA) coordinator for their Area, who is responsible for quality reviews of the data before forwarding reports for national aggregation. Because the measure logic and reporting criteria are hard coded in the CRS software, these checks are primarily limited to assuring all communities assigned to a site are included in the report and to identifying measure results that are anomalous, which may indicate data entry or technical issues at the local level.

Comprehensive information about CRS software and logic is at www.ihs.gov/cio/crs/.

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Decision Unit 3: Office of Clinical and Preventive Services, Division of Behavioral Health, IHS

Measure 3: Behavioral Health: Proportion of adults ages 18 and over who are screened for depression

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	15%	24%	24%	35%	35%

(1) Describe the measure. In doing so, provide an explanation of how the measure (1) reflects the purpose of the program, (2) contributes to the *National Drug Control Strategy*, and (3) is used by management of the program. This description should include sufficient detail to permit non-experts to understand what is being measured and why it is relevant to the Agency's drug control activities.

Depression is often an underlying component contributing to suicide, accidents, domestic/intimate partner violence, and alcohol and substance abuse. Early identification of depression will contribute to the *National Drug Control Strategy* by "stopping drug use before it starts" and "healing America's drug users."

(2) Provide narrative that examines the FY 2008 actual performance results with the FY 2008 target, as well as prior year actuals. If the performance target was not achieved for FY 2008, the Agency should explain why this is the case. If the Agency has concluded it is not possible to achieve the established target with available resources, the Agency should include recommendations on revising or eliminating the target.

The FY 2008 performance target for this measure was exceeded by a relative 46 percent. Since FY 2006 the IHS has increased the screening rate by 133 percent, from 15 percent in 2006 to 35 percent in FY 2008, through informational campaigns and incorporating depression screening as a routine part of American Indian/Alaska Native health care.

(3) The Agency should describe the performance target for FY 2009 and how the Agency plans to meet this target. If the target in FY 2008 was not achieved, this explanation should detail how the Agency plans to overcome prior year challenges to meet targets in FY 2009.

The performance target for FY 2009 is to maintain the previous year's performance of 35 percent. The rationale for maintaining the target at this level is based on several factors. The measure is categorized as high priority, but low cost, which means health care providers can conduct the screening in conjunction with any health care visit or encounter. Within the context of the Agency's current overall health services funding, projections based on maintaining the

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existing performance rate may ultimately prove ambitious, but achievable. Reductions in current health services funding will impact access to care for this population as the Agency absorbs higher costs for population growth, medical inflation, and program staffing.

(4) The Agency should describe the procedures used to ensure performance data for this measure are accurate, complete, and unbiased in presentation and substance. The Agency should also describe the methodology used to establish targets and actuals, as well as the data source(s) used to collect information.

Clinical Reporting System (CRS) Documentation

Data Collection

The IHS relies on the Resource and Patient Management System (RPMS) to track and manage data at facilities and clinical sites. Clinical Reporting System (CRS) software automates the data extraction process using data from patient records in the IHS health information system (RPMS) at the individual clinic level. CRS is updated at least annually to reflect changes in clinical guidelines for existing measures as well as adding new measures to reflect new healthcare priorities. Software versions are tested first on developmental servers on large data bases and then are beta tested at facilities, before submission to IHS Software Quality Assurance, which conducts a thorough review prior to national release. The new version of the application is released as Class 1 software throughout the IHS. In 2005 the Healthcare Information and Management Systems Society (HIMSS) selected the Clinical Reporting System for the Davies Award of Excellence in public health information technology.

Completeness

After local sites submit their data, IHS Area coordinators use CRS to create Area level reports, which are forwarded to the national data support team for a second review and final aggregation. CRS software automatically creates a special file format of Area data for use in national aggregation, which eliminates potential errors that could occur if manual data extraction were required. These national aggregations are thoroughly reviewed for quality and accuracy before final submission. Specific instructions for running quarterly reports are available for both local facilities and each IHS Area.

CRS-generated data reports are comprehensive representations of patient data and clinical performance for those facilities that participate and include data from 100 percent of all IHS direct facilities. At this time however, not all Tribes have elected to participate in the RPMS. Because Tribal participation is voluntary, 2007 results include data for only 76 percent of IHS active users who are served by Tribal clinics and hospitals.

Reliability

Electronic collection, using CRS, ensures that performance data is comparable across all facilities and is based on a review of 100 percent of all patient records rather than a sample. Facility reports are submitted on a quarterly and annual basis to the Government Performance

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and Results Act (GPRA) coordinator for their Area, who is responsible for quality reviews of the data before forwarding reports for national aggregation. Because the measure logic and reporting criteria are hard coded in the CRS software, these checks are primarily limited to assuring all communities assigned to a site are included in the report and to identifying measure results that are anomalous, which may indicate data entry or technical issues at the local level.

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Decision Unit 4: Office of Clinical and Preventive Services, Division of Behavioral Health, IHS

Measure 4: Alcohol Screening (FAS Prevention): Alcohol-use screening (to prevent fetal alcohol syndrome) among appropriate female patients

Table 1: Measure 4						
FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
7%	11%	28%	41%	41%	47%	47%

(1) Describe the measure. In doing so, provide an explanation of how the measure (1) reflects the purpose of the program, (2) contributes to the *National Drug Control Strategy*, and (3) is used by management of the program. This description should include sufficient detail to permit non-experts to understand what is being measured and why it is relevant to the Agency's drug control activities.

Excessive (meeting the criteria for alcohol dependence) alcohol consumption can cause significant birth defects, including fetal alcohol syndrome (FAS). FAS is the leading known, and preventable, cause of mental retardation. Rates of FAS are higher among American Indian and Alaska Native (AI/AN) populations than the general population. Screening with intervention has been shown to be effective in reducing alcohol misuse in pregnancy and to reduce the incidence of FAS. Continued increases in screening rates for this measure will have a significant impact on AI/AN communities. Increases in the FY 2007 rates of alcohol screening can be attributed to specific Agency initiatives emphasizing the importance of behavioral health screenings at either clinical or behavioral health encounters. This measure contributes to the *National Drug Control Strategy* by identifying alcohol usage factors in an effort to "heal America's drug (and alcohol) users."

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(2) Provide narrative that examines the FY 2008 actual performance results with the FY 2008 target, as well as prior year actuals. If the performance target was not achieved for FY 2008, the Agency should explain why this is the case. If the Agency has concluded it is not possible to achieve the established target with available resources, the Agency should include recommendations on revising or eliminating the target.

The FY 2008 performance target for this measure was exceeded by a relative 15 percent. Since FY 2004 the IHS has increased the screening rate by a remarkable 571 percent, from 7 percent in 2004 to 47 percent in 2008, through promoting and incorporating alcohol screening as a routine part of women's health care.

(3) The Agency should describe the performance target for FY 2009 and how the Agency plans to meet this target. If the target in FY 2008 was not achieved, this explanation should detail how the Agency plans to overcome prior year challenges to meet targets in FY 2009.

The performance target for FY 2009 is to maintain the previous year's performance of 47 percent. The rationale for maintaining the target at this level is based on several factors. The measure is categorized as high priority, but low cost, which means health care providers can conduct the screening in conjunction with any health care visit or encounter. Within the context of the Agency's current overall health services funding, projections based on maintaining the existing performance rate may ultimately prove ambitious, but achievable. Reductions in current health services funding will impact access to care for this population as the Agency absorbs higher costs for population growth, medical inflation, and program staffing.

(4) The Agency should describe the procedures used to ensure performance data for this measure are accurate, complete, and unbiased in presentation and substance. The Agency should also describe the methodology used to establish targets and actuals, as well as the data source(s) used to collect information.

Clinical Reporting System (CRS) Documentation

Data Collection

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Completeness

After local sites submit their data, IHS Area coordinators use CRS to create Area level reports, which are forwarded to the national data support team for a second review and final aggregation. CRS software automatically creates a special file format of Area data for use in national aggregation, which eliminates potential errors that could occur if manual data extraction were required. These national aggregations are thoroughly reviewed for quality and accuracy before final submission. Specific instructions for running quarterly reports are available for both local facilities and each IHS Area.

CRS-generated data reports are comprehensive representations of patient data and clinical performance for those facilities that participate and include data from 100 percent of all IHS direct facilities. At this time however, not all Tribes have elected to participate in the RPMS. Because Tribal participation is voluntary, 2007 results include data for only 76 percent of IHS active users who are served by Tribal clinics and hospitals.

Reliability

Electronic collection, using CRS, ensures that performance data is comparable across all facilities and is based on a review of 100 percent of all patient records rather than a sample. Facility reports are submitted on a quarterly and annual basis to the Government Performance and Results Act (GPRA) coordinator for their Area, who is responsible for quality reviews of the data before forwarding reports for national aggregation. Because the measure logic and reporting criteria are hard coded in the CRS software, these checks are primarily limited to assuring all communities assigned to a site are included in the report and to identifying measure results that are anomalous, which may indicate data entry or technical issues at the local level.

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Decision Unit 1: Office of Clinical and Preventive Services, Division of Behavioral Health, IHS

Measure 5: Suicide Surveillance: Increase the incidence of suicidal behavior reporting by health care (or mental health) professionals

Table 1: Measure 5						
FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
Plan ¹	Integrated (Met) ²	1,603	1,674	1,758	1,598	1,678 ³

¹ In 2004, this indicator committed to implementing the national reporting plan to support national performance management of American Indian and Alaska Native suicide surveillance by deploying the suicide reporting form in the RPMS Behavioral Health package.

² In FY 2005 the target for this measure was to integrate the behavioral health suicide reporting tool into the RPMS.

³ The FY 2009 target is based on a 5 percent increase from the FY 2008 actual.

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(1) Describe the measure. In doing so, provide an explanation of how the measure (1) reflects the purpose of the program, (2) contributes to the National Drug Control Strategy, and (3) is used by management of the program. This description should include sufficient detail to permit non-experts to understand what is being measured and why it is relevant to the Agency's drug control activities.

The suicide surveillance measure has evolved from developing a data collection tool for use by behavioral health providers to integrating the suicide reporting form into the RPMS and making it available to all providers. A baseline usage level by primary care, emergency, behavioral health and other providers was established in 2006. The suicide surveillance tool captures data related to a specific incident, such as date and location of act, method, contributing factors, and other useful epidemiologic information. Local and national reports can be sorted by a number of different variables including the number of suicide events by sex, age, community, Tribe, and method. Increased utilization of suicide reporting forms throughout the Indian health system will provide more comprehensive information about the incidence of suicidal ideations, attempts, and completions, provide far more timely and accurate data to national policy makers, and allow interventions to be evaluated in ways not previously possible. Unfortunately, suicide is often the result of ongoing life management concerns such as depression, domestic/intimate partner violence, and alcohol and substance abuse. Early identification of suicides and suicidal ideations will contribute to "stopping drug use before it starts" and "healing America's drug users."

(2) Provide narrative that examines the FY 2008 actual performance results with the FY 2008 target, as well as prior year actuals. If the performance target was not achieved for FY 2008, the Agency should explain why this is the case. If the Agency has concluded it is not possible to achieve the established target with available resources, the Agency should include recommendations on revising or eliminating the target.

The FY 2008 target was to increase the number of suicide reporting forms exported by 5 percent over the FY 2007 actual. This performance target was not met in FY 2008. The FY 2008 target was 1,758 forms. The FY 2008 actual, 1,598 forms, is 4.5 percent lower than the FY 2007 actual of 1,674 forms. An analysis of the RPMS suicide reporting form (SRF) and Purpose of Visit (POV) suicide data indicates that the form is currently underutilized by medical and behavioral health providers.

The analysis suggests several issues that may exist in underutilization of the SRF. Answers to the specific issues will highlight where the IHS needs to focus education and training in order to increase usage of the SRF.

The methodology is as follows:

- The number of behavioral health service (BHS) visits with a POV of 39, 40, or 41 (suicide codes) plus the number of PCC ambulatory care visits with a suicide-related ICD-9 code are counted and then de-duplicated by visits and patients to prevent them from being counted more than once. If there are 2000 de-duplicated visits with a

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suicide-related ICD-9 code, there should be at least 2000 SRFs. If not, the form is being under-utilized. This demonstrates the total number of visits that are missing a SRF.

- The SRFs on file are then sorted by provider type. This reveals whether medical providers are completing the form in significant numbers and if not where we should direct our education and training efforts.
- Finally, the SRFs on file are sorted by IHS Area and the totals compared with previous years. These types of focused reviews may reveal problems with exporting to the IHS national suicide database unless we have reason to know or suspect that the numbers of suicidal ideations, attempts, and completions in an IHS Area has changed significantly.

Each program's responses to these ongoing reviews will enable the Agency to target education and SRF training for both behavioral health and medical providers, and identify and troubleshoot problematic exporting procedures more effectively.

(3) The Agency should describe the performance target for FY 2009 and how the Agency plans to meet this target. If the target in FY 2008 was not achieved, this explanation should detail how the Agency plans to overcome prior year challenges to meet targets in FY 2009.

The FY 2009 target performance measure is 1,678 suicide reporting forms exported. This is a 5 percent increase over the FY 2008 actual result of 1,598.

Utilization of the suicide reporting form (SRF) can be increased by improved awareness of the form and the importance of suicide surveillance activities among providers, facilities and IHS Area management and administration. Similarly, RPMS site managers, who perform RPMS data exports, must be aware of the SRF component and its proper exporting processes. The electronic health record (EHR) clinical application coordinators may need additional training on the SRF in order to provide technical assistance. Both of these issues can be addressed with increased training on utilization of the form and required exporting processes.

(4) The Agency should describe the procedures used to ensure performance data for this measure are accurate, complete, and unbiased in presentation and substance. The Agency should also describe the methodology used to establish targets and actuals, as well as the data source(s) used to collect information.

The suicide surveillance measure utilizes the suicide report form (SRF) documented and entered by the provider at the time a suicidal event is treated. Once entered, the SRF is then electronically exported from the documenting site to the national suicide database in Albuquerque, New Mexico. Processes are in place to accurately document receipt of the electronic file(s), notify the sending site that the file(s) have been received by providing electronic file name(s) and record counts. Once received, the national suicide database is automatically updated with the new information. The performance measure uses the actual data received from the sending site. The actual number of SRFs on file at the time the performance measure was generated was 1,598. This count was based upon the "date created" field, which is

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the date the SRF was entered into the source system. The source system is the IHS Resource Patient Management System behavioral health package. Sites must initiate the electronic export process for data to be included in the performance measurement report. The programming logic was developed and approved by a behavioral health data "workgroup" and has been consistently applied to this performance measure.

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JAN 16 2009

TO: Lana Skirboll, Ph.D.
Acting Director
Division of Program Coordination, Planning, and Strategic Initiatives
National Institutes of Health

FROM: 
Joseph E. Vengrin
Deputy Inspector General for Audit Services

SUBJECT: Independent Attestation Review: National Institutes of Health Fiscal Year 2008 Performance Summary Report for National Drug Control Activities and Accompanying Required Assertions (A-03-09-00354)

The purpose of this report is to provide the results of our attestation review of the National Institutes of Health (NIH) Performance Summary Report for National Drug Control Activities and accompanying required assertions for the National Institute on Drug Abuse (NIDA) for fiscal year (FY) 2008.

Pursuant to 21 U.S.C. § 1703(b)(13), each National Drug Control Program agency must submit to the Director of the Office of National Drug Control Policy (ONDCP) an evaluation of the progress of the agency with respect to drug control program goals using the performance measures established for that agency. Section 1703(d)(7) authorizes ONDCP to “monitor implementation of the National Drug Control Program, including – (A) conducting program and performance audits and evaluations.” ONDCP may request “assistance from the Inspector General of the relevant agency in such audits and evaluations.” Section 7 of the ONDCP Circular entitled “Drug Control Accounting,” dated May 1, 2007, provides the reporting requirements to comply with section 1703(b)(13). Section 8 of the ONDCP Circular requires the Office of Inspector General to express a conclusion about the reliability of each assertion made in each Performance Summary Report for National Drug Control Activities.

Pursuant to 21 U.S.C. § 1703(d)(7) and in compliance with the ONDCP Circular, we reviewed the attached NIH report entitled “FY 2008 Performance Summary Report for National Drug Control Activities” and accompanying required assertions, dated December 8, 2008. We conducted our attestation review in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in “Government Auditing Standards” issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of

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which is to express an opinion on management's assertions contained in its report; accordingly, we do not express such an opinion.

NATIONAL INSTITUTES OF HEALTH PERFORMANCE SUMMARY REPORT

NIH's NIDA report included assertions for two measures of National Drug Control Activities. The two measures were (1) identify and characterize at least two human candidate genes that have been shown to influence risk for substance use disorders and risk for psychiatric disorders using high-risk family, twin, and special population studies and (2) develop and test two new evidence-based treatment approaches for drug abuse in community settings. The two performance measures represented drug control activities that accounted for \$14.4 million.

NIDA's assertions concerning drug control accounting and its accompanying table of FY 2008 Actual Obligations (A-03-09-00353) identified obligations totaling \$1 billion. According to NIDA and ONDCP officials, NIDA's entire billion-dollar budget related to preventing or treating drug abuse. NIDA classified its budget by function. NIH officials said that they used the first measure, accounting for \$12 million, to represent the \$413.5 million budgeted for prevention of drug abuse and that they used the second measure, accounting for \$2.4 million, to represent the \$593.8 million budgeted for treatment of drug abuse. In total, the two measures accounted for approximately 1.4 percent of NIDA's budget. However, ONDCP officials advised us that they expected NIH to report on a preponderance of NIDA's budget.

According to NIH officials, NIH did not include additional performance measures in the NIDA report because it tied its performance measures to Government Performance and Results Act (GPRA) targets, and the only GPRA targets related to NIDA's budget were the two reflected in its performance report. ONDCP officials advised us that NIH could use GPRA targets to identify performance measures but that performance measures were not limited to GPRA targets. In his letter of May 25, 2006, commenting to the Secretary of Health and Human Services (HHS) on the HHS FY 2008 budget, the Director of ONDCP specifically addressed NIDA's performance measures. In a section headed "Performance Measures," the letter stated: "NIDA's FY 2008 Summer Budget Submission should reflect the complexity of its contributions and the return from the associated \$1 billion investment" and indicated that NIDA should identify "long term and annual performance measures for each specific programmatic initiative and general area of research."

We performed review procedures on the performance summary report and accompanying required assertions. In general, we limited our review procedures to inquiries and analytical procedures appropriate for our attestation review.

OFFICE OF INSPECTOR GENERAL CONCLUSION

Based on our review, except for the fact that NIH's performance measures did not meet ONDCP's expectations for reporting the scope or complexity of NIDA's national drug control program activities, nothing came to our attention that caused us to believe that NIH's Performance Summary Report for FY 2008 and management's assertions accompanying its

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report were not fairly stated, in all material respects, based on the ONDCP Circular entitled “Drug Control Accounting,” dated May 1, 2007.

NATIONAL INSTITUTES OF HEALTH COMMENTS

In its January 13, 2009, comments on our draft report, NIH requested that we include the following in our report:

NIH uses a representative approach for performance reporting. In line with this representative approach, NIDA’s performance goal SRO 3.5 (*By 2013, identify and characterize at least 2 human candidate genes that have been shown to influence risk for substance use disorders and risk for psychiatric disorders using high-risk family, twin, and special population studies*) represents the **prevention budget of \$413,459,000**. NIDA’s performance goal SRO-5.5 (*By 2008, develop and test two new evidence-based treatment approaches for drug abuse in community settings*) represents the **treatment budget of \$593,836,000**. [Emphasis in original.]

OFFICE OF INSPECTOR GENERAL RESPONSE

We have modified our report to state that NIDA classified its budget by function, allocating \$413.5 million to prevention of drug abuse and \$593.8 million to treatment of drug abuse, and that it provided a performance measure to represent each of the two budget functions.

The Performance Summary Report for National Drug Control Activities did provide an evaluation of the progress of the agency with respect to specific activities within the drug control program goals. The use of a small sample, however, may not meet ONDCP’s expectation that the report should include a preponderance of NIDA’s funds or national drug control program activities.

This report is intended solely for the information and use of Congress, ONDCP, and NIH and is not intended to be, and should not be, used by anyone other than these specified parties. If you have questions or comments, please contact me, or have your staff call Stephen Virbitsky, Regional Inspector General for Audit Services, Region III, at (215) 861-4470.

Attachment

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ATTACHMENT

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DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health
Bethesda, Maryland 20892

December 8, 2008

TO: Director
Office of National Drug Control Policy, DHHS

THROUGH: Richard J. Turman
Deputy Assistant Secretary, Budget, DHHS

FROM: Acting Director
Division of Program Coordination, Planning,
and Strategic Initiatives National Institutes of Health

SUBJECT: Assertions Concerning Performance Summary Report

In accordance with the requirements of the Office of National Drug Control Policy circular "Drug Control Accounting," I make the following assertions regarding the attached Performance Summary Report for National Drug Control Activities:

Performance Reporting System

I assert that NIH has a system to capture performance information accurately and that this system was properly applied to generate the performance data presented in the attached report.

Explanations for Not Meeting Performance Targets

I assert that the explanations offered in the attached report for failing to meet a performance target are reasonable and that any recommendations concerning plans and schedules for meeting future targets or for revising or eliminating performance targets are reasonable.

Methodology to Establish Performance Targets

I assert that the methodology used to establish performance targets presented in the attached report is reasonable given past performance and available resources.

Performance Measures Exist for All Significant Drug Control Activities

I assert that adequate performance measures exist for all significant drug control activities.

A handwritten signature in cursive script that reads "Lana Skirboll".

Lana Skirboll, Ph.D.

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In accordance with the requirements of the Office of National Drug Control Policy circular "Drug Control Accounting," I make the following assertions regarding the attached Performance Summary Report for National Drug Control Activities:

FY 2008 Performance Summary Report for National Drug Control Activities

Decision Unit 1: Prevention

Measure 1 SRO-3.5: Identify and characterize at least 2 human candidate genes that have been shown to influence risk for substance use disorders and risk for psychiatric disorders using high-risk family, twin, and special population studies.

Table 1: Annual Targets for Measure 1

FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
		Four genes have been identified: GABAB2 associated with tobacco addiction in African Americans; DOPA decarboxylase and Dopamine D2 receptor (DRD2) gene associated with response to either bupropion or nicotine replacement therapy for treatment of tobacco addiction; and NicAM a drug-related gene expressed in neurons linked to reward and memory, and differentially expressed in post-mortem human tissue of polysubstance abusers versus controls. Also validated in animal studies.	From the whole genome scan, 35 genetic markers (SNPs) were identified with a primary p-value. The candidate gene approach resulted in 39 SNPs that differed most significantly between the dependent and non-dependent individuals. Among the top SNP signals were the nicotinic receptor genes, CHRNA3, CHRNA5, CHRNA3, and CHRNA4.	Research using SNP, linkage, and haplotype analysis identified haplotypes of 5 gene regions associated with dependence susceptibility, varying by ethnicity and gender. Functional implications of these variants are being studied.	Identify genomic markers that differ in addicted individuals who respond to treatment versus those who do not.	SNP analyses identified a gene cluster predictive of treatment response to bupropion for smoking cessation and revealed additional genetic markers of addiction vulnerability.	Continue to identify genomic markers in addicted individuals that identify differences in treatment response and vulnerability to dependence.

(1) Describe the measure. In doing so, provide an explanation of how the measure (1) reflects the purpose of the program, (2) contributes to the *National Drug Control Strategy*, and (3) is used by management of the program. This description should include sufficient detail to permit non-experts to understand what is being measured and why it is relevant to the agency's drug control activities.

NIDA's growing knowledge about drug abuse and addiction is leading to prevention strategies that are not merely empirically or experientially derived, but that integrate validated epidemiological, genetic, and neuroscience research. NIDA-supported research is building the scientific knowledge base needed to advance NIDA's goal of developing effective tailored prevention strategies.

One key aspect of this knowledge base is data on factors that enhance or mitigate an underlying propensity to initiate or continue drug abuse. This includes research on the influence of biological (e.g., genetic, gender) and environmental (e.g., socioeconomic, cultural) factors on drug abuse and addiction at various stages of development. Information about these contributors to drug abuse and addiction and the different

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ways biological factors operate in different individuals is critical to designing more effective prevention messages.

NIDA's genetics research is essential to preventing addiction. A person's genetic makeup plays an important role in his or her addiction vulnerability: approximately 40-60 percent of the predisposition to addiction can be attributed to genetics, including the impact of the environment on how those genes function or are expressed. The gene variants driving such increased risks are largely unknown, but NIDA-supported research is harnessing new advances in science and technology to identify and characterize them. This measure to identify and characterize at least 2 human candidate genes that have been shown to influence risk for substance use disorders is representative of our overall approach to the development of targeted prevention programs – that is, identifying who is at risk and tailoring prevention programs to be most effective for them, thereby contributing to the *National Drug Control Strategy Goal of Stopping Drug Use Before it Starts*.

The efficacy and cost effectiveness of primary prevention programs – designed to stop drug abuse before it starts, or prevent escalation of drug use to abuse or addiction – can be enhanced by targeted efforts towards populations with specific vulnerabilities (genetic or otherwise) that affect their likelihood of taking drugs or becoming addicted. This has been demonstrated for prevention programs aimed at sensation-seeking youth. These programs are effective in those youth, but not in their peers who do not demonstrate the sensation-seeking characteristic. Sensation-seeking, and other traits known to be risk factors for drug abuse, may be identifiable early on using genetic markers. This would enable drug prevention programs to target messages more accurately based on individual or group vulnerability markers, ultimately increasing their impact and cost-effectiveness.

An added benefit of identifying genetic markers of vulnerability to addiction is through improved educational efforts to increase awareness of personal risk. Informing an individual that he or she is at higher risk of becoming addicted to drugs or sustaining other adverse health outcomes would empower him or her to make better decisions, ultimately preventing drug abuse before it starts or escalates.

Finally, genetic information can be harnessed for improving relapse prevention, i.e., honing treatments to those who will most likely benefit from them. Individual differences in response to medications for nicotine addiction have been reported, for example; therefore, genetic predictors of treatment response could lead to more efficacious and cost-effective relapse prevention strategies.

Information gained from genetics research will lay the foundation for improved and tailored prevention efforts in the future. As genetic markers of drug abuse and addiction vulnerability (or protection) are identified, NIDA will encourage researchers to use that information to better understand both the biological and environmental factors that contribute to abuse vulnerability. In addition, where appropriate, NIDA would use this information to enhance its prevention portfolio. NIDA would encourage the scientific community to use this knowledge to develop and test targeted prevention interventions for individuals with different vulnerabilities to improve our Nation's intervention efforts similar to the strategy now being used to prevent drug use in sensation-seeking youth.

(2) Provide narrative that examines the FY 2008 actual performance results with the FY 2008 target, as well as prior year actuals. If the performance target was not achieved for FY 2008, the agency should explain why this is the case. If the agency has concluded it is not possible to achieve the established target with available resources, the agency should include recommendations on revising or eliminating the target.

The achieved FY 2008 target was to identify genomic markers that differ in addicted individuals who respond to treatment versus those who do not. NIDA met this target by identifying genetic markers that distinguish individuals who respond to bupropion treatment for nicotine dependence versus those who do not. In addition, markers of addiction vulnerability have been reported. FY 2008's target and achievement build upon previous year actuals, which identified haplotypes¹ of 5 gene regions associated with dependence susceptibility varying by ethnicity and gender (FY 2007), identified genetic markers in which allelic frequencies differed most among addicted versus non-addicted individuals (FY 2006), and identified genes associated with either risk of substance abuse or response to substance abuse medications (FY 2005).

(3) The agency should describe the performance target for FY 2009 and how the agency plans to meet this target. If the target in FY 2008 was not achieved, this explanation should detail how the agency plans to overcome prior year challenges to meet targets in FY 2009.

The FY 2009 target is to continue to identify genomic markers in addicted individuals that identify differences in treatment response and vulnerability to dependence. To meet this target, NIDA will continue to support research investigating genetic differences in response to treatment and will work with the scientific community to expand research in this area. The chronic nature of drug addiction means that relapsing to drug abuse following treatment is not only possible, but likely. However, there are individual differences (e.g., genetics, gender) that contribute to whether or not an addicted person will respond well to treatment and thus have a lower likelihood of relapsing to drug use. This target aims to identify the genetic contribution to treatment response. This builds on knowledge gained through genetics and other research, showing for example, that individuals with specific gene variants controlling enzymes that metabolizes the anti-smoking medication bupropion have a greater likelihood of quitting smoking and remaining abstinent over time. Having genetic markers that can predict treatment response in individuals will lead to more cost-effective and tailored relapse prevention programs.

(4) The agency should describe the procedures used to ensure performance data for this measure are accurate, complete, and unbiased in presentation and substance. The agency should also describe the methodology used to establish targets and actuals, as well as the data source(s) used to collect information.

Data Accuracy, Completeness and Unbiased Presentation

For all genetics projects (i.e., both contracts and grants), there is a three tier system that maximizes data accuracy. This three tier system is based on sound, proven scientific methodology which is internally governed by the larger scientific research community. First, gene expression levels are validated using highly quantitative methods to measure RNA levels. Second, each study builds in a replication design using subsets of the study population or, sometimes, different study populations. Third, the information gleaned from these studies is compared against previous animal data or, if not available, replicated and validated in newly generated animal models more suited to evaluate the functional implications of the genetic findings.

Every effort is made to acquire complete datasets, however, several factors conspire against achieving this. These factors are either intrinsic to the type of data being collected (i.e., inability to collect from all drug abusers, all ethnic minorities, every developmental stage, every comorbid association, etc.) or linked to the incompleteness of genetic information databases (i.e., considerable gaps in SNP² collections, many genes yet unidentified or without known function). Some level of data incompleteness mires all human genomic

¹ A way of referring to a collection of gene types (genotypes) that includes several, closely linked genes on a chromosome.

² Single Nucleotide Polymorphisms (SNPs): DNA sequence variations that occur when a single nucleotide (A, T, C, or G) in the genome sequence is altered.

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programs in which population sampling – limited by cost considerations – must be used. These obstacles, however, do not necessarily jeopardize the quality of the data, for many powerful post-hoc standard protocols are available and being deployed to clean the data sets and ensure accuracy and replicability.

Finally, all research results are published in peer-reviewed publications. The process of peer review and publication provides additional assurance of the quality of data and research methodology. If a study does not meet the standards of quality of the scientific community, it will fail the process of peer review, not be published, or be refuted by other studies. NIDA's various grant and data review processes ensure that research funded by NIDA yields scientifically accurate data which is worthy of publication, and fills gaps in the scientific knowledge needed to implement NIDA's mission.

Methodology Used to Establish Targets/Actuals

Target (candidate) genes are identified based on scientifically sound methodologically approved bottom-up or top-down approaches. The former represents the more classical approach that takes advantage of biochemical and other (e.g., neuroimaging) experimental evidence suggesting that a particular gene might be involved in the addiction process. For example, science has established that the chemical dopamine plays a critical role in the assignment of relevance within the reward circuits of the brain. Humans with low levels of expression of dopamine receptors in a key area of the reward pathway (likely to be influenced by specific gene variants) find stimulant drugs more pleasurable than those with high levels of expression suggesting that they may be at increased risk of abuse and addiction.

The top-down approach is a more recent arrival, and a direct result of the wider application of whole genome association scans. This powerful tool provides an *unbiased* strategy for sifting through vast numbers of genetic variations within large experimental populations to identify genes that are expressed differently in drug abusing and control subjects. Genes putatively associated with addiction in this fashion are then subjected to further characterization and validation, typically through epidemiological sampling and animal models.

NIDA uses the latest findings from both of these approaches to determine the next steps necessary to achieve the long term goal of identifying genes that confer substance abuse vulnerability. Understanding specific vulnerabilities (genetic or otherwise) which affect a person's likelihood of taking drugs or becoming addicted can inform the development of prevention programs targeting these vulnerabilities, thereby enhancing their efficacy.

Data Sources

The studies described in this PI rely on an extensive array of material/data sources. Resources include various animal genetic models that are versatile for gene discovery, functional analysis, and validation platforms; de-identified blood sample banks; fully characterized post-mortem human brain collections; and population sampling. These data sources can be used independently or in tandem to identify candidate genes. In one typical scenario, for example, human genome scans in drug abusing vs. control subjects may identify a variant for a particular gene as a key contributor to substance use disorder. In a next step, the investigator can generate various strains of mice, which differ only in the expression of that gene variant. These mice can be subjected to a battery of neurological, physiological and behavioral tests, specifically designed to determine the potential role of that gene in increasing vulnerability to substance abuse. These data sources are widely used in genome studies, and have undergone rigorous validity, accuracy and integrity checks.

Decision Unit 2: Treatment SRO 5.5

Measure 1: Develop and test two new evidence-based treatment approaches for drug abuse in community settings. (Lead: NIDA; contributor: NIAAA)

Table 1: Measure 1

FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual
	Three treatments have been adapted for community-based settings.	The Clinical Trials Network has trained 184 providers (94 more than planned) in BSFT, MET, or Seeking Safety, which are being tested in community settings.	The Clinical Trials Network has enrolled more than 1,200 patients in BSFT, MET, and Seeking Safety interventions which are being tested in community settings. Treatments are being delivered to diverse communities that are 20%, 34%, and 41% African American, respectively, and 43%, 7%, and 14% Hispanic, respectively.	Research on treatments for drug abuse in community settings is progressing with knowledge to increase treatments among communities.	Complete goal of developing and testing of two new evidence-based treatment approaches for drug abuse in community settings.	Research has been completed on two treatments for drug abuse (MET and Seeking Safety), and final analyses are underway on a third treatment (BSFT) developed and tested in community settings.

(1) Describe the measure. In doing so, provide an explanation of how the measure (1) reflects the purpose of the program, (2) contributes to the *National Drug Control Strategy*, and (3) is used by management of the program. This description should include sufficient detail to permit non-experts to understand what is being measured and why it is relevant to the agency's drug control activities.

Decades of research have led to today's improved understanding of addiction, clearer now than ever before. Research has shown addiction to be a chronic, relapsing brain disease characterized by compulsive behaviors and caused by a tangle of genetic, social, environmental, and developmental factors. NIDA supports multidisciplinary research addressing the myriad factors that can influence the development and progression of drug abuse and addiction, with the goal of informing and improving treatment strategies to facilitate abstinence.

NIDA recognizes that despite major strides in treatment research, only limited improvements have occurred in non-research settings. An unacceptable time lag separates scientific discoveries from their integration into effective community-based practice. A scientific approach must be brought to bear on effectively testing and disseminating research-based treatments and understanding how health services systems and settings influence treatment implementation. Ultimately, it is our goal to make research-based treatments user friendly, cost effective, and available to a broad range of practitioners and their patients.

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NIDA's treatment portfolio encompasses the development and testing of medications and behavioral therapies for drug addiction as well as ensuring that effective treatment interventions are used by the communities that need them. For example, NIDA has supported the development of multiple behavioral treatments that have shown efficacy in research settings, however, many of these have not been widely adopted in community settings. This measure of developing and testing evidence-based treatment approaches for drug abuse in community settings represents NIDA's long-term strategy for improving drug abuse treatment nationwide, thereby contributing to the *National Drug Control Strategy's Goal of Healing America's Drug Abusers*.

To ensure translation into community settings and provide real-world feedback on the success and feasibility of research protocols, NIDA established the National Drug Abuse Treatment Clinical Trials Network (CTN), comprising 16 research nodes and more than 240 community treatment programs across the country. The CTN's mission is to test research-based treatments in community settings with diverse populations. To represent NIDA's treatment portfolio, in this measure the CTN is adapting behavioral treatments with demonstrated efficacy in research settings for testing in community-based settings and training treatment providers on proper implementation. If successful, these trials will generate much needed information on how to: (1) test and implement scientifically-based treatments in a variety of community settings; (2) train clinicians to deliver research-based treatments to drug abusing patients; and (3) facilitate the success and sustainability of effective drug abuse treatments in communities.

To advance treatment adoption, NIDA's CTN encourages bidirectional communication between researchers and providers, which allows for the provision of real-world feedback on the success and feasibility of research protocols. This strategic approach facilitates the development of tailored treatment options and reduces the gap between discovery and practice. With input from practitioners and researchers, three promising treatments were selected for testing in the CTN in order to facilitate the goal of reaching different populations, and increasing treatment engagement/ retention. This measure is representative of NIDA's broader efforts to develop and transition evidence-based substance abuse treatments to those who need them.

Applied treatments should take into account the most recent scientific discoveries, while being modified for cultural, social, and behavioral conditions affecting various communities. The following three interventions represent these priorities. (1) Brief Strategic Family Therapy (BSFT) is a family-based intervention aimed at preventing and treating child and adolescent behavior problems, including substance abuse. (2) Seeking Safety is a cognitive-behavioral substance abuse intervention for women with a DSM-IV³ diagnosis of Post Traumatic Stress Disorder (PTSD). Estimates suggest that up to 80% of women seeking treatment for drug abuse have histories of assault and women who suffer from both PTSD and drug abuse have a more difficult time meeting their treatment goals. (3) Motivational Enhancement Treatment (MET) is a systematic intervention based on principles of motivational psychology to improve treatment engagement, retention, and outcome for substance abusers.

This measure is representative of NIDA's research efforts to develop and transition evidence-based substance abuse treatments to those who need them. Research developed in one community, population group, or lab may not be applicable to all; therefore, generalizability and tailored community-based research is critical to ensuring the best treatment.

(2) Provide narrative that examines the FY 2008 actual performance results with the FY 2008 target, as well as prior year actuals. If the performance target was not achieved for FY 2008, the agency

³ The Diagnostic and Statistical Manual of Mental Disorders (DSM-IV), published by the American Psychiatric Association, is the most comprehensive and authoritative book devoted to the classification of psychiatric illness.

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should explain why this is the case. If the agency has concluded it is not possible to achieve the established target with available resources, the agency should include recommendations on revising or eliminating the target.

The FY 2008 target was to complete the goal of developing and testing of two new evidence-based treatment approaches for drug abuse in community settings. NIDA met this target by completing research on two treatments for drug abuse (MET and Seeking Safety), and final analyses are underway on a third treatment (BSFT) developed and tested in community settings.

The results of MET have been published; the results of Seeking Safety have been reported at meetings, publications are submitted or in press; and results of BSFT are in the data analysis/manuscript preparation phase, results expected to be submitted in 2009.

The research on Motivational Enhancement Treatment (MET) was completed. Results from a multi-site clinical trial of MET in community drug abuse clinics showed sustained substance use reductions only among primary alcohol users. Other findings from the research demonstrated that: (1) training in Motivational Interviewing (MI) increases proficiency in its implementation; (2) the combination of expert-led workshops followed by program-based clinical supervision is an effective method for disseminating motivational interventions in treatment programs; (3) having active MI supervisory capacity and a champion for the intervention in the clinic increases its adoption; and (4) that there are opportunities in the early stages of treatment for implementing motivational therapies to improve standard clinical practice and patient outcomes.

Research from the Seeking Safety protocol was completed. Results were that integrated treatment for PTSD and substance use disorders had a significant impact on trauma symptoms, but did not improve substance abuse outcomes more than the control condition. Seeking Safety also had a positive effect on sexual risk behaviors (decreased) and did *not* increase adverse events, such as substance use and its related consequences. The latter is important because PTSD treatment involves recollection and recounting of painful experiences, which has the potential to elicit negative outcomes.

The BSFT trial and its 1-year follow-up has been completed. The data are being analyzed for future publication in scientific journals, and/or presentation at national and regional meetings. Previous research using BSFT found that it was more efficacious than group intervention in reducing conduct problems, associations with anti-social peers, and substance use, and it increased engagement in treatment. Moreover it improves family function, which is associated with changes in behavioral problems among youth. Final results of the trial will help determine whether BSFT can be readily adopted by community treatment programs.

FY 2008's target and achievement build upon previous year actuals which adapted three behavioral treatment protocols (MET, BSFT, and Seeking Safety) for community-based settings (FY 2004), trained 184 providers in these protocols (FY 2005), and enrolled more than 1,200 patients in these studies (FY 2006), and analyzed data from the studies (FY 2007).

(3) The agency should describe the performance target for FY 2009 and how the agency plans to meet this target. If the target in FY 2008 was not achieved, this explanation should detail how the agency plans to overcome prior year challenges to meet targets in FY 2009.

This goal was completed in FY 2008, so there is not a FY 2009 target. Potentially, a new goal will replace the completion of the current goal for 2009.

(4) The agency should describe the procedures used to ensure performance data for this measure are accurate, complete, and unbiased in presentation and substance. The agency should also describe the methodology used to establish targets and actuals, as well as the data source(s) used to collect information.

Data Accuracy, Completeness and Unbiased Presentation

Because CTN's priority is the collection of scientific data, CTN follows scientific guidelines and procedures in collecting, verifying, cleaning, analyzing, and reporting data. These procedures ensure that the data meets scientific standards and can reliably and effectively be used to advance NIDA's goal of improving substance abuse treatment programs. The reliability of this program's performance data is ensured by the Data and Statistics Coordinating Center (DSC) and the Clinical Coordinating Center (CCC). The DSC ensures that the data conform to the predetermined and standardized parameters delineated in each protocol, and that non-conformance is tracked and submitted to each site for resolution. In addition, the data are validated, re-checked and routine data audits are performed to ensure data integrity and accuracy. The CCC was established as an independent contract institution to provide resources and regulatory support with review and quality assurance monitoring. On-site monitoring by the CCC usually occurs every three months or more often as needed for the particular trial. Valid data collection is of critical importance to the integrity of science. Standardized procedures are in place to ensure that quality data is collected for quality science.

Patient attrition is an issue of concern for all drug abuse clinical studies, and it is addressed statistically as part of the trial design (using, e.g., intent to treat analyses). Data entry checks are in place and final data sets are validated as well as audited by on-site monitors from the DSC. Monitors match Case Report Forms (CRFs) with the electronic database. Also, data are reviewed by monitors from the independent Clinical Coordinating Center (CCC) for quality assurance for the program nationally.

An in-person site visit is scheduled for close-out of the protocol at each site. At the completion of the trial, all data are verified using standardized scientific methodologies by the CCC and the DSC before data lock. Following publication, or 18 months after the data lock, the data are de-identified and made available to other clinical researchers through the CTN website: <http://www.ctndatashare.org>.

A Publication Plan is prepared soon after the study commences, and submitted to the Publications Committee of the CTN. Work begins on the final analysis as soon as the data are locked and the database is determined to be complete. Publication of the study in a peer-reviewed scientific journal serves as a final step in verifying that the methods used to collect and analyze the data, and the conclusions supported by the data, meet the rigorous standards of the scientific community at large.

Methodology Used to Establish Targets/Actuals

The CTN has an extensive priority setting process to determine what research areas hold the most promise for filling gaps and should be prioritized for testing. A Research Development Committee (RDC) composed of CTN researchers, community treatment provider representatives, and the CTN Director, has been established to ensure a strategic research agenda for the CTN. The field driven deliberations formulate research questions that capture unique scientific opportunities, and address critical public health needs, and prioritize research projects. The RDC then makes recommendations to an Executive Committee and a Steering Committee for review and approval. Collectively, these expert reviewers selected the three behavioral treatment protocols, which have shown efficacy in clinical research studies to be tested through the CTN in partnership with community treatment programs.

The target values are based on sound methodological assessment procedures and related timelines set for each protocol, which includes: adaptation of treatment protocols for CTPs; provider training; subject recruitment; treatment provision; assessment of outcomes and follow up assessments; data entry and audits; data analyses; and presentation and publication of results. While these methodologies cannot precisely predict the course of a study (e.g. given unexpected recruitment issues), the likely path of implementation and timing is based on knowledge gained from earlier research, and were used to generate the targets for this measure.

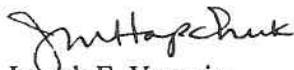
Data Sources

Each site collects patient data using the Case Report Forms, which are submitted directly from trained practitioners. The data must conform to predetermined parameters described in the written protocols which establish how, what and when data are collected. The data are then fed into a Data and Statistics Coordinating Center (DSC) for data collection, management, and cleaning. In this way, all of the data collected can be standardized, cleaned for errors, and rechecked for quality assurance. The data are stored confidentially and provide the resource for data analysis to determine program success.



JAN 16 2009

TO: Daryl Kade
Chief Financial Officer
Office of Policy, Planning, and Budget
Substance Abuse and Mental Health Services Administration

FROM: 
Joseph E. Vengrin
Deputy Inspector General for Audit Services

SUBJECT: Independent Attestation Review: Substance Abuse and Mental Health Services Administration Fiscal Year 2008 Performance Summary Report for National Drug Control Activities and Accompanying Required Assertions (A-03-09-00352)

The purpose of this report is to provide the results of our attestation review of the Substance Abuse and Mental Health Services Administration (SAMHSA) Performance Summary Report for National Drug Control Activities and accompanying required assertions for fiscal year (FY) 2008.

Pursuant to 21 U.S.C. § 1703(b)(13), each National Drug Control Program agency must submit to the Director of the Office of National Drug Control Policy (ONDCP) an evaluation of the progress of the agency with respect to drug control program goals using the performance measures established for that agency. Section 1703(d)(7) authorizes ONDCP to “monitor implementation of the National Drug Control Program, including – (A) conducting program and performance audits and evaluations.” ONDCP may request “assistance from the Inspector General of the relevant agency in such audits and evaluations.” Section 7 of the ONDCP Circular entitled “Drug Control Accounting,” dated May 1, 2007, provides the reporting requirements to comply with section 1703(b)(13). Section 8 of the ONDCP Circular requires the Office of Inspector General to express a conclusion about the reliability of each assertion made about the performance summary report for national drug control activities.

Pursuant to 21 U.S.C. § 1703(d)(7) and in compliance with the ONDCP Circular, we reviewed the attached SAMHSA report entitled “FY 2008 Performance Summary Report for National Drug Control Activities” and accompanying required assertions, dated November 21, 2008. We conducted our attestation review in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards applicable to attestation engagements contained in “Government Auditing Standards” issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of

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which is to express an opinion on management's assertions contained in its report; accordingly, we do not express such an opinion.

SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION PERFORMANCE SUMMARY REPORT

SAMHSA's report included assertions for four measures of National Drug Control Program activities. The four measures were (1) percentage of clients reporting abstinence from illegal drug use at discharge, (2) percentage of States showing an increase in State-level estimates of survey respondents (ages 12-17) who rate the risk of substance abuse as moderate or great, (3) percentage of clients reporting no past-month arrests, and (4) percentage of program participants (age 18 and up) who rate the risk of substance abuse as moderate or great.

We performed review procedures on the performance summary report and accompanying required assertions. In general, we limited our review procedures to inquiries and analytical procedures appropriate for our attestation review.

OFFICE OF INSPECTOR GENERAL CONCLUSION

Based on our review, nothing came to our attention that caused us to believe that SAMHSA's performance summary report for FY 2008 and management's assertions accompanying its report were not fairly stated, in all material respects, based on the ONDCP Circular entitled "Drug Control Accounting," dated May 1, 2007.

This report is intended solely for the information and use of Congress, ONDCP, and SAMHSA and is not intended to be, and should not be, used by anyone other than these specified parties. If you have questions or comments, please contact me, or have your staff call Stephen Virbitsky, Regional Inspector General for Audit Services, Region III, at (215) 861-4470.

Attachment

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ATTACHMENT

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DEPARTMENT OF HEALTH & HUMAN SERVICES

Substance Abuse and Mental
Health Services Administration

Center for Mental Health Services
Center for Substance Abuse
Prevention
Center for Substance Abuse
Treatment
Rockville MD 20857

NOV 21 2008

MEMORANDUM TO: Director
Office of National Drug Control Policy

THROUGH: Richard J. Turman
Deputy Assistant Secretary, Budget

FROM: Daryl Kade
Chief Financial Officer
Substance Abuse and Mental Health Services
Administration (SAMHSA)

SUBJECT: Assertions Concerning Performance Summary Report

In accordance with the requirements of the Office of National Drug Control Policy circular "Drug Control Accounting," I make the following assertions regarding the attached Performance Summary Report for National Drug Control Activities:

Performance Reporting System

I assert that SAMHSA has a system to capture performance information accurately and that this system was properly applied to generate the performance data presented in the attached report.

Explanations for Not Meeting Performance Targets

I assert that the explanations offered in the attached report for failing to meet a performance target are reasonable and that any recommendations concerning plans and schedules for meeting future targets or for revising or eliminating performance targets are reasonable.

Methodology to Establish Performance Targets

I assert that the methodology used to establish performance targets presented in the attached report is reasonable given past performance and available resources.

Performance Measures Exist for All Significant Drug Control Activities

I assert that adequate performance measures exist for all significant drug control activities.

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FY 2008 Performance Summary Report for National Drug Control Activities

Decision Unit 1: Substance Abuse Prevention and Treatment Block GrantMeasure 1: Percent of clients reporting abstinence from illegal drug use at discharge

Table 1: Measure 1

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
Not available	Not available	68.3%	73.7%	69.3%	To be reported Nov. 2009	69.3%

Note: Data on this measure were reported beginning in 2006.

(1) Measure 1 is the percent of clients in public substance abuse treatment programs who are abstinent from illegal drug use at discharge. The measure relates directly to a key goal of the Block Grant Program, that is, to assist clients in achieving abstinence through effective substance abuse treatment. This measure allows SAMHSA to gauge the extent to which this program addresses this key objective. This measure also reflects program emphasis on reducing demand for illicit drugs by targeting chronic users. Project officers review and monitor data on a regular basis, which serves as a focus of discussion with the states, as well as utilize it in the management of the program as needed.

(2) The target for FY 2007 was met. Because of the lag in the reporting system, actual data for FY 2008 will not be available until November 2009.

(3) The performance target for FY 2009 was also set at 69.3%, as published in the FY 2009 Congressional Justification. Changing economic conditions, especially at the State level, can be expected to negatively impact substance abuse treatment programs throughout the country, thus stability in program outcomes and outputs is somewhat questionable. Moreover, since FY 2009 operations have begun under a 6-month Continuing Resolution (CR), should a new Congress significantly decrease funding levels in an actual FY 2009 appropriation, then this target must be revisited. SAMHSA will continue to work with States to monitor progress in accomplishing treatment goals and will provide technical assistance as needed. It is expected that the FY 2009 target will be achieved.

(4) The data source for this measure is the Treatment Episode Data Set (TEDS). States are responsible for reviewing the quality of their data. Each State is responsible for ensuring that each record in the data submission contains the required key fields, that all fields in the record contain valid codes, and that no duplicate records are submitted. States are also responsible for cross-checking data items for consistency across data fields. The internal control program consists of a rigorous quality control examination of

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the data as they are received from States. They are examined to detect values that fall out of the expected range based on the State's historical trend. If such outlier values are detected the State is contacted to validate the value or correct the error. Detailed instructions governing data collection, review, and cleaning are available at http://www.dasis.samhsa.gov/dasis2/manuals/teds_adm_manual.pdf and http://www.dasis.samhsa.gov/dasis2/manuals/teds_manual.pdf.

Decision Unit 1: Substance Abuse Prevention and Treatment Block Grant

Measure 2: Percent of states showing an increase in state-level estimates of survey respondents who rate the risk of substance abuse as moderate or great (age 12-17)

Table 2: Measure 2

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Target	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
Not Available	Not Available	Not Available	Not Available	Not Available	Baseline	45.1%	45.1%

Note: Numbers reported from NSDUH two-year pooled data 2005/2006 and 2004/2005. Data on this measure were reported beginning in FY 2008.

(1) Measure 2, for Decision Unit 1 (SAPTBG), is to increase the percentage of states showing an increase in state levels of perceived risk of harm of substance use as measured by the National Survey on Drug Use and Health (NSDUH). The national level measure previously used to report changes in perceived risk was retired in favor of this state level measure in order to better align the SAPTBG performance measures with the state level objectives of the program.

Increasing statewide levels of perceived risk of harm of substance use supports the first goal of the National Drug Control Strategy: stopping use before it starts. A substantial number of reports (e.g., Monitoring the Future, National Survey on Drug Use and Health) have provided findings that demonstrate that risk and protective factors are associated with the likelihood of substance use. Perceived risk of substance use and abuse is a particularly important factor because of the role lower perceived risk plays in an individual's decision to change from abstaining from substance use to being a user. For example, a longitudinal study of 725 college students examined the efficacy of a marijuana prevention program. Risk perception was found to be significantly correlated with current use. The findings suggest that for abstainers, perceived risk and the potential negative consequences of marijuana use may serve a protective role against the initiation of marijuana use.¹ There is also typically a lag effect in time that depicts that increased use closely follows increases in specific risk factors. For example, a decrease in perceived risk in marijuana in 1992, preceded a substantial increase in use beginning in 1993 (MTF, Volume I Secondary School students, 2004, p331).

The NSDUH is a self-report questionnaire. Respondents select from a list of available responses to characterize their perceived risks of substance abuse. For instance, the NSDUH contains the following question about the perceived risk of binge drinking:

¹ Kilmer, J.R., Hunt, S.B., Lee, C.M., & Neighbors, C. (2007). Marijuana use, risk perception, and consequences: Is perceived risk congruent with reality? *Addictive Behaviors*, 32(12), 3026-3033.

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"How much do people risk harming themselves physically and in other ways when they have five or more drinks of an alcoholic beverage once or twice a week?" [Response options: No risk, slight risk, moderate risk, great risk, "don't know"]

Respondents who indicate that binge drinking poses either a moderate or a great risk are considered to have the positive attitude. For purposes of measuring SAPT Block Grant performance, a state has improved if there are increased rates of the positive attitudes in their population on at least two of the following: perceived risk of binge drinking, perceived risk of regular cigarette use and perceived risk of regular marijuana use. The percentage of total states (including D.C.) showing such an improvement is reported here.

Performance on these measures can be used in program management in a number of ways. CSAP performs additional analyses to track state trends in perceived risk and also produces tables comparing state levels of various risk factors to the national median. These analyses appear in the State NOMs and Trends & Directions reports. These tools are used by Project Officers with their states in identifying any technical assistance needs to help improve any results indicated.

(2) FY 2008 is the baseline year for results. The baseline is 45.1%.

(3) The target for FY2009 is the same as the FY2008 actual reported. Given the current economic context, we are hopeful that we can maintain the improvements gained from the baseline in FY2008.

(4) Data for this measure are collected as part of the National Survey on Drug Use and Health. Information on methodology and data validation is available at <http://www.oas.samhsa.gov/nhsda/methods.cfm>. As described by the Office of Applied Studies, extensive methodological testing has been conducted on the NSDUH survey and data processing procedures.

Since most state-level sample sizes are too small for statistical reliability, CSAP pools two years of data to estimate state-level figures. Pooling data may understate improvements, while random sampling errors may lead to an overstatement of improvements.

Information on any data problems identified is transmitted to the Government Project Officer for the CSAP Data Analytic Coordination and Consolidation Center (DACCC), who works with the Program Project Officers and grantees and contractors to identify a resolution. Communications are supported by regularly submitted program data inventories, and variable by variable cleaning sheets. The DACCC Data Management team then makes any required edits to the files. The edited files are then available to the DACCC Data Analysis Team for analysis and reporting. Grantees are instructed in the use of data collection protocols through grantee meetings and questionnaire administrative guides.

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Decision Unit 2: CSAT Programs of Regional and National Significance (PRNS)Measure 3: Percent of clients reporting no past month arrests

Table 3: Measure 3

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
95%	96%	96%	96%	96%	96%	94%

(1) Measure 3 is the percent of clients served by the capacity portion of the PRNS portfolio² who report no past month arrests. A key component of the Program is to ensure that clients receive a comprehensive array of services to achieve improvements in quality of life. This measure supports a primary objective of assisting clients to increase productivity and remain free from criminal involvement. In addition, this measure relates directly to and supports the national drug control strategy.

This measure of percentage of clients with no past month arrests is monitored routinely throughout the period of performance of the program.

(2) CSAT met the existing target for 2008 and does not anticipate a problem meeting the 2009 target.

(3) The target for FY 2009 is 94%, a decrease of 2% over FY 2008. SAMHSA has set this target based on current trends and anticipated decreases in funding in some PRNS capacity/services programs, as published in the FY 2009 Congressional Justification. Targets are set based on trends seen in previous performance and anticipated funding level (i.e. in general, the number served would be expected to go up if funding increases and decline if funding decreases). Further, this decision unit incorporates several different program activities. The mix of programs and grantees varies from year to year and needs to be adjusted for in the target methodology. Moreover, since FY 2009 operations have begun under a 6-month Continuing Resolution (CR), should a new Congress significantly decrease funding levels in an actual FY 2009 appropriation, then this target must be revisited.

(4) CSAT is able to ensure the accuracy and completeness of this measure as all data are submitted via the Services Accountability Improvement System (SAIS), a web-based data entry and reporting system. The system has automated built-in checks to ensure data quality.

² PRNS capacity programs: Targeted Capacity Expansion (TCE)/General, TCE/HIV and HIV Outrech, Addiction Treatment for Homeless Persons, Assertive Adolescent and Family Treatment, Family Drug Courts, Juvenile Drug Courts, Young Offender Re-entry Program, Pregnant and Post-Partum Women, Recovery Community Services – Recovery, Recovery Community Services – Facilitating, Co-Occurring State Incentive Grants, and Child and Adolescent State Incentive Grants.

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Increasing statewide levels of perceived risk of harm of substance use supports the first goal of the National Drug Control Strategy: stopping use before it starts. A substantial number of reports (e.g., Monitoring the Future, National Survey on Drug Use and Health), have provided findings that demonstrate that risk and protective factors are associated with the likelihood of substance use. Perceived risk of substance use and abuse is a particularly important factor because of the role lower perceived risk plays in an individual's decision to change from abstaining from substance use to being a user. For example, a longitudinal study of 725 college students examined the efficacy of a marijuana prevention program. Risk perception was found to be significantly correlated with current use. The findings suggest that for abstainers, perceived risk and the potential negative consequences of marijuana use may serve a protective role against the initiation of marijuana use.³ There is also typically a lag effect in time that depicts that increased use closely follows increases in specific risk factors. For example, a decrease in perceived risk in marijuana in 1992, preceded a substantial increase in use beginning in 1993 (MTF, Volume I Secondary School students, 2004, p331).

Results can be used in program management in a number of ways. For example, CSAP performs additional analyses to assess whether outcomes are consistent across demographic groups and individual PRNS programs. Where demographic or program differences are identified, consideration is given to program modifications that would increase success.

(2) This program began reporting data in FY2007. Since HIV Cohort 6 uses continuous on-line data reporting, there is a shorter data lag than previously existed for this program. Therefore, the data reported for 2007 are actual 2007 figures. The FY 2007 data represent the baseline. Preliminary data for FY2008 will be reported in April, 2009. Complete FY2008 data will be reported in August of 2009. The time is needed for data processing, quality control and communication with the grantees.

(3) The target for 2009 is 93.0%, about 10 percentage points higher than the 2008 target. Targets for FY2008 and FY2009 appear low because time dictated that they be established prior to receipt of actual baseline data. We expect to exceed the 2008 target by a substantial margin. From preliminary data received thus far, it appears at this time that FY2008 actuals will be similar to FY2007.

(4) Data are collected through standardized instruments by the grantees. The outcome measures on these questionnaires include items from other validated instruments such as Monitoring the Future and NSDUH. These data are typically entered into an online data entry system, although grantees may perform data entry and validation functions offline and upload the data as one or more files.

Data received are carefully collected, cleaned, analyzed and reported by the Data Analysis Coordination and Consolidation Center (DACCC). The DACCC reviews the

³ Kilmer, J.R., Hunt, S.B., Lee, C.M., & Neighbors, C. (2007). Marijuana use, risk perception, and consequences: Is perceived risk congruent with reality? *Addictive Behaviors*, 32(12), 3026-3033.

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data for completeness and accuracy using a set of uniform cleaning rules. Information on any data problems identified is transmitted to the DACCC Government Project Officer who works with the Program Project Officers and grantees to identify a resolution. Communications are supported by regularly submitted program data inventories, preliminary reports and data cleaning sheets that summarized issues on a variable-by-variable basis. Grantees also received instruction on the data collection protocols at grantee meetings and through survey administration guides. Cleaned data files are then used for analysis and reporting.

Tab C

Office of Inspector General


U.S. Department of Homeland Security
Washington, DC 20528



Homeland
Security

February 12, 2009

MEMORANDUM FOR: The Honorable Admiral Thad M. Allen
Commandant
United States Coast Guard

From: 
Richard L. Skinner
Inspector General

Subject: *Independent Review of the U.S. Coast Guard's Reporting of the FY
2008 Drug Control Performance Summary Report*

Attached for your information is our report, *Independent Review of the U.S. Coast Guard's Reporting of the FY 2008 Drug Control Performance Summary Report*. We contracted with the independent public accounting firm KPMG LLP to perform the review. This report contains no recommendations.

Should you have any questions, please call me, or your staff may contact Anne L. Richards, Assistant Inspector General for Audits, at 202-254-4100.

Attachment



Department of Homeland Security Office of Inspector General

Independent Review of the U.S. Coast Guard's Reporting of the FY 2008 Drug Control Performance Summary Report



OIG-09-27

February 2009

Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 20528



Homeland
Security

February 12, 2009

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report presents the results of the review of the Performance Summary Report of the U.S. Coast Guard for the fiscal year ended September 30, 2008, for the Office of National Drug Control Policy. We contracted with the independent public accounting firm KPMG LLP to perform the review. U.S. Coast Guard's management prepared the Performance Summary Report and management assertions to comply with the requirements of the Office of National Drug Control Policy Circular, *Drug Control Accounting*, dated May 1, 2007. KPMG LLP is responsible for the attached independent accountants' report dated January 26, 2009, and the conclusions expressed in the report. We do not express an opinion on the Performance Summary Report and management's assertions.

We trust the information in this report will continue to result in effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General

U.S. Department of
Homeland Security

United States
Coast Guard



Commandant
United States Coast Guard

2100 Second Street, S.W.
Washington, DC 20593-0001
Staff Symbol: CG-5121
Phone: (202) 372-2585
Email: Patrick.m.hilbert@uscg.mil

7110
January 26, 2009

Department of Homeland Security
Director of Financial Management
Office of the Inspector General
Attn: Mr. John D. Shiffer, CPA
1120 Vermont Avenue, 10th Floor, NW
Washington, D.C. 20005

Dear Mr. Shiffer,

In accordance with the Office of National Drug Control Policy Circular: *Annual Accounting of Drug Control Funds* dated May 1, 2007, enclosed is the Coast Guard's updated FY 2008 Performance Summary Report. This report replaces the report submitted as part of my letter dated November 20, 2008 and January 13, 2009. Enclosures (2) through (4) provide supporting documentation for the data reported in enclosure (1). Enclosure (5) is the letter of assurance requested by KPMG on January 23, 2009.

If you require further assistance on this information, please contact LCDR Patrick Hilbert, 202-372-2585.

Sincerely,

A handwritten signature in cursive script that reads "J. C. Burton".

J. C. BURTON
Captain, U.S. Coast Guard
Chief, Office of Performance Management &
Assessment
U.S. Coast Guard

Enclosure (1) FY 2008 Performance Summary Report
(2) Excerpt from Interagency Assessment of Cocaine Movement 2007 (UNCLAS)
(3) Supporting Documentation for 2007 and 2008 Coast Guard Cocaine Removal
(4) Supporting Calculations for Cocaine Removal Rate for 2007 and 2008
(5) Coast Guard "Letter of Assurance" to KPMG

Copy: DHS Budget Office

Enclosure (1) to letter dated January 26, 2009

United States Coast Guard
Performance Summary Report

I. PERFORMANCE INFORMATION

Decision Unit 1: Primary Outcome Measure

NOTE: *Although the Coast Guard appropriation is apportioned along budget decision unit lines (i.e. Acquisitions, Construction & Improvements (AC&I), Operating Expenses (OE), Research Development Testing and Evaluation (RDT&E), and Reserve Training (RT)), the Coast Guard does not manage performance along decision unit lines. This is impractical due to the multi-mission performance of our assets, which transcends budget decision units.*

The Coast Guard's drug interdiction performance is best summarized by the lead outcome measure of the program. That measure is the central focus of our Performance Summary Report. The Coast Guard Drug Interdiction Program has a suite of metrics that support the lead outcome measure. The lead outcome measure and its supporting metrics suite were validated during a 2007 PART Evaluation.

Measure: Cocaine Removal Rate (Removal rate for cocaine that is shipped via non-commercial maritime means.)

Table 1: Cocaine Removal Rate

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
30.7%	27.3%	25.3%	32.6%	28.0%	33.8% (est.) ¹	23.8%

(1) Describe the measure. In doing so, provide an explanation of how the measure (a) reflects the purpose of the program, (b) contributes to the *National Drug Control Strategy*, and (c) is used by management of the program. This description should include sufficient detail to permit non-experts to understand what is being measured and why it is relevant to the agency's drug control activities.²

The goal of the Coast Guard's Drug Interdiction program is to reduce the supply of illegal drugs by denying smugglers the use of air and maritime routes by projecting an effective law enforcement presence in and over the Caribbean Sea, the Gulf of Mexico and the Eastern Pacific Ocean. The Coast Guard's primary outcome measure, the Cocaine Removal Rate, tells the program how effective it is at disrupting the flow of cocaine that is traveling via non-commercial maritime means toward the United States. The more cocaine bound for the U.S. that the Coast Guard removes, the less supply of cocaine will be available within the U.S. The cocaine removal rate is calculated by dividing the total amount of cocaine removed by the Coast Guard by the non-commercial maritime movement of cocaine towards the U.S.

The 2007 *National Drug Control Strategy* set an interagency, Transit Zone removal rate

¹ The Cocaine Removal Rate estimate for FY 2008 is based on the actual quantity of cocaine removed in FY 2008 and the non-commercial maritime cocaine flow towards the U.S. from 2007. The non-commercial maritime flow towards the U.S. for 2008 will be available following the publication of the *Interagency Assessment of Cocaine Movement* in July 2009.

² Requirements 1 through 4 in this section are drawn from the ONDCP Drug Accounting Circular.

Enclosure (1) to letter dated January 26, 2009

goal for cocaine of 40%. With over 80% of the cocaine moving through the Transit Zone via non-commercial maritime means, the higher that Coast Guard's cocaine removal rate, the less cocaine needs to be removed by our partner agencies to achieve that 40% target. The Drug Interdiction program managers monitor the cocaine removal rate, watching for both changes in Coast Guard removals as well as increases or decreases in flow. Any changes are then diagnosed to determine the cause and to develop strategies to continue to increase the removal rate. Factors that can impact the removal rate include, but are not limited to, changing tactics and routes by the drug trafficking organizations, increased or decreased patrol effort by the Coast Guard or its drug interdiction partner agencies/nations, the availability, quality and timeliness of tactical intelligence, and the implementation of new capabilities (Airborne Use of Force, for example).

(2) Provide narrative that examines the FY 2008 actual performance results with the FY 2008 target, as well as prior year actuals. If the performance target was not achieved for FY 2008, the agency should explain why this is the case. If the agency has concluded it is not possible to achieve the established target with available resources, the agency should include recommendations on revising or eliminating the target.³

In FY 2008, the Coast Guard set a new record with 367,926 pounds (166.9 Metric Tons) of cocaine removed, up 3.4 % from our previous record of 355,754 pounds in FY 2007. Based on the 2007 cocaine movement, the Coast Guard expects to exceed its 28 percent target by as much as 3-5 percent. That would make FY 2008 the fifth consecutive year in which the Coast Guard exceeded its annual target.

Critical to the Coast Guard's successful drug interdiction efforts were the numerous enforcement partnerships, such as the deployment of Coast Guard Law Enforcement Detachments aboard U.S. Navy and allied warships, and increased international, inter-department and inter-agency cooperation/coordination.

(3) The agency should describe the performance target for FY 2009 and how the agency plans to meet this target. If the target in FY 2008 was not achieved, this explanation should detail how the agency plans to overcome prior year challenges to meet targets in FY 2009.

The Coast Guard's target for FY 2009 is to remove 23.8 percent of the cocaine moving via non-commercial maritime means towards the U.S. To meet this target, the Coast Guard will continue to source major cutters, airborne use of force capable helicopters, long range maritime patrol aircraft, and law enforcement detachments to drug detection, monitoring and interdiction operations in the Transit Zone, and push further expansion of the airborne use of force program with our U.S. and Allied Naval partners.

(4) The agency should describe the procedures used to ensure performance data for this measure are accurate, complete, and unbiased in presentation and substance. The agency should also describe the methodology used to establish targets and actuals, as well as the data source(s) used to collect information.

As stated previously, the cocaine removal rate is calculated by dividing the total amount of cocaine removed by the Coast Guard by the non-commercial maritime movement of

³ If FY 2008 actuals are not available by the recommended deadline for agencies to submit materials to the OIG (December 31st), the most recently available actuals can be used as an acceptable substitute. Agencies need only provide actuals starting in FY 2004.

cocaine towards the U.S. The data that are used to calculate the Coast Guard's cocaine removal rate is drawn from two independent sources. The amount of cocaine removed by the Coast Guard is the sum of all the cocaine that is physically seized by Coast Guard personnel and all the cocaine lost to the drug trafficking organizations due to the Coast Guard's efforts. This latter amount is often an intelligence-based estimate of the quantity of cocaine onboard a given vessel that is burned, jettisoned, or scuttled in an attempt to destroy evidence when Coast Guard presence is detected. Cocaine removals are drawn from the Consolidated Counterdrug Database (CCDB). The data entered into the CCDB is approved through an interagency vetting process. Although the cocaine removals are originally reported in pounds, the Coast Guard converts the removal to metric tons to compute the cocaine removal rate. The non-commercial maritime flow of cocaine towards the U.S. is extracted from the *Interagency Assessment of Cocaine Movement* (IACM). The IACM is prepared for ONDCP by the Defense Intelligence Agency. All data that are contained within these two sources are deemed to be accurate, complete, and unbiased in presentation and substance.

At least annually, the Coast Guard's Office of Law Enforcement and Office of Performance Management Assessment review all the assumptions that factor into the setting of its out-year targets, makes adjustments as necessary, and forwards the new target recommendations to the Deputy Commandant for Operations for final review and approval. The key factors that drive the target setting process are the estimated out-year cocaine flow, the availability of Coast Guard resources (mainly major cutters and long range maritime patrol aircraft), and any changes in Coast Guard capabilities, authorities, or partnerships that may impact cocaine removals.

II. MANAGEMENT'S ASSERTIONS

The Report should include a letter in which an accountable agency official makes the following assertions regarding the information presented above:

(1) Performance reporting system is appropriate and applied – The agency has a system to capture performance information accurately and that system was properly applied to generate the performance data.

Yes. The Coast Guard performance reporting system was reviewed in a 2007 Independent Program Evaluation by the Center for Naval Analyses and a 2007 OMB PART evaluation. All reviews supported reasonable assurance on the appropriateness and application of the performance reporting system.

(2) Explanations for not meeting performance targets are reasonable – The explanation(s) offered for failing to meet a performance target and for any recommendations concerning plans and schedules for meeting future targets or for revising or eliminating performance targets are reasonable.

N/A. The Coast Guard's achieved its target for FY 2008.

(3) Methodology to establish performance targets is reasonable and applied – The methodology described above to establish performance targets for the current year is reasonable given past performance and available resources.

Yes. A quantitative and qualitative process that reviews intelligence, logistics, strategic and operational policy, capability, emerging trends, past performance, and capacity variables impacting mission performance is used to establish performance targets. Targets generated by the program manager are reviewed independently by performance and budget oversight offices at Coast Guard Headquarters, as well as the DHS Office of Program Analysis and Evaluation, prior to entry into budget documents and the DHS Future Year Homeland Security Program.

(4) Adequate performance measures exist for all significant drug control activities

Yes. This was validated in the 2007 OMB PART of the Coast Guard Drug Interdiction Program.

- The agency has established one acceptable performance measure that covers all four budget decision units for which a significant amount of obligations (\$1,000,000 or 50 percent of the agency drug budget, whichever is less) were incurred in the previous fiscal year.

Management should take the following criteria into account when making assertions:

- (a) **Data** – If workload, participant, or other quantitative information supports these assertions, the sources of these data should be well documented. If these data are periodically collected, the data used in the report must be clearly identified and will be the most recently available.
- (b) **Other Estimation Methods** – If professional judgment or other estimation methods are used to make these assertions, the objectivity and strength of these estimation methods must be thoroughly explained and documented. These estimation methods should be subjected to periodic review to confirm their continued validity.
- (c) **Reporting Systems** – Reporting systems supporting the assertions should be current, reliable, and an integral part of the agency's budget and management processes.

III. INSPECTOR GENERAL AUTHENTICATION

Agency performance information and management's assertions should be provided to the agency's Inspector General (IG) for the purpose of expressing a conclusion about the reliability of each assertion made in the report. ONDCP anticipates that this engagement will be an attestation review, consistent with the *Statements for Standards of Attestation Engagements*, promulgated by the American Institute of Certified Public Accountants.

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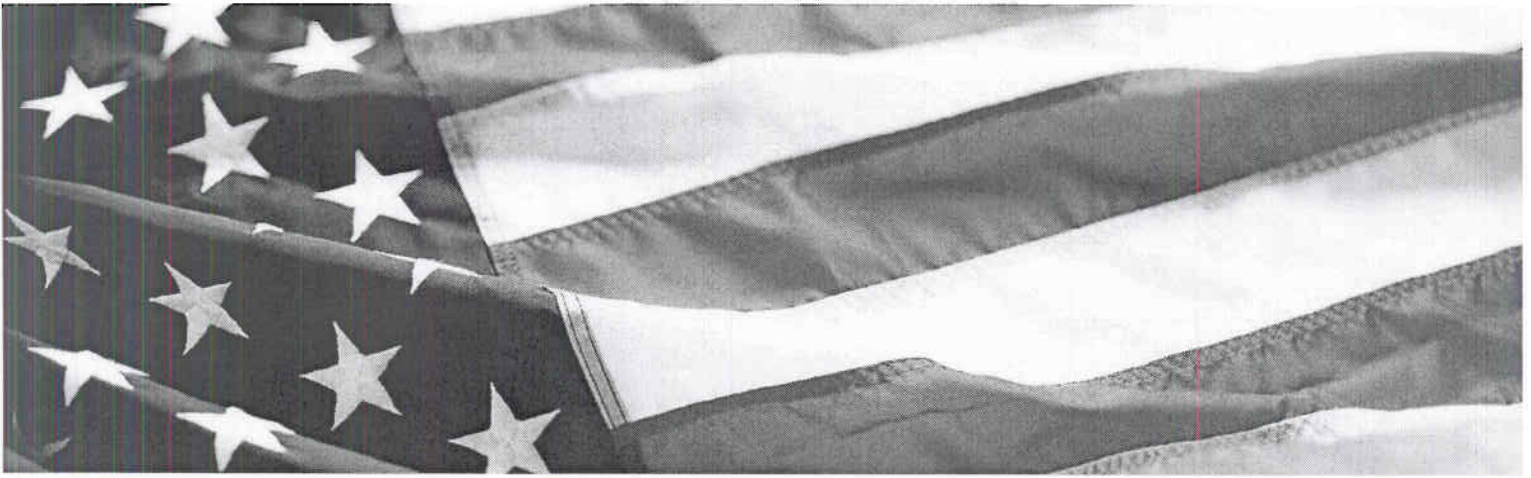
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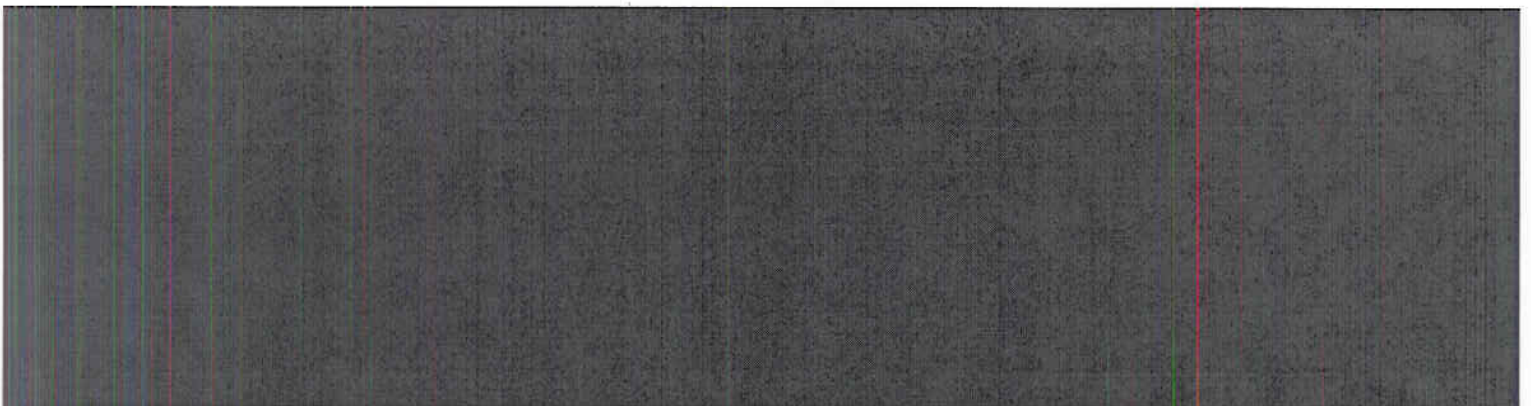
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Attention: Office of Investigations - Hotline,
245 Murray Drive, SW, Building 410,
Washington, DC 20528.

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Department of Homeland Security Office of Inspector General

Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2008 Drug Control Performance Summary Report



OIG-09-20

January 2009

Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 20528



Homeland
Security

January 30, 2009

Preface

The Department of Homeland Security (DHS) Office of Inspector General (OIG) was established by the *Homeland Security Act of 2002* (Public Law 107-296) by amendment to the *Inspector General Act of 1978*. This is one of a series of audit, inspection, and special reports prepared as part of our oversight responsibilities to promote economy, efficiency, and effectiveness within the department.

This report presents the results of the review of the Performance Summary Report of the U.S. Immigration and Customs Enforcement for the fiscal year ended September 30, 2008, for the Office of National Drug Control Policy. We contracted with the independent public accounting firm KPMG LLP to perform the review. U.S. Immigration and Customs Enforcement's management prepared the Performance Summary Report and Management Assertions to comply with the requirements of the Office of National Drug Control Policy Circular, *Drug Control Accounting*, dated May 1, 2007. KPMG LLP is responsible for the attached independent accountants' report dated January 23, 2009, and the conclusions expressed in the report. We do not express an opinion on the Performance Summary Report and management's assertions.

It is our hope that the information in this report will continue to result in effective, efficient, and economical operations. We express our appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script that reads "Richard L. Skinner".

Richard L. Skinner
Inspector General



KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Homeland Security

We have reviewed the accompanying Performance Summary Report of the U.S. Department of Homeland Security's (DHS) Immigration and Customs Enforcement (ICE) for the year ended September 30, 2008. We have also reviewed the accompanying management's assertions for the year ended September 30, 2008. ICE's management is responsible for the Performance Summary Report and the assertions.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Performance Summary Report and management's assertions. Accordingly, we do not express such an opinion.

Management of ICE prepared the Performance Summary Report and management's assertions to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007.

Based on our review, nothing came to our attention that caused us to believe that (1) the Performance Summary Report for the year ended September 30, 2008 is not presented, in all material respects, in conformity with ONDCP's Circular, *Drug Control Accounting* (May 1, 2007), or that (2) management's assertions referred to above are not fairly stated, in all material respects, based on the criteria set forth in ONDCP's Circular, *Drug Control Accounting* (May 1, 2007).

This report is intended solely for the information and use of the management of DHS and ICE, the Inspector General, the ONDCP, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 23, 2009

Office of Inspector General

U.S. Department of Homeland Security
Washington, DC 20528



Homeland
Security

January 30, 2009

MEMORANDUM FOR: John P. Torres
Acting Assistant Secretary
United States Immigration and Customs Enforcement

From: *Richard L. Skinner*
Richard L. Skinner
Inspector General

Subject: *Independent Review of the U.S. Immigration and Customs
Enforcement's Reporting of the FY 2008 Drug Control Performance
Summary Report*

Attached for your information is our report, *Independent Review of the U.S. Immigration and Customs Enforcement's Reporting of FY 2008 Drug Control Performance Summary Report*. This report contains no recommendations.

We contracted with the independent public accounting firm KPMG LLP to perform the review. The review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion. Accordingly, KPMG LLP does not express such an opinion as a result of its review.

Should you have any questions, please call me, or your staff may contact Anne L. Richards, Assistant Inspector General for Audits, at 202-254-4100.

Attachment



U.S. Immigration
and Customs
Enforcement

January 22, 2009

KPMG LLP
2001 M Street, N.W.
Washington, D.C. 20036

Ladies and Gentlemen:

We are providing this letter in connection with your review of the Performance Summary Report and management's assertions of the U.S. Department of Homeland Security's Immigration and Customs Enforcement (ICE) for the fiscal year ended September 30, 2008. We understand that your review was conducted for the purpose of expressing limited assurance that there are no material modifications that should be made to the Performance Summary Report and management's assertions in order for them to be in conformity with the requirements of the Office of National Drug Control Policy (ONDCP) Circular: *Drug Control Accounting*, dated May 1, 2007. We acknowledge that the information in the Performance Summary Report and management's assertions is the responsibility of management.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

Also, at your request, to supplement information obtained by you from ICE personnel and from the books and records of ICE, we confirm, to the best of our knowledge and belief, the following representations made to you during your review:

1. The Performance Summary Report and management's assertions present the performance measures and disclosures in conformity with ONDCP's Circular: *Drug Control Accounting* (May 1, 2007).
2. ICE's overall methodology for calculating performance measures, and the practices and methods followed in applying them, are as disclosed in notes accompanying ICE's Performance Summary Report and there have not been changes during the year in ICE's methodology that have not been disclosed to you.
3. The performance data described in the Performance Summary Report report is accurate, complete, and unbiased in presentation and substance.
4. We have responded fully to all inquiries made to us by you during your review.

5. There have been no violations or possible violations of laws or regulations whose effects should be considered for disclosure in the Performance Summary Report and management's assertions.
6. There are no:
 - a. Material transactions or events that have not been properly reflected in the Performance Summary Report and management's assertions.
 - b. Events that have occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in, the Performance Summary Report and management's assertions.
 - c. Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
5. There are no significant deficiencies in the design or operation of internal controls related to performance measures, which could adversely affect ICE's ability to record, process, summarize, and report performance data and we have identified no material weaknesses in internal controls related to performance measures. We have applied the definitions of a "significant deficiency" and a "material weakness" in accordance with the definitions in Statement on Auditing Standards No. 112, *Communicating Internal Control Related Matters Identified in an Audit* and OMB Bulletin No. 07-04, *Audit Requirements for Federal Financial Statements*.
6. We acknowledge our responsibility for the design and implementation of programs and controls to prevent and detect fraud. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with generally accepted accounting principles.
7. We have no knowledge of any fraud or suspected fraud affecting the entity involving:
 - a. Management,
 - b. Employees who have significant roles in internal control, or
 - c. Former employees or others where the fraud could have a material effect on the Performance Summary Report and management's assertions.
8. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, former employees, regulatory agencies, or others.

9. ICE has complied with all aspects of the ONDCP appropriation that would have a material effect on the Performance Summary Report and management's assertions in the event of noncompliance.

Further, we acknowledge that we are responsible for the presentation in the Performance Summary Report and management's assertions in conformity with ONDCP's Circular, *Drug Control Accounting* (May 1, 2007).

Very truly yours,
Department of Homeland Security
Immigration and Customs Enforcement



Alex S. Keenan
Chief Financial Officer

**PERFORMANCE SUMMARY REPORT
OFFICE OF INTELLIGENCE**

Measure 1: Number of counter-narcotics intelligence requests satisfied.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/a	Baseline	82	86

(1) Description

ICE Office of Intelligence (Intel) supports its customers by satisfying their intelligence requirements – providing products and services that inform customers and close existing “intelligence gaps.” Customer requirements are formally documented and captured within IRIS – the Intelligence Requirement Intake System. Customers elaborate their requirements in IRIS which are then analyzed and assigned to the appropriate units. Levied requirements are then either “satisfied” by Office of Intelligence, or not. In the latter case, an intelligence gap remains. Satisfaction of customer requirements represents the “outcome” of Intel’s production in that satisfying customer requirements closes the gap in their information needs and allows customers to make informed decisions about executing law enforcement actions.

(2) FY 2008 actual performance results

FY 2008 was the first full year that IRIS was employed, and a baseline production measure was established for counter narcotics requirements: of the 131 counter narcotics requirements levied, Intel satisfied 82.

(3) Performance Target for FY 2009

Given the “user-friendly” nature of IRIS, and the normalization of its use by ICE field agents within Office of Investigations and Office of International Affairs, Intel anticipates an increase in customer requirements levied. As there is no expected commensurate increase in resources (largely intelligence analysts), the rate of requirement satisfaction is expected to decline.

The performance target for FY 2009 is 86 requirements. Given projected factors (primarily staffing, and increase in counter narcotics requirements), the FY09 counter narcotics performance goal for Intel is 86 satisfied requirements– representing an increase in quantity of requirements satisfied based largely on increased efficiencies. Program performance will be monitored regularly based on information captured in IRIS.

(4) Quality of Performance Data

The database used to validate the Office of Intelligence performance data is the Intelligence Requirement Intake System (IRIS). The Office of Intelligence conducts quality control verification on IRIS data to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

PERFORMANCE SUMMARY REPORT OFFICE OF INVESTIGATIONS

Introduction:

ICE has broad authority to investigate international financial crime and money laundering. ICE's jurisdiction is triggered by the illegal movement of criminal funds, services, or merchandise across the nation's borders and is applied pursuant to the authority of the Bank Secrecy Act, the USA PATRIOT Act, and the Money Laundering Control Act.

The Office of Investigations (OI) was reviewed in PART as one program. Therefore, there are no separate findings for the Drug component of OI's mission. Furthermore, ICE is authorized to enforce Federal statutes and regulations concerning the movement of carriers, persons, and commodities between the United States and other nations, which enables ICE to play a key role in the overall anti-drug effort with a nexus to the border.

ICE participates in and actively supports the Organized Crime Drug Enforcement Task Forces (OCDETF). ICE OCDETF Coordinators sit on each of OCDETF's nine regional task forces and actively interact with other federal law enforcement agencies, local police chiefs, and state and local prosecutors. ICE dedicates resources to participate in highly complex OCDETF investigations targeting major drug smuggling organizations.

ICE Office of Investigations (OI) proposed several new performance measures and output measures for FY 2008 – FY 2013 (Measures 3-8). These new performance measures and outputs are strategic in scope. OI does not forecast law enforcement actions or consequences. OI only provides year end data on seizures, therefore, no targets will be set for Measures 3 – 8.

Several of the output measures were developed to measure the quality of drug seizures. These measures are based on the EPIC federal drug identification number (FDIN) limits. EPIC is a regional intelligence center that was established to collect and disseminate information and support interdiction efforts and investigations relating to drug trafficking, alien and weapon smuggling, counterterrorism, and other criminal activities in support of field enforcement entities throughout the country.

EPIC utilizes Title 21, USC, Sec. 812 which sets the schedules for controlled substances. Determinative factors of controlled substances are:

- (1) Its actual or relative potential for abuse.
- (2) Scientific evidence of its pharmacological effect, if known.
- (3) The state of current scientific knowledge regarding the drug or other substance.
- (4) Its history and current pattern of abuse.
- (5) The scope, duration, and significance of abuse.
- (6) What, if any, risk there is to the public health.
- (7) Its psychic or physiological dependence liability.
- (8) Whether the substance is an immediate precursor of a substance already controlled.

Measure 1: Percent of closed investigations which have an enforcement consequence (arrest, indictment, conviction, seizure, fine or penalty)

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	37.9%	36.4%	35.8%	36.6%	46.3%	47.0%

(1) Description

The outcome measure for OI as a whole is the percentage of closed investigations that have an enforcement consequence defined as arrest, indictment, conviction, seizure, or penalty. Additionally, OI has constructed performance measures that will tie drug control efforts to impacts on the systems by which drugs and drug money are moved and stored. However, ICE will continue to provide traditional measures such as drug seizures to support the outcomes developed by ONDCP.

This measure evaluates the percent of closed cases worked by the Office of Investigations in a selected fiscal year that produced an enforcement consequence (e.g., arrest, indictment, conviction, seizure, fine and/or penalty). Based on management review of our performance results, the decision has been made that any result within one percent of the target will be considered to have been met. One percent was chosen as the error rate on a reasonable standard versus a statistical basis for all program measures. Note that other government agencies employ a similar practice.

More effective immigration and trade enforcement will contribute to enhanced homeland security as well as to greater deterrence. One method for measuring this effectiveness is to determine the extent to which criminal investigations are completed successfully, i.e., closed with an enforcement consequence. However, although many criminal cases arise that are worth pursuing, the potential of an investigation is not known at its inception; therefore, it is to be expected that many cases will be closed each year without an enforcement consequence when it is determined that investigation is no longer viable. Successful investigations also expose and remove, or contribute to the elimination of, vulnerabilities in various aspects of trade and immigration, i.e., the ways in which criminals manage to evade safeguards established to prevent their illegal activity, and areas in which such safeguards are lax or do not exist.

(2) FY 2008 actual performance results

Final performance results for measure one in FY 2008 was 46.3%. This exceeded the performance target by 9.7%.

(3) Performance target for FY 2009

The performance target for FY 2009 is 47.0%. The target increase of 0.7% is based upon prior year's performance results.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 2: Percent of closed drug smuggling investigations which have an enforcement consequence (arrest, indictment, conviction, seizure, fine or penalty).

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	Baseline	74.7%	75.0%

(1) Description

OI has constructed new performance measures that will tie drug control efforts to impacts on the systems by which drugs and drug money are moved and stored. This measure evaluates the percent of closed drug smuggling cases worked by the Office of Investigations in a selected fiscal year that produced an enforcement consequence (e.g., arrest, indictment, conviction, seizure, fine and/or penalty). This measure is a subset of the closed investigations discussed in Measure one.

More effective immigration and trade enforcement will contribute to enhanced homeland security as well as to greater deterrence. One method for measuring this effectiveness is to determine the extent to which drug smuggling investigations are completed successfully, i.e., closed with an enforcement consequence. However, although many drug smuggling cases arise that are worth pursuing, the potential of an investigation is not known at its inception; therefore, it is to be expected that many cases will be closed each year without an enforcement consequence when it is determined that the investigation is no longer viable. Successful investigations also expose and remove, or contribute to the elimination of, vulnerabilities in various aspects of trade and immigration, i.e., the ways in which criminals manage to evade safeguards that prevent their illegal activity, and areas in which such safeguards are lax.

(2) FY 2008 actual performance results

In FY 2008, 74.7% of the drug smuggling cases closed in FY 2008 resulted in an enforcement consequence.

Established in FY 2007, this new measure was tracked by quarter in FY 2008. The FY 2008 Actual results was calculated by averaging the quarterly percentages for closed drug smuggling investigative cases which have an enforcement consequence (arrest, indictment, conviction, seizure, fine, or penalty). Thus, there are no actual results for prior fiscal years.

(3) Performance target for FY 2009

The performance target for FY 2009 is 75.0%. The target increase of 0.3% is based upon prior year's baseline performance results.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 3: Dollar value of real or other property seizures derived from/and/or used from drug operations.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	N/A	\$42.6M	N/A

(1) Description

This output measure directly evaluates the success of removing financial incentives for criminals and terrorists to operate. The scope of data demonstrates the ability, in a given timeframe, of removing criminal financial assets.

ICE has broad authority to investigate international financial crime and money laundering. ICE's jurisdiction is triggered by the illegal movement of criminal funds, services, or merchandise across the nation's borders and is applied pursuant to the authority of the Bank Secrecy Act, the USA PATRIOT Act, and the Money Laundering Control Act.

(2) FY 2008 actual performance results

The dollar value of real or other property seized from drug operations was \$42.6 million in FY 2008. Real property that is seized is assigned a value by a Fines Penalties and Forfeiture (FP&F) contractor, seized property specialist, or import specialist.

(3) The performance target for FY 2009

The Office of Investigations (OI) does not provide year to year targets for seizures. OI only provides year end data on seizures.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations

conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 4: Dollar value of seized currency and monetary instruments from drug operations.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	N/A	\$159.3 M	N/A

(1) Description

This output measure directly evaluates the success of removing financial incentives for criminals and terrorists to operate. The scope of data demonstrates the ability, in a given timeframe, of removing criminal financial assets.

In an effort to reduce losses to the public resulting from financial crimes, OI continues to target transnational money laundering activities and bulk currency smuggling (both drug related and non-drug related).

ICE has broad authority to investigate international financial crime and money laundering. ICE's jurisdiction is triggered by the illegal movement of criminal funds, services, or merchandise across the nation's borders and is applied pursuant to the authority of the Bank Secrecy Act, the USA PATRIOT Act, and the Money Laundering Control Act.

(2) FY 2008 actual performance results

The dollar value of seized currency and monetary instruments from drug operations was \$159.3 million in FY 2008.

(3) The performance target for FY 2009

The Office of Investigations (OI) does not provide year-to-year targets for seizures. OI only provides year end data on seizures.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 5: Percentage of total cocaine seizures considered high impact.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	N/A	54%	N/A

(1) Description

This output measure directly evaluates the quality of drug seizures. The scope of data demonstrates the ability, in a given timeframe, of impacting the supply of cocaine narcotics within the United States.

High impact is defined as the weight limit for a drug seizure that would constitute a federal drug identification number (FDIN) from the El Paso Intelligence Center (EPIC).

(2) FY 2008 actual performance results

In FY 2008, 54% of the Office of Investigations' cocaine seizures were considered to be high impact seizures.

The percentage of total cocaine seizures considered high impact is derived by dividing the number of cocaine seizures registered with EPIC by the total number of cocaine seizures.

(3) The performance target for FY 2009

The Office of Investigations (OI) does not provide year to year targets for seizures. OI only provides year end data on seizures.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 6: Percentage of heroin seizures considered high impact.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	N/A	72%	N/A

(1) Description

This output measure directly evaluates the quality of drug seizures. The scope of data demonstrates the ability, in a given timeframe, of impacting the supply of heroin narcotics within the United States.

High impact is defined as the weight limit for a drug seizure that would constitute a federal drug identification number (FDIN) from the El Paso Intelligence Center (EPIC).

(2) FY 2008 actual performance results

In FY 2008, 72% of heroin seizures were considered to be high impact seizures.

The percentage of total heroin seizures considered high impact is derived by dividing the number of heroin seizures registered with EPIC by the total number of heroin seizures.

(3) The performance target for FY 2009

The Office of Investigations (OI) does not provide year to year targets for seizures. OI only provides year end data on seizures.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 7: Percentage of marijuana seizures considered high impact.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	N/A	62%	N/A

(1) Description

This output measure directly evaluates the quality of drug seizures. The scope of data demonstrates the ability, in a given timeframe, of impacting the supply of marijuana narcotics within the United States.

High impact is defined as the weight limit for a drug seizure that would constitute a federal drug identification number (FDIN) from the El Paso Intelligence Center (EPIC).

(2) FY 2008 actual performance results

In FY 2008, 62% of marijuana seizures were considered to be high impact seizures.

The percentage of total marijuana seizures considered high impact is derived by dividing the number of marijuana seizures registered with EPIC by the total number of marijuana seizures.

(3) The performance target for FY 2009

The Office of Investigations (OI) does not provide year to year targets for seizures. OI only provides year end data on seizures.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

Measure 8: Percentage of methamphetamine seizures considered high impact.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	N/A	49%	N/A

(1) Description

This output measure directly evaluates the quality of drug seizures. The scope of data demonstrates the ability, in a given timeframe, of impacting the supply of methamphetamine narcotics within the United States.

High impact is defined as the weight limit for a drug seizure that would constitute a federal drug identification number (FDIN) from the El Paso Intelligence Center (EPIC).

(2) FY 2008 actual performance results

In FY 2008, 49% of methamphetamine seizures were considered to be high impact seizures.

The percentage of total methamphetamine seizures considered high impact is derived by dividing the number of methamphetamine seizures registered with EPIC by the total number of methamphetamine seizures.

(3) The performance target for FY 2009

The Office of Investigations (OI) does not provide year to year targets for seizures. OI only provides year end data on seizures.

(4) Quality of Performance Data

The database used to validate the Office of Investigations (OI) performance data is the Treasury Enforcement Communication System (TECS). The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

**PERFORMANCE SUMMARY REPORT
OFFICE OF INTERNATIONAL AFFAIRS**

Measure 1: Percentage of overseas investigative hours spent on drug related cases.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	N/A	N/A	N/A	Develop Metrics	4.4%	4.4%

(1) Description

The mission of ICE OIA is to protect the United States by enhancing its security through international investigations involving transnational criminal organizations responsible for the illegal movement of people, goods, and technology, and through strong and integral intelligence and removal programs. ICE OIA supports U.S. drug control policy, specifically ONDCP initiatives, by supporting the overall ICE mandate to detect, disrupt, and dismantle smuggling organizations. OIA investigative resources are directed at organizations smuggling contraband (including narcotics) into the United States. OIA partners with domestic ICE components and with U.S. law enforcement agencies overseas, to leverage overseas sources to counter global narcotics threats to the U.S. including utilizing investigative and intelligence techniques to support domestic cases and interagency cross-border initiatives.

(2) FY 2008 actual performance results

In FY 2008, 4.4% of overseas investigative hours were spent on drug related cases.

The percentage of overseas investigative hours spent on drug related cases is derived by converting the drug related case hours into full time equivalents (FTE) and dividing by the number of overseas agents.

(3) The performance target for FY 2009

The performance target for FY 2009 is 4.4%. The 4.4% target is based upon prior year's baseline performance result. In establishing this measure, OIA plans to have sufficient resources to support the same level of effort on drug related investigations.

(4) Quality of Performance Data

The database used to validate the Office of International Affairs (OIA) performance data is the Treasury Enforcement Communication System (TECS). The TECS system is relied upon to ensure the performance data is accurate, complete, and unbiased in presentation and substance. The Office of Investigations conducts quality control verification on all data received through TECS to ensure the performance data is accurate, complete, and unbiased in presentation and substance.

ICE MANAGEMENT ASSERTION REPORT

MANAGEMENT ASSERTIONS

- 1. Performance reporting system is appropriate and applied.**
ICE has systems to capture performance information accurately and those systems were properly applied to generate the performance data.
- 2. Explanations for not meeting performance targets are reasonable.**
In FY 2008, ICE met all its established performance targets.
- 3. Methodology to establish performance targets is reasonable and applied.**
The methodology described above to establish performance targets for FY 2009 is reasonable given past performance and available resources.
- 4. Adequate performance measures exist for all significant drug control activities.** ICE has established more than one acceptable performance measure for its Drug Control Decision Unit—Salaries and Expense.

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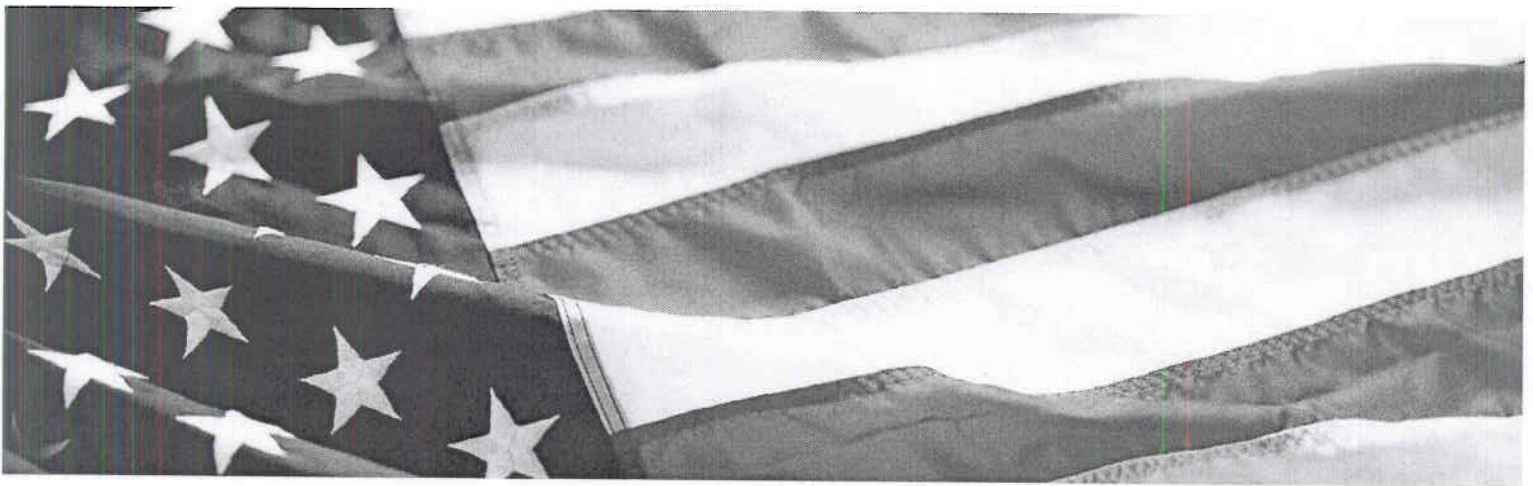
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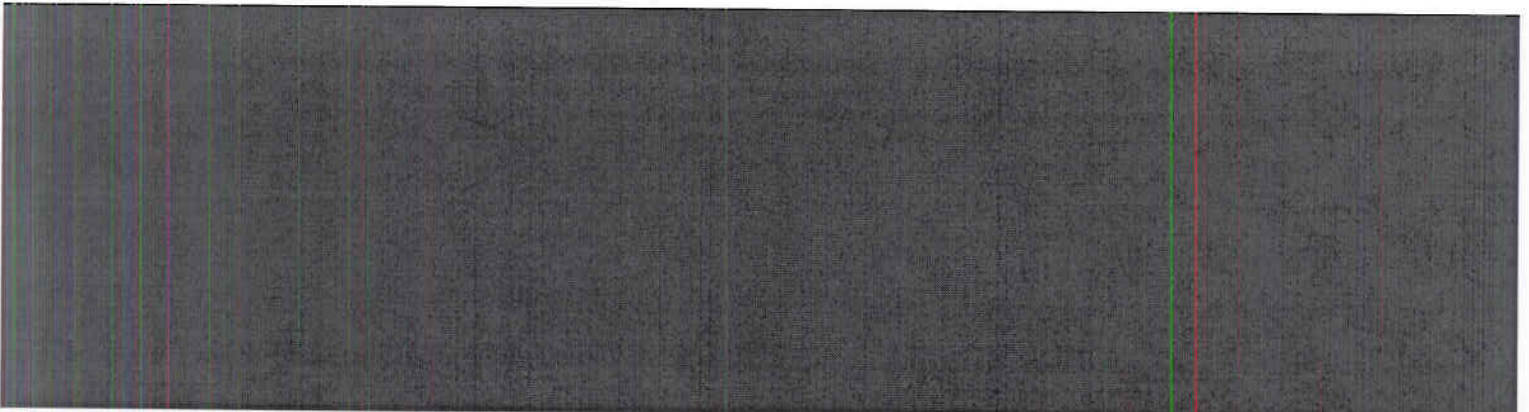
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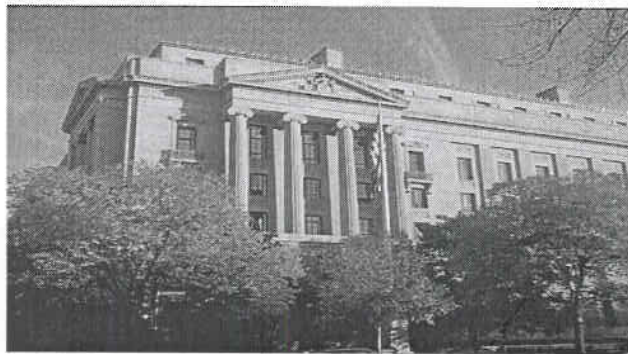
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Washington, DC 20528.

The OIG seeks to protect the identity of each writer and caller.



Tab D



ANNUAL ACCOUNTING AND AUTHENTICATION OF DRUG CONTROL FUNDS AND RELATED PERFORMANCE FISCAL YEAR 2008

U.S. Department of Justice
Office of the Inspector General
Audit Division

Audit Report 09-09
January 2009



U. S. Department of Justice

Office of the Inspector General

January 28, 2009

Mr. Jon Rice
Associate Director
Office of Planning and Budget
Office of National Drug Control Policy
Washington, D.C. 20503

Dear Mr. Rice:

This letter transmits the fiscal year 2008 attestation review reports from the U.S. Department of Justice. The attestation review reports, the annual detailed accounting of funds expended by each drug control program agency, and performance summary is required by 21 U.S.C. § 1704(d), as implemented by the Office of National Drug Control Policy Circular, *Drug Control Accounting*, dated May 1, 2007.

If you have any questions, please contact me on (202) 514-3435 or Mark L. Hayes, Director, Financial Statement Audit Office, on (202) 616-4660.

Sincerely,

A handwritten signature in cursive script that reads "Glenn A. Fine".

Glenn A. Fine
Inspector General

Enclosure

cc: Lee J. Lofthus
Assistant Attorney General
for Administration
Chief Financial Officer
Justice Management Division

Mikki Atsatt
Senior Budget Policy Advisor
Budget Staff
Justice Management Division

Jeffrey Sutton
Assistant Director, Budget Staff
Law Enforcement & Corrections Group
Justice Management Division

Jill R. Meldon
Assistant Director, Budget Staff
Planning and Performance Group
Justice Management Division

Melinda B. Morgan
Director, Finance Staff
Justice Management Division

**ANNUAL ACCOUNTING AND AUTHENTICATION OF
DRUG CONTROL FUNDS AND RELATED
PERFORMANCE
FISCAL YEAR 2008**

**OFFICE OF THE INSPECTOR GENERAL
COMMENTARY AND SUMMARY**

This report contains the fiscal year 2008 attestation review reports of the Federal Bureau of Prisons (BOP), Drug Enforcement Administration (DEA), Organized Crime Drug Enforcement Task Forces (OCDETF) Program, and Office of Justice Programs (OJP) annual accounting and authentication of drug control funds and related performance. Under the direction of the Office of the Inspector General (OIG), KPMG LLP performed the attestation reviews. The report and annual detailed accounting of funds expended by each drug control program agency is required by 21 U.S.C. § 1704(d), as implemented by the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007.

KPMG LLP prepared the reports in accordance with the Attestation Standards issued by the American Institute of Certified Public Accountants (AICPA). Each of the reports was properly addressed, titled, and contained the elements required by the AICPA Statements on Standards for Attestation Engagements, AT Section 100.45. An attestation review is less in scope than an examination and, therefore, does not result in the expression of an opinion. However, KPMG LLP reported that nothing came to their attention that caused them to believe the submissions were not presented in all material respects in accordance with the requirements of the ONDCP circular.

The OIG reviewed KPMG LLP's reports and related documentation and made necessary inquiries of its representatives. Our review, as differentiated from an attestation engagement in accordance with U.S. generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion or conclusions on the annual accounting and authentication of drug control funds and related performance. KPMG LLP is responsible for the attached accountants' reports dated January 22, 2009, and January 23, 2009, and the conclusions expressed in the reports. However, our oversight disclosed no instances where KPMG LLP did not comply, in all material respects, with U.S. generally accepted government auditing standards.

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**ANNUAL ACCOUNTING AND AUTHENTICATION OF
DRUG CONTROL FUNDS AND RELATED
PERFORMANCE
FISCAL YEAR 2008**

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**Independent Accountants' Reports and
Component Detailed Accounting Submissions**

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KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Justice

Assistant Attorney General for Administration
U.S. Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the U.S. Department of Justice's Federal Bureau of Prisons (BOP) for the year ended September 30, 2008. We have also reviewed the accompanying Management's Assertion Statement for the year ended September 30, 2008. The BOP's management is responsible for the Table of Drug Control Obligations, related disclosures, and the assertion statement.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Table of Drug Control Obligations, related disclosures, and management's assertion statement. Accordingly, we do not express such an opinion.

Management of the BOP prepared the Table of Drug Control Obligations, related disclosures, and management's assertion statement to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007.

Based on our review, nothing came to our attention that caused us to believe that: (1) the Table of Drug Control Obligations and related disclosures for the year ended September 30, 2008 are not presented, in all material respects, in conformity with ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007, or that (2) the Management's Assertion Statement referred to above is not fairly stated, in all material respects, based on the criteria set forth in ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007.

This report is intended solely for the information and use of the management of the U.S. Department of Justice, the U.S. Department of Justice Office of the Inspector General, the ONDCP, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

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January 22, 2009

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**Independent Accountants' Reports and
Component Performance Summary Reports**

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KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Justice

Assistant Attorney General for Administration
U.S. Department of Justice

We have reviewed the accompanying Performance Summary Report of the U.S. Department of Justice's Federal Bureau of Prisons (BOP) for the year ended September 30, 2008. We have also reviewed the accompanying Management's Assurance Statement for the year ended September 30, 2008. The BOP's management is responsible for the Performance Summary Report and the assertion statement.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Performance Summary Report and management's assertion statement. Accordingly, we do not express such an opinion.

Management of the BOP prepared the Performance Summary Report and management's assertion statement to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007.

Based on our review, nothing came to our attention that caused us to believe that: (1) the Performance Summary Report for the year ended September 30, 2008 is not presented, in all material respects, in conformity with ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007, or that (2) the Management's Assurance Statement referred to above is not fairly stated, in all material respects, based on the criteria set forth in ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007.

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KPMG LLP

January 22, 2009

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U.S. Department of Justice

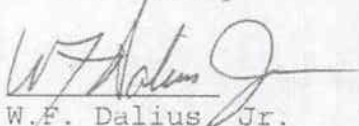
Federal Bureau of Prisons

Washington, DC 20534

U.S. Department of Justice
Bureau of Prisons
Performance Summary Report
Management's Assurance Statement
For Fiscal Year Ended September 30, 2008

With respect to the performance information presented in the following pages, we assert:

1. The SENTRY is BOP's online system to capture performance information. The SENTRY was utilized to gather performance information. The methodology described in the performance summary report was the actual methodology used to generate the performance information.
2. The FY 2008 performance target was achieved. Therefore, an assertion related to the reasonableness of explanations for not meeting performance targets is not applicable.
3. The methodology used by the BOP to report performance targets is reasonable given past performance and available resources.
4. The BOP has established a performance measurement of monitoring the utilization of residential drug treatment program capacity as a performance indicator to measure effective usage of Drug Treatment Programs. This measure complies with the purpose of National Drug Control Program activity.


W.F. Dalius, Jr.
Assistant Director
for Administration

01/22/09
Date

Performance Summary Report

I. Performance Information

The Violent Crime Control and Law Enforcement Act (VCCLEA) of 1994 requires the BOP to provide residential substance abuse treatment for 100% of "eligible" inmates by the end of FY 1997 and each year thereafter (subject to the availability of appropriations). The BOP established a performance measurement tracking the capacity of the residential treatment program to the number of participants at the end of each fiscal year. The objective is to monitor the utilization of residential drug treatment program capacity. For FY 2008, the performance target was 95% utilization and the BOP achieved a 96% utilization rate.

Residential Drug Abuse Treatment programs are offered at 59 BOP institutions and one contract facility. Inmates who participate in these residential programs are housed together in a treatment unit that is set apart from the general population. Treatment is provided for a minimum of 500 hours. Data on inmate capacity and participation is entered in the BOP on-line system (SENTRY). SENTRY and Key Indicator reports provide the counts of inmates participating in the residential drug treatment program and subject matter experts enter and analyze the data.

For FY 2009, the capacity of BOP's residential drug treatment is projected to be the same as the end of FY 2008 (6,050) with the utilization rate of 95 percent. To ensure the reliability of the data, the capacity of the program and the utilization rate is monitored by subject matter experts at the end of each quarter through the Key Indicators System.

Measure:

Fiscal year-end Residential Drug Abuse Treatment Program Capacity and Enrollment:

Fiscal Year	Capacity	Participants*	Utilization
FY 2004 Actual	5,425	5,425	100%
FY 2005 Actual	5,642	5,889	104%
FY 2006 Actual	5,994	6,101	102%
FY 2007 Actual	6,066	5,892	97%
FY 2008 Target	6,066	5,763	95%
FY 2008 Actual	6,050	5,783	96%

FY 2009 Target	6,050	5,748	95%
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*Participants may exceed Capacity due to overcrowding and demand for the program.

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KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Justice

Assistant Attorney General for Administration
U.S. Department of Justice

We have reviewed the accompanying Performance Summary Report of the U.S. Department of Justice's Drug Enforcement Administration (DEA) for the year ended September 30, 2008. We have also reviewed the accompanying Management's Assertion Statement for the year ended September 30, 2008. The DEA's management is responsible for the Performance Summary Report and the assertion statement.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Performance Summary Report and management's assertion statement. Accordingly, we do not express such an opinion.

Management of the DEA prepared the Performance Summary Report and management's assertion statement to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007.

Based on our review, nothing came to our attention that caused us to believe that: (1) the Performance Summary Report for the year ended September 30, 2008 is not presented, in all material respects, in conformity with ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007, or that (2) the Management's Assertion Statement referred to above is not fairly stated, in all material respects, based on the criteria set forth in ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007.

This report is intended solely for the information and use of the management of the U.S. Department of Justice, the U.S. Department of Justice Office of the Inspector General, the ONDCP, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 23, 2009

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U. S. Department of Justice
Drug Enforcement Administration

U.S. Department of Justice
Drug Enforcement Administration
Performance Summary Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 2008

On the basis of the Drug Enforcement Administration's (DEA's) management control program, we assert that the DEA system of performance reporting provides reasonable assurance that:

1. The DEA's Priority Target Activity Resource Reporting System (PTARRS) was applied to generate accurate performance data.
2. Explanations offered for failing to meet a performance target and for any recommendations concerning plans and schedules for meeting future targets or for revising or eliminating performance targets are reasonable.
3. The performance methodology described to establish performance targets for the current year is reasonable given past performance and available resources.
4. The DEA has established acceptable performance measures for its Drug Control Decision Units, as agreed to by ONDCP, for which a significant amount of obligations (\$1,000,000 or 50 percent of the agency drug budget, whichever is less) were incurred in the previous fiscal year. Each performance measure considers the intended purpose of the National Drug Control Program.

We have documented the performance measures used by DEA for the associated National Drug Control Program activities for FY 2008 in accordance with the guidance of ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007.


Frank M. Kalder, Chief Financial Officer

1/23/09
Date

The Drug Enforcement Administration's FY 2008 Performance Summary Report

I. PERFORMANCE INFORMATION

Performance Measures

Department of Justice initiated discussions with Office of National Drug Control Policy (ONDCP) to determine the performance measures that most clearly reflect the Drug Enforcement Administration's (DEA's) National Drug Control Program activities. The performance measures selected and agreed to by ONDCP include disruptions and dismantlements of international and domestic priority target organizations not linked to Consolidated Priority Organization Target (CPOT) targets and active international and domestic priority target organizations linked to CPOT targets. These measures correspond to the DEA's resources as presented in the Table of Drug Control Obligations in the international and domestic enforcement decision units. Reimbursable resources from the Organized Crime and Drug Enforcement Task Forces (OCDETF) program contribute to these performance measures, but are not responsible for specifically identifiable performance. Since the Priority Targeting program is the DEA's flagship initiative for meeting its enforcement goals, the performance measures associated with this program are the most appropriate for assessing the DEA's National Drug Control Program activities.

A measure corresponding to the DEA's state and local assistance decision unit was not included since most of the resources included in the DEA's state and local assistance decision unit are reimbursable resources and the performance associated with the reimbursed activities is more accurately presented by the reimbursing agencies.

Data Validation and Verification

Priority Targets identified by the DEA's domestic field divisions and foreign country offices are tracked using the *Priority Target Activity Resource Reporting System (PTARRS)*, an Oracle database that tracks operational progress and direct case-related expenses, i.e., investigative work hours.

Once an investigation meets the criteria for a Priority Targeting Organization (PTO), the investigation can be nominated as a PTO submission through PTARRS. In PTARRS, users electronically propose, nominate, assign, decline and track Priority Target investigations. PTARRS provides a means of electronically validating, verifying and approving Priority Targets through the chain of command, beginning with the case agent in the field and ending with the headquarters' Operations Division.

PTO Projection Methodology

The DEA sets annual and long-term targets that are challenging, but realistic. In the first few years of the DEA's Priority Target Program, the DEA repeatedly exceeded its annual targets for

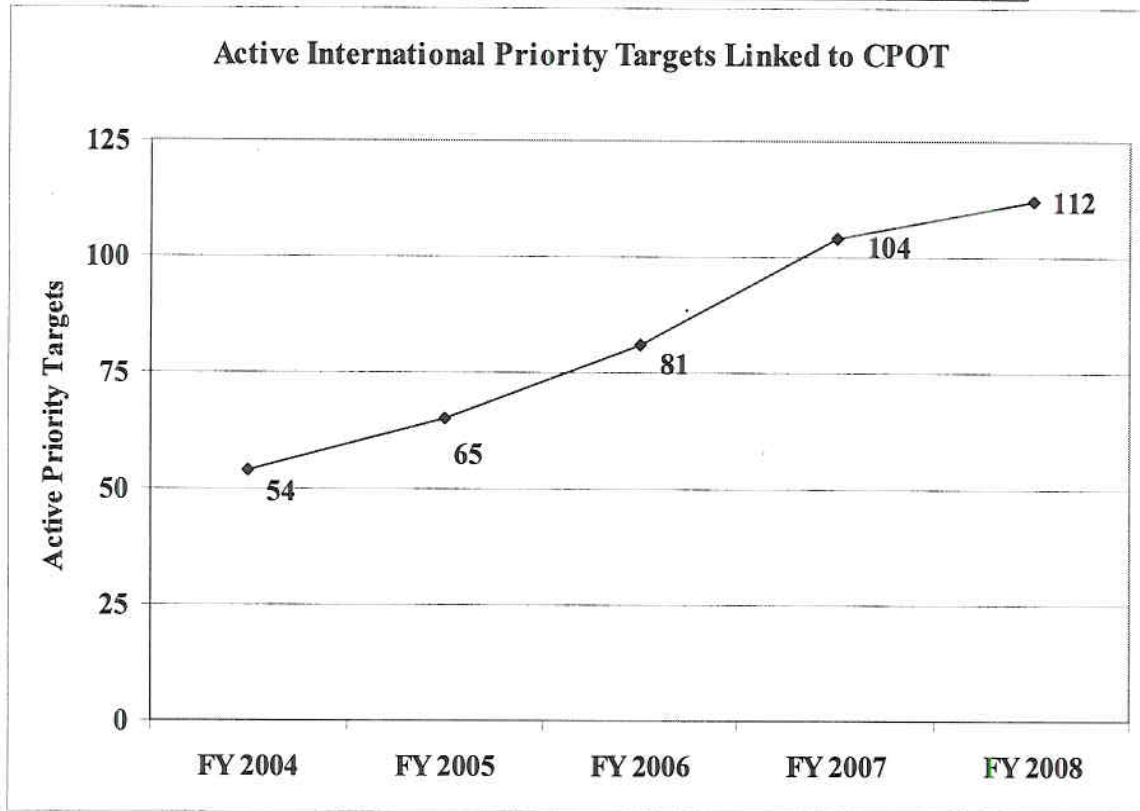
disruptions¹ and dismantlements². In response, the DEA refined its projection methodology by using regression analysis to determine the relative weight of many independent variables and their ability to forecast the number of Priority Targets disrupted and dismantled. This refined methodology was used to set the DEA's long-term targets for inclusion in DOJ's FY 2007 - FY 2012 Strategic Plan. To establish targets for active Priority Targets, the DEA uses an MS Excel algorithm, which compiles and computes a trend (usually linear) utilizing actual data from the preceding time periods (e.g., fiscal years) and predicts data estimates for subsequent fiscal years.

Decision Unit: International Enforcement

Measure 1: Number of Active International Priority Targets Linked to CPOT

Table 1: Measure 1

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
54	65	81	104	120	112	135



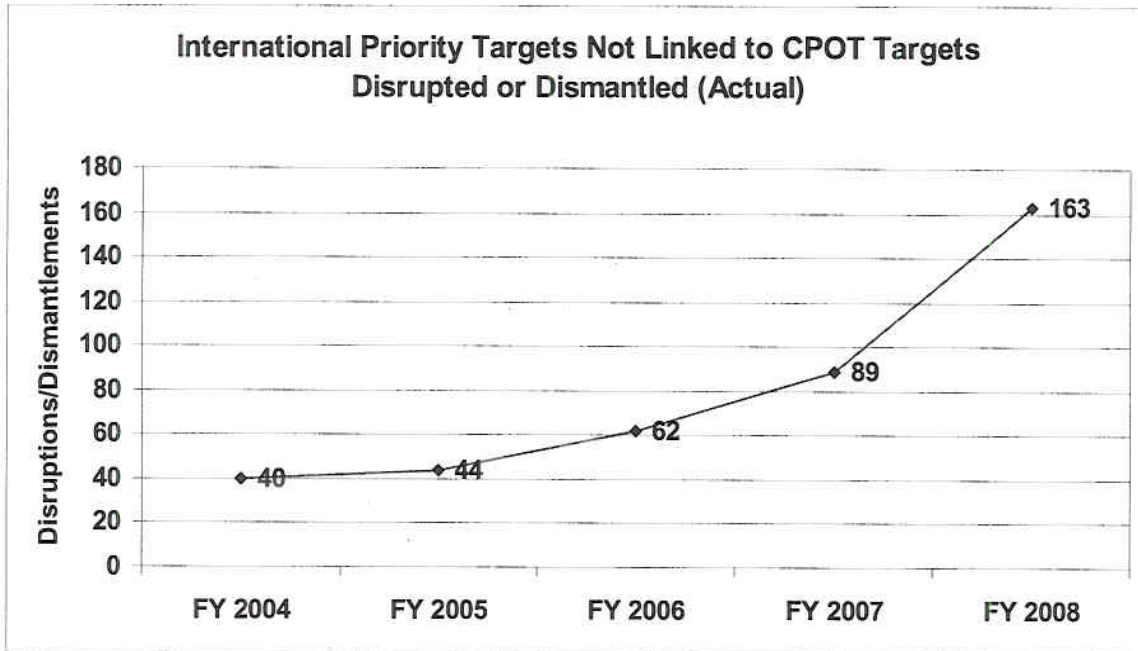
¹ A disruption occurs when the normal and effective operation of a targeted organization is impeded, as indicated by changes in organizational leadership and/or changes in methods of operation, including financing, trafficking patterns, communications, or drug production.

² A dismantlement occurs when the organization's leadership, financial base, and supply network are destroyed, such that the organization is incapable of operating and/or reconstituting itself.

Measure 2: Number of International Priority Targets Not Linked to CPOT Targets Disrupted or Dismantled

Table 2: Measure 2

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
40	44	62	89	105	163	170



The main focus of the DEA's International Enforcement program is the disruption or dismantlement of drug trafficking organizations identified as the most significant international drug and chemical trafficking organizations, also known as Priority Targets. The DEA's Priority Targets comprise the most significant investigations in each foreign country office. As these organizations are identified, disrupted, or dismantled, the investigative intelligence developed is utilized to identify and target all organizational elements on the drug trafficking continuum. As entire drug trafficking networks, from sources of supply to the transporters/distributors, are disrupted or dismantled, the availability of drugs within the United States is impacted.

The DEA's foreign offices focus their investigative efforts on Priority Targets with a direct connection to the Attorney General's CPOTs, as well as other Priority Targets that are not linked to CPOT targets. The list of CPOT targets includes the most significant international command and control organizations threatening the United States as identified by OCDETF member agencies. All current CPOT organizations represent foreign targets based abroad. Efforts to disrupt and dismantle CPOT organizations are primarily accomplished through multi-agency investigations, most of which are directed by the DEA. Consistent with the *President's National Drug Control Strategy*, the DEA focuses on finding and exploiting strategic vulnerabilities in the

drug market. The DEA's strategy relies heavily on intelligence and investigative capabilities to identify significant international drug trafficking organizations and drug facilitators, collect and maintain in-depth information concerning their leadership and operations, and assist field offices in establishing priorities and developing targets. This strategy emphasizes the disruption or complete dismantlement of the organizations targeted by the DEA foreign country offices.

One measure of the effectiveness used by the DEA management to assess the DEA's international enforcement efforts is the number of active Priority Targets linked to CPOTs. As of September 30, 2008, the DEA did not meet its target of 120 active Priority Targets linked to CPOTs by eight. Since the DEA cannot operate unilaterally in the foreign arena, complex external challenges can impede progress toward the achievement of agency goals. For example, most international drug laws are inadequate to address counter drug efforts. Many countries lack effective legislative measures and the judicial means to effectively impede illicit drug production, diversion, transportation, and distribution in their countries. In addition, changes with foreign government administrations may decrease cooperation in host countries in the areas of drug and chemical control. However, despite these challenges, the DEA has fully embraced the importance of coordinated attacks with host nation counterparts against entire drug networks from the source of supply, through the transporters, to the distribution cells operating in the United States.

Another measure of the effectiveness used by the DEA management to assess the DEA's international enforcement efforts is the number of disruptions or dismantlements of Priority Targets not linked to CPOTs. The FY 2008 target for the disruption or dismantlement of International Priority Targets not linked to CPOT targets was 105. As of September 30, 2008 DEA disrupted or dismantled 163 International Priority Targets beating our target by 55%. The DEA continued to exceed its annual target as the DEA's success at disrupting and dismantling priority targets emphasizes the DEA's ultimate objective – the dismantlement of the most significant drug trafficking and money laundering organizations so that the reestablishment of the same organization is impossible.

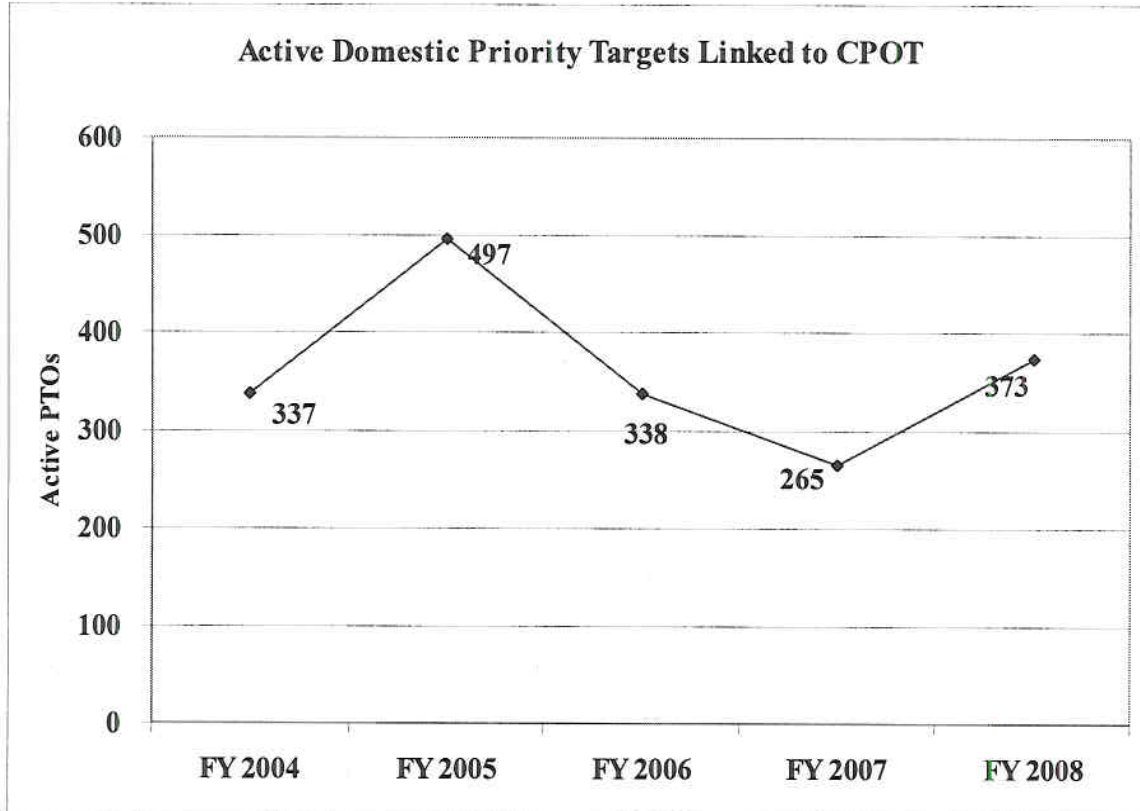
The current FY 2009 targets are 135 active international Priority Targets linked to CPOT and 170 disruptions or dismantlements of international Priority Targets not linked to CPOT. The Priority Target program will continue to be the DEA's focus.

Decision Unit: Domestic Enforcement

Measure 1: Number of Active Domestic Priority Targets Linked to CPOT

Table 3: Measure 1

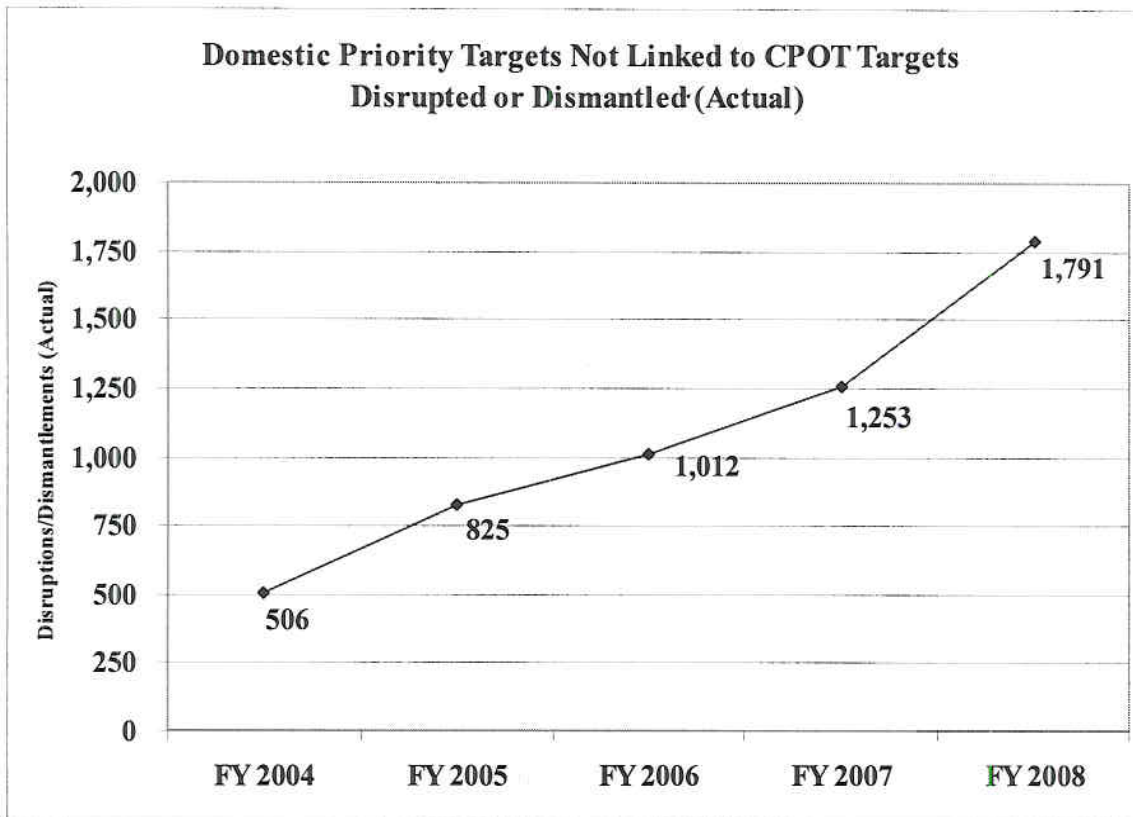
FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
337	497	338	265	300	373	400



Measure 2: Number of Domestic Priority Targets not Linked to CPOT Targets Disrupted or Dismantled

Table 4: Measure 2

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
506	825	1,012	1,253	1,285	1,791	1,850



The DEA's Domestic Enforcement program comprises the majority of the DEA's investigative and support resources. These resources, in conjunction with the DEA's foreign offices, create a seamless intelligence and investigative web to pursue drug trafficking organizations, from multinational and poly-drug conglomerates, to independent specialty one-function cells. Specifically, the DEA continues an aggressive and balanced domestic enforcement program with a multi-jurisdictional approach designed to focus federal resources on the disruption or dismantlement of drug trafficking organizations that control the illegal drug trade, and the seizure of the proceeds and assets involved in the illegal drug trade. Similar to legitimate businesses, drug trafficking organizations have corporate leaders, employees, chemical suppliers, transporters, financial service providers, communication needs, infrastructure, and assets. The drug trafficking business is therefore subject to market forces. Consistent with the *President's National Drug Control Strategy*, the DEA focuses on finding and exploiting strategic vulnerabilities in the drug market. The DEA's strategy relies heavily on intelligence and investigative capabilities to identify

significant domestic drug trafficking organizations and drug facilitators, collect and maintain in-depth information concerning their leadership and operations, and assist field offices in establishing priorities and developing targets. This strategy emphasizes the disruption or complete dismantlement of the organizations targeted by the DEA domestic field offices.

The Priority Targeting program was implemented in April 2001 to identify, target, investigate and disrupt or dismantle those international, national, regional, and local impact drug trafficking and/or money laundering organizations having a significant impact on drug availability within the United States. The DEA domestic field divisions, under the supervision of Special Agents in Charge (SACs), identify and target major drug threats within their areas of responsibility.

The Priority Targeting program focuses on dismantling the drug networks most responsible for the supply of drugs in America by targeting their leaders for arrest and prosecution, confiscating the profits that fund continuing drug operations, and eliminating their international supply sources. The DEA continues to collect and analyze drug seizure data as a means of evaluating its progress towards its performance goal of contributing to the reduction of drug availability in America. In an effort to evaluate the DEA's impact on drug availability, the DEA continues to pilot the *Significant Investigation Impact Measurement System* (SIIMS) to assess the impact that selected disruptions and dismantlements of major drug trafficking organizations has on a wide range of variables such as drug availability, crime statistics and other quality of life factors.

In addition, the DEA is working to develop proxy measures for the DEA's impact on drug availability. Currently, the DEA is analyzing the average price per pure gram of cocaine purchased domestically. From January 2007 through June 2008, the average price per pure gram of all domestic cocaine purchases recorded in the DEA's System to Retrieve Information on Drug Evidence (STRIDE) increased 23 percent, while purity fell 16 percent. Although fluctuations can be the result of production shortages, U.S. Government assessments indicate that coca cultivation remained relatively stable while cocaine production for the Andean region was estimated at 930 metric tons for 2006 and 865 metric tons for 2007. Therefore, this measure appears to indicate a reduction in the availability of cocaine to the U.S. market.

The DEA has also analyzed the average price per pure gram of methamphetamine purchased domestically. From January 2007 through June 2008, the average price per pure gram of all domestic methamphetamine purchases recorded in STRIDE increased 59 percent, while purity fell 9 percent. The DEA is continuing to monitor these measures and expand them to include heroin and marijuana. In addition, the DEA is analyzing other positive law enforcement outputs to identify meaningful trends to measure its impact on the drug market.

One measure of the effectiveness used by the DEA management to assess its domestic enforcement efforts is the number of Active Priority Targets linked to CPOTs. As of September 30, 2008, the DEA exceeded its FY 2008 target of 300 by 24 percent.

Another measure of the effectiveness used by the DEA management to assess its domestic enforcement efforts is the number of Priority Targets Not Linked to CPOT Targets disrupted or dismantled. The DEA exceeded its FY 2008 target by 39 percent with 1,791 Priority Target investigations disrupted or dismantled. The DEA continued to exceed its annual target as the

DEA's success at disrupting and dismantling priority targets emphasizes the DEA's ultimate objective – the dismantlement of the most significant drug trafficking and money laundering organizations so that the reestablishment of the same organization is impossible.

The current FY 2009 targets are 400 active domestic Priority Targets linked to CPOT and 1,850 disruptions or dismantlements of domestic Priority Targets not linked to CPOT. The Priority Target program will continue to be the DEA's focus.

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U.S. Department of Justice

Criminal Division

*Executive Office for the Organized Crime Drug
Enforcement Task Forces*

Washington, DC 20530

**U.S. Department of Justice
Organized Crime Drug Enforcement Task Forces (OCDETF) Program
Performance Summary Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 2008**

On the basis of OCDETF's management control program, we assert that the OCDETF Program's system of performance reporting provides reasonable assurance that:

1. OCDETF has a system to capture performance information accurately and that system was properly applied to generate the performance data.
2. The explanation(s) offered for failing to meet a performance target and for any recommendations concerning plans and schedules for meeting future targets or for revising or eliminating performance targets are reasonable.
3. The methodology described to establish performance targets for the current year is reasonable given past performance and available resources.
4. OCDETF has established acceptable performance measures for its Drug Control Decision Units, as agreed to by ONDCP, for which a significant amount of obligations (\$1,000,000 or 50 percent of the agency drug budget, whichever is less) were incurred in the previous fiscal year. Each performance measure considers the intended purpose of the National Drug Control Program activity.

We have documented the methodology used by OCDETF to identify and accumulate FY 2008 Performance data in the Performance Summary Report in accordance with the guidance of ONDCP's Circular, Drug Control Accounting, dated May 1, 2007.

Peter Maxey
Budget Officer

1/23/09
Date

**U.S. Department of Justice
Organized Crime Drug Enforcement Task Forces (OCDETF) Program
Performance Summary
For the Fiscal Year Ended September 30, 2008**

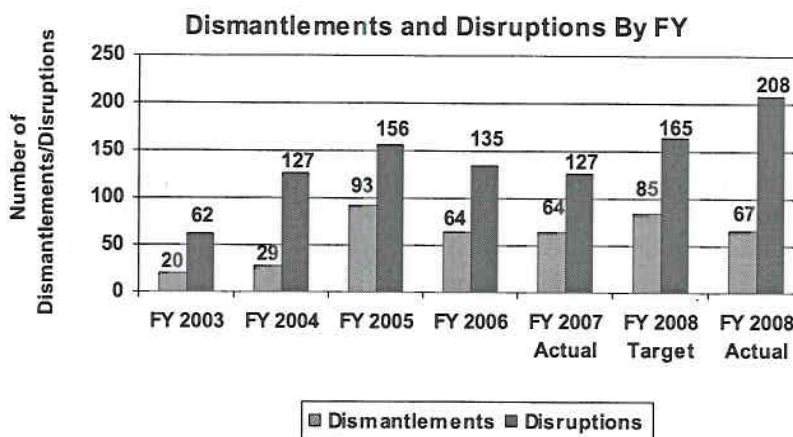
Drug Control Decision Units: Investigations/Prosecutions

The Office of National Drug Control Policy (ONDCP) agreed to the Organized Crime Drug Enforcement Task Forces (OCDETF) Program reporting only one measure for both of the OCDETF Decision Units (Investigations and Prosecutions) as the efforts of both are needed to achieve the results tracked by the measure. The disruption and dismantlement of a drug organization is a very complex operation that begins with investigative and intelligence activities by federal agents and culminates in federal prosecution of the parties involved.

Measure: Consolidated Priority Organization Target (CPOT) -Linked Trafficking Organizations Disrupted and Dismantled

Table 1: Measure

	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
Dismantlements	29	93	64	64	85	67*	85
Disruptions	127	156	135	127	165	208*	202



* Breakdown by agency for OCDETF is: 67 Dismantled (52 Drug Enforcement Administration (DEA) and 15 Federal Bureau Investigation (FBI)) and 208 Disrupted (167 DEA and 43 FBI). The overlap of DEA and FBI in two FY 2008 OCDETF disruptions has been deducted from the total numbers.

The goal of the OCDETF Program is to identify, investigate, and prosecute the most significant drug trafficking and money laundering organizations and their related enterprises, and to disrupt and dismantle the operations of those organizations in order to reduce the drug supply in the United States. By dismantling and disrupting trafficking organizations that are CPOT-linked, OCDETF is focusing enforcement efforts against organizations that include heads of narcotic and/or money laundering organizations, poly-drug traffickers, clandestine manufacturers and producers, and major drug transporters, all of whom are believed to be primarily responsible for the domestic drug supply. Additionally, the financial investigations conducted by OCDETF are focused on eliminating the entire infrastructure of CPOT-linked organizations and permanently removing the profits enjoyed by these most significant drug traffickers. Reducing the nation's drug supply and permanently destroying the infrastructure of significant drug trafficking organizations are critical pieces of the Attorney General's Drug Strategy as well as the National Drug Control Strategy. By reporting on the number of CPOT-linked organizations being disrupted or dismantled, OCDETF clearly indicates the number of significant drug organizations that have been impacted by law enforcement efforts.

OCDETF dismantled or disrupted 275 CPOT-linked organizations in FY 2008. This is a 10% increase over the 250 that were estimated to be dismantled or disrupted in FY 2007; a 44% increase over the 191 that were dismantled or disrupted in FY 2006; and a 10% increase over the 249 dismantled or disrupted in FY 2005 -- the highest number reported in the past prior to FY 2008.

The FY 2008 targets were very ambitious. Even though the Department of Justice experienced resource reductions for the OCDETF Program in FY 2008, OCDETF was still able to achieve 67 dismantlements, a slight increase over the 64 dismantlements in FY 2007. This achievement fell only 18 dismantlements (or 21%) short of OCDETF's ambitious goal for dismantlements. In addition to the reduction in OCDETF resources, during this fiscal year DEA was also recovering from a hiring freeze lasting almost a year and half. As DEA's new agents come onboard and gain experience, we expect that they will become increasingly productive. It should be noted that again in FY 2008, that OCDETF made important gains against these CPOT-linked organizations and the CPOTs themselves including significant successes against the leaders of the Autodefensas Unidas de Colombia/The United Self-Defense Groups of Colombia (AUC), Fuerzas Armada Revolucionarias de Colombia (FARC), and the Norte Valle Cartel.

OCDETF is currently reviewing the FY 2006 through FY 2009 estimated targets to determine if any should be revised for the upcoming FY 2010 Congressional Budget Submission. The Department of Justice began tracking CPOT-links in FY 2003 and does not have a significant history with the CPOT process by which to inform the establishment of annual targets. Estimated targets for FY 2006 through FY 2008 have been based on the FY 2005 actual which may have been unusually high. OCDETF continues to work on the best methodology for setting these targets which continue to be based in part by prior year actuals.

The CPOT List is updated semi-annually. Each OCDETF agency has an opportunity to nominate targets for addition to/deletion from the List. Nominations are considered by the CPOT Working Group (made up of mid-level managers from the participating agencies).

Based upon the Working Group's recommendations, the OCDETF Operations Chiefs decide which organizations will be added to/deleted from the CPOT List.

Once a CPOT is added to the List, OCDETF investigations can be linked to that organization. The links are reviewed and confirmed by OCDETF field managers using the OCDETF Fusion Center, agency databases, and intelligence information. Field recommendations are reviewed by the OCDETF Executive Office. In instances where a link is not fully substantiated, the sponsoring agency is given the opportunity to follow-up. Ultimately, the OCDETF Executive Office "un-links" any investigation for which sufficient justification has not been provided. When evaluating disruptions/dismantlements of CPOT-linked organizations, OCDETF verifies reported information with the investigating agency's headquarters.



KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Justice

Assistant Attorney General for Administration
U.S. Department of Justice

We have reviewed the accompanying Performance Summary Report of the U.S. Department of Justice's Office of Justice Programs (OJP) for the year ended September 30, 2008. We have also reviewed the accompanying Management's Assertion Statement for the year ended September 30, 2008. OJP's management is responsible for the Performance Summary Report and the assertion statement.

Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Performance Summary Report and management's assertion statement. Accordingly, we do not express such an opinion.

Management of the OJP prepared the Performance Summary Report and management's assertion statement to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007.

Based on our review, nothing came to our attention that caused us to believe that: (1) the Performance Summary Report for the year ended September 30, 2008 is not presented, in all material respects, in conformity with ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007, or that (2) the Management's Assertion Statement referred to above is not fairly stated, in all material respects, based on the criteria set forth in ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007.

This report is intended solely for the information and use of the management of the U.S. Department of Justice, the U.S. Department of Justice Office of the Inspector General, the ONDCP, and the U.S. Congress, and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 22, 2009

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**U.S. Department of Justice
Office of Justice Programs
Performance Summary Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 2008**

On the basis of the Office of Justice Programs' (OJP) management control program, we assert that OJP's system of performance measurement processes provide reasonable assurance that:

1. The Grants Management System (GMS) is OJP's online system that captures performance information and was utilized for the purposes of this report.
2. Explanations for not meeting performance targets are reasonable.
3. The methodology to establish performance targets is reasonable and applied.
4. Adequate performance measures exist for all significant drug control activities; for FY 2008 performance reporting purposes, adequate performance measures exist for the significant drug control activities identified.

We have documented the methodology used by the OJP to identify and accumulate FY 2008 drug control performance in compliance with the Office of National Drug Control Policy (ONDCP) *Drug Control Accounting* Circular, dated May 1, 2007.



Ralph E. Martin, Associate Chief Financial Officer
Office of the Chief Financial Officer
Budget, Planning and Performance Division
OJP Official Responsible for Assertion

1/22/09
Date

I. PERFORMANCE INFORMATION

The Office of Justice Programs (OJP), established by the Justice Assistance Act of 1984, supports collaboration of law enforcement at all levels in building and enhancing networks across the criminal justice system to function more effectively. Within OJP's overall program structure, specific resources dedicated to support the National Drug Control Strategy are found in the Residential Substance Abuse Treatment (RSAT) Program, and the Drug Court Program. Performance measures which support the National Drug Control Strategy are "Number of participants in the RSAT Program," and "Graduation rate of program participants in the Drug Court Program," as agreed to by ONDCP.

Decision Unit: Residential Substance Abuse Treatment (RSAT) Program
Measure 1: Number of participants in the RSAT Program

Table 1: Number of Participants in the RSAT Program

CY 2004 Actual	CY 2005 Actual	CY 2006 Actual	CY 2007 Target	CY 2007 Actual	CY 2008 Target	CY 2009 Target
33,239	31,740	27,756	20,000	26,991	20,000	20,000

- (1) RSAT, created by the Violent Crime Control and Law Enforcement Act of 1994 (Public Law 103-322), assists state and local governments in developing and implementing residential substance abuse treatment programs (individual and group treatment activities) in correctional and detention facilities. The RSAT program must be provided in residential treatment facilities, set apart from the general correctional population, focused on the substance abuse problems of the inmate, and develop the inmate's cognitive, behavioral, social, vocational, and other skills to solve the substance abuse and related problems.

The RSAT program formula grant funds may be used to implement four types of programs. For all programs, at least 10% of the total state allocation is made available to local correctional and detention facilities, provided such facilities exist, for either residential substance abuse treatment programs or jail-based substance abuse treatment programs as defined below.

The four types of programs are: 1) residential substance abuse treatment programs which provide individual and group treatment activities for offenders in residential facilities that are operated by state correctional agencies; 2) jail-based substance abuse programs which provide individual and group treatment activities for offenders in jails and local correctional facilities; 3) post release treatment component which provides treatment following an individual's release from custody; and 4) an aftercare component which requires states to give preference to subgrant applicants who will provide aftercare services to program participants. Aftercare services must involve coordination between the correctional treatment program and other human service and rehabilitation programs, such as education

and job training, parole supervision, halfway houses, self-help, and peer group programs that may aid in rehabilitation.

The number of offenders who participate in the RSAT program is a measure of the program's goal to help offenders become drug-free and learn the skills needed to sustain themselves upon return to the community.

- (2) 2008 data for this measure is collected on a calendar year basis and will be available in October 2009. Data collected and reported for the RSAT program is according to the grantee's fiscal year, which is not the same year for all grantees (i.e., grantee could have a fiscal year end of June 30 or September 30), however, data reported does cover a single consecutive 12-month period.

In calendar year 2007, the target of 20,000 was exceeded by 6,991. There are many contributing factors that determine the number of people who participate in the RSAT program including eligible offenders, available staff and treatment providers, security issues, and the state's ability to provide the required 25% matching funds. The target of 20,000 was based on prior year's trends with the knowledge that in 2004, Federal funding for this program was eliminated. This lack of funding resulted in scaled back programs in certain individual states. With the return of funding in 2005, states had to again readjust their RSAT programs, resulting in the fluctuation in the target and actual data.

- (3) The 2009 target is 20,000 participants. Targets are estimated from previous year counts provided by grantees. The RSAT targets have not been changed due to the unpredictability of future funding.
- (4) Program managers obtain data from reports submitted by grantees, telephone contact, and on-site monitoring of grantee performance. Data are validated and verified through a review by program managers.

Decision Unit: Drug Court Program

Measure 2: Graduation rate of program participants in the Drug Court Program

Table 1: Graduation Rate of Program Participants in the Drug Court Program

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
N/A	18.1%	31.9%	29.9%	24%	12%	69.0%

This measure used FY 2005 as the baseline year. Therefore, FY 2004 data is not available.

- (1) According to data from the most recent National Crime Victimization Survey published in 2008, there were 6.1 million violent victimizations of residents age 12 or older. Victims of violence were asked to describe whether they perceived the offender to have been drinking or using drugs. About 11% of the victims of violence reported that the offender was using drugs or drugs in combination with alcohol. These facts demonstrate the necessity for drug treatment services. The OJP has a long history of providing drug-related resources to its constituencies in an effort to break the cycle of drugs and violence by reducing the demand, use, and trafficking of illegal drugs.

The drug court movement began as a community-level response to reduce crime and substance abuse among criminal justice offenders. This approach integrated substance abuse treatment, sanctions, and incentives with case processing to place non-violent drug-involved defendants in judicially supervised rehabilitation programs. The OJP's Drug Court Program is administered by BJA and was established in 1995 to provide financial and technical assistance to states, state courts, local courts, units of local government, and Indian tribal governments in order to establish drug treatment courts. Drug courts employ the coercive power of the judicial system to subject non-violent offenders to an integrated mix of treatment, drug testing, incentives and sanctions to break the cycle of substance abuse and crime. This community-level movement is supported through drug court grants and targeted technical assistance and training. Since 1989, more than 1,000 jurisdictions have established or are planning to establish a drug court. Currently, every state either has a drug court or is planning a drug court.

Drug Court Program participants are the number of eligible program participants during the reporting period. The Graduation Rate of Program Participants is calculated by dividing the number of graduates during the reporting period (numerator) and the number of eligible program participants during the reporting period (denominator).

- (2) The FY 2008 target of 24% was missed by 12%. The data compiled for this reporting period include grants awarded in FY 2003, FY 2004, FY 2005, FY 2006, and FY 2007. The Drug Court Program experienced a dramatic decrease in funding in FY 2006 (\$10 million in FY 2006 versus \$40 million in FY 2005).

The FY 2008 shortfall may be derived from the pool of program participants increasing more rapidly than the number eligible for graduation, thus affecting the graduation rate.

- (3) The FY 2009 target of 69.0% was established as a result of revising the methodology for this measure for the 2008 Program Assessment Rating Tool (PART) reassessment of the Drug Court Program. Revised to "Percent of drug court participants who graduate from the drug court program," the new methodology excludes participants who are not eligible to graduate (e.g., have not been enrolled in the program long enough to even be considered in the graduation pool). BJA feels that this approach (dividing the number graduating by the total number exiting the program, whether successfully or unsuccessfully) provides a more accurate reflection of the success or failure of participants exiting the program.
- (4) End of year performance data for the Drug Court Program is provided on an annual basis by progress reports via the Grants Management System in August. Program managers obtain data from reports submitted by grantees, telephone contact, and on-site monitoring of grantee performance. Data are validated and verified through a review of grantee support documentation by program managers.

Beginning with data reported for 2007, data collected and reported cover a single consecutive 12-month period. For 2008, the 12-month period covered July 1, 2007 through June 30, 2008. Data prior to 2007 was collected and reported from one semi-annual progress report which reflected the fiscal year.

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APPENDIX

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ONDCP Circular: Drug Control Accounting

May 1, 2007

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Annual Accounting and Authentication of Drug Control Funds and Related Performance

1. **Purpose.** This circular provides the policies and procedures to be used by National Drug Control Program agencies in conducting a detailed accounting and authentication of all funds expended on National Drug Control Program activities and the performance measures, targets, and results associated with those activities.
2. **Rescission.** This circular rescinds and replaces the ONDCP Circular, *Annual Accounting of Drug Control Funds*, dated April 18, 2003.
3. **Authority.**
 - a. 21 U.S.C. § 1704(d) provides: “The Director [ONDCP] shall –
 - (A) require the National Drug Control Program agencies to submit to the Director not later than February 1 of each year a detailed accounting of all funds expended by the agencies for National Drug Control Program activities during the previous fiscal year, and require such accounting to be authenticated by the Inspector General of each agency prior to submission to the Director; and
 - (B) submit to Congress not later than April 1 of each year the information submitted to the Director under subparagraph (A).”
 - b. 21 U.S.C. § 1703(d)(7) authorizes the Director of National Drug Control Policy to “... monitor implementation of the National Drug Control Program, including – (A) conducting program and performance audits and evaluations; and (B) requesting assistance of the Inspector General of the relevant agency in such audits and evaluations ...”
4. **Definitions.** As used in this circular, key terms related to the National Drug Control Program and budget are defined in Section 4 of the ONDCP Circular, *Budget Formulation*, dated May 1, 2007. These terms include: *National Drug Control Program*, *National Drug Control*

Program agency, Bureau, Drug Methodology, Drug Control Functions, and Budget Decision Units. Further, Reprogrammings and Fund Control Notices referenced in Section 6 of this circular are defined in Section 6 and Section 8 of the ONDCP Circular, *Budget Execution*, dated May 1, 2007.

5. **Coverage.** The provisions of this circular apply to all National Drug Control Program agencies.

6. **Detailed Accounting Submission.** The Chief Financial Officer (CFO) of each agency, or other accountable senior level senior executive, shall prepare a Detailed Accounting Submission to the Director, ONDCP. For agencies with no bureaus, this submission shall be a single report, as defined by this section. For agencies with bureaus, the Detailed Accounting Submission shall consist of reports, as defined by this section, from the agency's bureaus. The CFO of each bureau, or accountable senior level executive, shall prepare reports. Each report must include (a) a table highlighting prior year drug control obligations data, and (b) a narrative section making assertions regarding the prior year obligations data. Report elements are further detailed below:

a. **Table of Prior Year Drug Control Obligations** – For the most recently completed fiscal year, each report shall include a table of obligations of drug control budgetary resources appropriated and available during the year being reported.¹ Such table shall present obligations by Drug Control Function and Budget Decision Unit, as these categories are displayed for the agency or bureau in the *National Drug Control Strategy Budget Summary*. Further, this table shall be accompanied by the following disclosures:

(1) **Drug Methodology** – The drug methodology shall be specified in a separate exhibit. For obligations calculated pursuant to a drug methodology, this presentation shall include sufficient detail to explain fully the derivation of all obligations data presented in the table.

(a) **Obligations by Drug Control Function** – All bureaus employ a drug methodology to report obligations by Drug Control Function.

(b) **Obligations by Budget Decision Unit** – For certain multi-mission bureaus – Customs and Border Protection (CBP), Coast Guard, Immigration and Customs Enforcement (ICE), Indian Health Service (IHS), Bureau of Indian Affairs (BIA), and the Veterans Health Administration (VHA) – obligations reported by Budget Decision Unit shall be calculated pursuant to an approved drug methodology. For

¹Consistent with reporting requirements of the ONDCP Circular, *Budget Formulation*, dated May 1, 2007, resources received from the following accounts are excluded from obligation estimates: (1) ONDCP – High Intensity Drug Trafficking Areas (HIDTA) and (2) DOJ – Organized Crime Drug Enforcement Task Force Program. Obligations against these resources shall be excluded from the table required by this section but shall be reported on a consolidated basis by these bureaus. Generally, to prevent double-counting agencies should not report obligations against budget resources received as a reimbursement. An agency that is the source of the budget authority for such reimbursements shall be the reporting entity under this circular.

all other bureaus, drug control obligations reported by Budget Decision Unit shall represent 100 percent of the actual obligations of the bureau for those Budget Decision Units, as they are defined for the National Drug Control Budget. (See Attachment B of the ONDCP Circular, *Budget Formulation*, dated May 1, 2007.)

- (2) **Methodology Modifications** – Consistent with ONDCP’s prior approval, if the drug methodology has been modified from the previous year, then the changes, their purpose, and the quantitative differences in the amount(s) reported using the new method versus the amount(s) that would have been reported under the old method shall be disclosed.²
- (3) **Material Weaknesses or Other Findings** – Any material weakness or other findings by independent sources, or other known weaknesses, including those identified in the Agency’s Annual Statement of Assurance, which may affect the presentation of prior year drug-related obligations data, shall be highlighted. This may be accomplished by either providing a brief written summary, or by referencing and attaching relevant portions of existing assurance reports. For each material weakness or other finding, corrective actions currently underway or contemplated shall be identified.
- (4) **Reprogrammings or Transfers** – All prior year reprogrammings or transfers that affected drug-related budgetary resources shall be identified; for each such reprogramming or transfer, the effect on drug-related obligations reported in the table required by this section also shall be identified.
- (5) **Other Disclosures** – Agencies may make such other disclosures as they feel are necessary to clarify any issues regarding the data reported under this circular.

b. **Assertions** – At a minimum, each report shall include a narrative section where the following assertions are made regarding the obligation data presented in the table required by Section 6a:

- (1) **Obligations by Budget Decision Unit** – With the exception of the multi-mission bureaus noted in Section 6a(1)(b), reports under this section shall include an assertion that obligations reported by budget decision unit are the actual obligations from the bureau’s accounting system of record for these Budget Decision Units.
- (2) **Drug Methodology** – An assertion shall be made regarding the reasonableness and accuracy of the drug methodology used to calculate obligations of prior year budgetary resources by function for all bureaus and by budget decision unit for the CBP, Coast Guard, ICE, IHS, BIA, and VHA. The criteria associated with this assertion are as follows:

²For changes that did not receive prior approval, the agency or bureau shall submit such changes to ONDCP for approval under separate cover.

- (a) **Data** – If workload or other statistical information supports the drug methodology, then the source of these data and the current connection to drug control obligations should be well documented. If these data are periodically collected, then the data used in the drug methodology must be clearly identified and will be the most recently available.
 - (b) **Other Estimation Methods** – If professional judgment or other estimation methods are used as part of the drug methodology, then the association between these assumptions and the drug control obligations being estimated must be thoroughly explained and documented. These assumptions should be subjected to periodic review, in order to confirm their continued validity.
 - (c) **Financial Systems** – Financial systems supporting the drug methodology should yield data that fairly present, in all material respects, aggregate obligations from which drug-related obligation estimates are derived.
- (3) **Application of Drug Methodology** – Each report shall include an assertion that the drug methodology disclosed in this section was the actual methodology used to generate the table required by Section 6a. Calculations must be sufficiently well documented to independently reproduce these data. Calculations should also provide a means to ensure consistency of data between reporting years.
- (4) **Reprogrammings or Transfers** – Further, each report shall include an assertion that the data presented are associated with obligations against a financial plan that, if revised during the fiscal year, properly reflects those changes, including ONDCP’s approval of reprogrammings or transfers affecting drug-related resources in excess of \$1 million.
- (5) **Fund Control Notices** – Each report shall also include an assertion that the data presented are associated with obligations against a financial plan that fully complied with all Fund Control Notices issued by the Director under 21 U.S.C. § 1703(f) and Section 8 of the ONDCP Circular, *Budget Execution*.

7. **Performance Summary Report.** The CFO, or other accountable senior level senior executive, of each agency for which a Detailed Accounting Submission is required, shall provide a Performance Summary Report to the Director of National Drug Control Policy. Each report must include performance-related information for National Drug Control Program activities, and the official is required to make certain assertions regarding that information. The required elements of the report are detailed below.

- a. **Performance Reporting-** The agency’s Performance Summary Report must include each of the following components:

- (1) **Performance Measures** – The report must describe the performance measures used by the agency to assess the National Drug Control Program activities it carried out in the most recently completed fiscal year and provide a clear justification for why those measures are appropriate for the associated National Drug Control Program activities. The performance report must explain how the measures: reflect the purpose of the program; contribute to the National Drug Control Strategy; and are used in the management of the program. The description must include sufficient detail to permit non-experts to understand what is being measured and why it is relevant to those activities.
 - (2) **Prior Years Performance Targets and Results** – For each performance measure, the report must provide actual performance information for the previous four fiscal years and compare the results of the most recent fiscal year with the projected (target) levels of performance established in the agency’s annual performance budget for that year. If any performance target for the most recently completed fiscal year was not met, the report must explain why that target was not met and describe the agency’s plans and schedules for meeting future targets. Alternatively, if the agency has concluded it is not possible to achieve the established target with available resources, the report should include recommendations concerning revising or eliminating the target.
 - (3) **Current Year Performance Targets** – Each report must specify the performance targets established for National Drug Control Program activities in the agency’s performance budget for the current fiscal year and describe the methodology used to establish those targets.
 - (4) **Quality of Performance Data** – The agency must state the procedures used to ensure the performance data described in this report are accurate, complete, and unbiased in presentation and substance.
- (b) **Assertions** – Each report shall include a letter in which an accountable agency official makes the following assertions are made regarding the information presented in Section 7a:
- (1) **Performance reporting system is appropriate and applied** – The agency has a system to capture performance information accurately and that system was properly applied to generate the performance data.
 - (2) **Explanations for not meeting performance targets are reasonable** – An assertion shall be made regarding the reasonableness of any explanation offered for failing to meet a performance target and for any recommendations concerning plans and schedules for meeting future targets or for revising or eliminating performance targets.

- (3) **Methodology to establish performance targets is reasonable and applied** – An assertion that the methodology described above to establish performance targets for the current year is reasonable given past performance and available resources.
- (4) **Adequate performance measures exist for all significant drug control activities** - Each Report shall include an assertion that the agency has established at least one acceptable performance measure for each Drug Control Decision Unit identified in reports required by section 6a(1)(A) for which a significant amount of obligations (\$1,000,000 or 50 percent of the agency drug budget, whichever is less) were incurred in the previous fiscal year. Each performance measure must consider the intended purpose of the National Drug Control Program activity.

The criteria associated with these assertions are as follows:

- (a) **Data** – If workload, participant, or other quantitative information supports these assertions, the sources of these data should be well documented. If these data are periodically collected, the data used in the report must be clearly identified and will be the most recently available.
- (b) **Other Estimation Methods** – If professional judgment or other estimation methods are used to make these assertions, the objectivity and strength of these estimation methods must be thoroughly explained and documented. These estimation methods should be subjected to periodic review to confirm their continued validity.
- (c) **Reporting Systems** – Reporting systems supporting the assertions should be current, reliable, and an integral part of the agency's budget and management processes.

8. Inspector General Authentication. Each report defined in Sections 6 and 7 shall be provided to the agency's Inspector General (IG) for the purpose of expressing a conclusion about the reliability of each assertion made in the report. ONDCP anticipates that this engagement will be an attestation review, consistent with the *Statements for Standards of Attestation Engagements*, promulgated by the American Institute of Certified Public Accountants.

9. Unreasonable Burden. Unless a detailed report, as specified in Section 6, is specifically requested by ONDCP, an agency or bureau included in the National Drug Control Budget with prior year drug-related obligations of less than \$50 million may submit through its CFO, or its accountable senior level executive, an alternative report to ONDCP, consisting of only the table highlighted in Section 6a., omitting all other disclosures. Such a report will be accompanied by statements from the CFO, or accountable senior level executive, and the agency IG attesting that full compliance with this Circular would constitute an unreasonable reporting burden. In those instances, obligations reported under this section will be considered as constituting the statutorily required detailed accounting, unless ONDCP notifies the agency that greater detail is required.

10. Point of Contact and Due Dates. Each agency CFO, or accountable senior level executive, shall transmit a Detailed Accounting Submission, consisting of the report(s) defined in Sections 6 and 7, along with the IG's authentication(s) defined in Section 8, to the attention of the Associate Director for Performance and Budget, Office of National Drug Control Policy, Washington, DC 20503. Detailed Accounting Submissions, with the accompanying IG authentication(s), are due to ONDCP by February 1 of each year. Agency management must submit reports to their Office of Inspector General (OIG) in sufficient time to allow for review and IG authentication under Section 8 of this Circular. ONDCP recommends a 31 December due date for agencies to provide their respective OIG with the required reports and information.

John P. Walters
Director

Tab E



U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

January 26, 2009

Mr. Thomas Johnson, Budget Branch Chief

Ms. Jane Sanville, Performance Branch Chief

Office of National Drug Control Policy
Executive Office of the President
Washington, DC 20503

Dear Mr. Johnson and Ms. Sandville:

In accordance with the Office of National Drug Control Policy's Drug Control Accounting Circular, the Small Business Administration (SBA) submits its Accounting of FY 2008 Drug Control Funds and Performance Summary Report with the accompanying IG authentication.

The SBA is submitting an alternative report as indicated in the ONDCP Circular: Drug Control Accounting dated May 1, 2007 due to its prior year drug-related obligations of less than \$50 million.

If you have any additional questions or comments, please call me directly.

Sincerely yours,

Antonio Doss
Director of Small Development Centers

Enclosure



U.S. SMALL BUSINESS ADMINISTRATION
OFFICE OF INSPECTOR GENERAL
WASHINGTON, D.C. 20416

January 30, 2009

Ms. Jane Sanville
Performance Branch Chief

Mr. Thomas Johnson
Budget Branch Chief

Office of National Drug Control Policy
Executive Office of the President
Washington, DC 20503

Dear Ms. Sanville and Mr. Johnson:

In accordance with the Office of National Drug Control Policy Circular (ONDCP), *Drug Control Accounting*, we reviewed the Small Business Administration's *fiscal year (FY) 2008 Annual Accounting of Drug Control Funds and Related Performance Report* and supporting documentation. We concur with SBA's decision to provide an alternative report because, as provided under Section 9 of the ONDCP circular, SBA's annual Drug Free Workplace Program budget is below \$50 million, and its full compliance with reporting requirements would constitute an unreasonable burden.

In preparing its alternative report, SBA disclosed that it relied on the honesty and integrity of grantees to ensure that performance data was accurate, complete and unbiased in presentation and substance. Therefore, we compared SBA's FY 2008 alternative report to accounting and performance data submissions from the grant recipients of SBA's Drug-Free Workplace Program grants, and determined that the information provided in SBA's report matched the data reported by grantees.

Sincerely,

A handwritten signature in black ink that reads "Peter McClintock".

Peter McClintock
Acting Inspector General

I. Prior Year Drug Control Obligations

(Budget Authority in Millions)

FY2008	FY2009	FY 2010
<u>FINAL</u>	<u>ENACT</u>	<u>REQUEST</u>

Drug Resources by Budget Decision Unit
and Function:

Prevention & Education	\$0.990M	\$0.990M	\$0.990M
Drug Free Workplace Grants			
Total Funding	\$0.990M	\$0.990M	\$0.990M

Information

Total Agency Budget*	\$553,988	\$467,267
Drug Percentage	0.18%	0.21%

*Does not include requested funding for the Disaster Loan Program and the Inspector General.

II. PERFORMANCE INFORMATION

MEASURE 1: Number of Small Businesses Educated

Table 1¹

FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Target	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
11,873	19,400	5,150	531	1,400	2,731	1,450	2,280	1,500

- (a) Describe the measure. This measure reflects the number of small businesses that were educated by a DFWP grantee. A purpose of the program is to educate as many small businesses as possible to make them aware of the benefits of implementing a drug free workplace program for their business. If a business implements a DFWP program, it is believed that there will be a decrease in absenteeism, workplace accidents, tardiness, damaged or stolen property and insurance premiums. It is also believed that productivity and

¹ While not required, ONDCP recommends agencies develop a graph to accompany information contained in the table.

Property						
14.5 Tardiness	0	0	18	18	51	51
14.6 Productivity	29	29	7	7	32	32
14.7 Workplace Accidents	13	13	14	14	56	56

In both 2007 and 2008, we see a decrease of small businesses reporting in the categories of employee turnover, absenteeism, insurance premiums, damaged or stolen property, tardiness and workplace accidents. Similarly, the category of productivity has increase.

The SBA believes that these results will continue on the same trend with the force and effect which will ensure that the use of outcome-oriented measures to contribute effectively to the President's National Drug Control Strategy.

The procedures used ensure the performance data described above are accurate, complete, and unbiased in presentation and substance.

- (c) The goal for FY 2009 is slightly higher because the grantees exceeded their target for 2008. It is extremely difficult to estimate this number due to the fact that it is up to the business to decide whether to implement a DFWP or not, not the grantee. The agency determines the goals based on the number of grantees and whether previous goals were reached or not.
- (d) The agency depends on the honesty and integrity of the DFWP grantees to ensure performance data for this measure are accurate, complete, and unbiased in presentation and substance.

MEASURE 2: Number of DFWPs Implemented

Table 2²

FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Target	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
1,500	1,075	1,029	62	160	453	165	363	170

- (a) Describe the measure. This measure reflects the number of small businesses that implemented a whole or partial Drug Free Workplace Program. A purpose of the program is to encourage as many small businesses as possible to implement a drug free workplace program for their business. If a business implements a DFWP program, it is believed that there will be a decrease in absenteeism, workplace accidents, tardiness, damaged or stolen property and insurance premiums. It is also believed that productivity and moral will

² While not required, ONDCP recommends agencies develop a graph to accompany information contained in the table.

increase. The information is collected directly from the grantees. The grantees input their data into a database created just for this program.

- (b) The actual goal of 2008 was exceeded by 198 small businesses that implemented a drug free workplace program. As you can see from the chart above, the number of small businesses implementing a drug free workplace program varies widely from year to year because the grantees can not force a small business to implement such a program. The grantee can only encourage the small business by showing the benefits of the implementation.
- (c) The goal for FY 2009 is slightly higher because the grantees exceeded their target for 2008. However, it is not too high due to the economic downturn. The agency determines the goals based on the number of grantees and whether previous goals were reached or not.
- (d) The agency depends on the honesty and integrity of the DFWP grantees to ensure performance data for this measure are accurate, complete, and unbiased in presentation and substance.

III. MANAGEMENT'S ASSERTIONS

- (1) **Performance reporting system is appropriate and applied** – The agency has a system to capture performance information accurately and that system was properly applied to generate the performance data.
- (2) **Explanations for not meeting performance targets are reasonable** – Both goals were exceeded in FY 2008.
- (3) **Methodology to establish performance targets is reasonable and applied** – The methodology described above to establish performance targets for the current year is reasonable given past performance and available resources.
- (4) **Adequate performance measures exist for all significant drug control activities** - The agency has established at least one acceptable performance measure for each Drug Control Decision Unit identified in reports required by section 6a(1)(A) for which a significant amount of obligations (\$1,000,000 or 50 percent of the agency drug budget, whichever is less) were incurred in the previous fiscal year. Each performance measure considers the intended purpose of the National Drug Control Program activity.

morale will increase. The information is collected directly from the grantees. The grantees input their data into a database created just for this program.

- (b) In 2005, approximately 5,100 small businesses were educated about drug free workplace benefits. A substantial reduction in businesses educated occurred from 2004 to 2005 due to the funding availability. The \$1 million funding level in 2005 was available for a two-year period, thereby making only one half of the historical annual funding available in one year (FY2005 - \$500,000; FY2006 - \$500,000). In addition, in FY2005 there were twelve (12) grantees; in FY2006 there were only five (5), one of which was new and needed ramp-up time.

In 2006, coupled with a change in the funding methodology, the program office began to analyze ways to establish a better goaling process for the program. This has resulted in more realistic projections for outputs in 2007 and 2008.

Finally, during 2006, the program began to identify possible outcome metrics for this program and evaluate methodologies to collect that data.

In 2007, the following results were collected from the DFWP grantees:

	Increase	FY Year to Date	Decrease	FY Year to Date	Unchanged	FY Year to Date
14.1 Employee Turnover	25	27	69	124	161	167
14.2 Absenteeism	1	2	88	144	158	169
14.3 Insurance Premiums	23	23	117	128	69	80
14.4 Damaged or stolen Property	3	3	39	45	158	166
14.5 Tardiness	3	3	65	94	170	189
14.6 Productivity	82	106	6	6	141	144
14.7 Workplace Accidents	8	9	113	135	145	151

A similar trend continues with more grantees able to report with more small businesses providing feedback.

And in 2008, the following results were collected from the DFWP grantees:

	Increase	FY Year to Date	Decrease	FY Year to Date	Unchanged	FY Year to Date
14.1 Employee Turnover	30	30	32	32	113	113
14.2 Absenteeism	27	27	25	25	75	75
14.3 Insurance Premiums	2	2	56	56	12	12
14.4 Damaged or stolen	5	5	22	22	33	33

Tab F



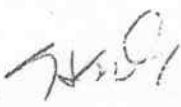
United States Department of State
and the Broadcasting Board of Governors

Inspector General

FEB - 4 2009

MEMORANDUM

TO: INL – David T. Johnson

FROM: OIG – Harold W. Geisel, Acting 

SUBJECT: *OIG Attestation Review of Accounting and Authentication of FY 2008 Drug Control Funds and Related Performance Report of the Department of State (AUD/PP-09-09)*

Attached is the Office of Inspector General's (OIG) *Attestation Review of Accounting and Authentication of FY 2008 Drug Control Funds and Related Performance Report of the Department of State (AUD/PP-09-09)*. OIG could not attest to two of the assertions and the certification relating to obligations, as described in the review. Therefore, OIG cannot attest to the reliability of these statements. No other matters came to OIG's attention that caused OIG to believe that the Department's submission did not meet the reporting requirements of the Office of National Drug Control Policy.

If you have any questions or need additional information, please call me at (202) 663-0361 or Mark W. Duda, Assistant Inspector General for Audits, at (202) 663-0372.

Attachment: As stated.

cc: INL/RM – Robert S. Byrnes
INL/RM/AS – Anthony J. Gresko



United States Department of State
and the Broadcasting Board of Governors

Inspector General

*OIG Attestation Review of
Accounting and Authentication of FY 2008 Drug Control Funds
and Performance Report of the Department of State
(AUD/PP-09-09)*

The Office of Inspector General (OIG) reviewed the accompanying assertions from the Bureau of International Narcotics and Law Enforcement Affairs (INL) fiscal year 2008 detailed accounting and performance submission to the Director of the Office of National Drug Control Policy (ONDCP). The report was prepared in compliance with ONDCP Circular *Drug Control Accounting*, dated May 1, 2007. The submission is the responsibility of the Department of State.

OIG's review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, as specified in section 8 of the ONDCP Circular. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the submission. Accordingly, we do not express such an opinion.

OIG cannot attest to the following two assertions made by INL that

- . . . the drug methodology used to calculate obligations of prior year budgetary resources are reasonable, that the data presented is complete, and that the financial systems supporting the drug methodology yield data that fairly present, in all material respects, aggregated obligations from which the drug-related obligations are derived.
- . . . the obligation amounts presented in the drug control obligation table is associated with a financial plan that properly reflects any changes that occurred during the fiscal year. The obligation data presented in the report for INL are associated with the INL financial plan.

In addition, OIG cannot attest to the certification made by INL that

- . . . all the information presented for the Bureau for International Narcotics and Law Enforcement Affairs (INL) is true and correct and concur with all assertions associated with INL.

Important Notice

This report is intended solely for the official use of the Department of State or any agency receiving the report directly from the Office of Inspector General. No secondary distribution may be made outside the Department of State or by other agencies or organizations in whole or in part, without prior authorization by the Inspector General. Public availability of the document will be determined by the Inspector General under the U.S. Code 5 U.S.C. 552. Improper disclosure of this report may result in criminal, civil, or administrative penalties.

The obligations for FYs 2007¹ and 2008, as reported, are based solely on data produced by the Department's financial management system. However, during its audit of the Department's FY 2008 financial statements, an independent external auditor found that the Department's financial management system as of September 30, 2008, was inadequate. As reported by the independent external auditor, there is a risk of materially misstating financial information under the current system. Furthermore, the independent external auditor also noted that the Department's internal control process related to undelivered orders was inadequate and identified it as a significant deficiency. Although the independent external auditor found that the Department had made improvements in this area over the past several years, the auditor identified excess obligations of approximately \$200 million as of September 30, 2008.

In addition, a recently issued OIG draft audit report (AUD/FM-09-07) found that INL (and two other bureaus audited) did not have a systematic process for monitoring domestic undelivered orders, which resulted in inaccurate reporting by the Department on its annual financial statements and in budgetary reports submitted to the Office of Management and Budget. By the end of OIG's fieldwork, although INL had taken action to reduce its invalid undelivered orders, OIG noted that additional controls were still needed. INL agreed with OIG's reported findings and recommendations.

Notwithstanding the statements made in this INL submission regarding the FY 2008 financial statement audit and the obligation amounts presented, as of the date of this attestation, nothing has come to OIG's attention to provide any assurance that the problems identified by the independent auditor and OIG's own auditors have been corrected. Consequently, OIG cannot attest to the reliability of the obligation data or the assertions and certification that refer to the reliability of that data.

Based on our review, with the previously noted qualifications, nothing came to OIG's attention that caused it to believe that the remainder of the accompanying assertions do not, in all material respects, reliably represent the Accounting and Authorization of FY 2008 Drug Control Funds and Related Performance data for all years presented in the submission and comply with ONDCP criteria.

This review is intended solely for the use of ONDCP in meeting its statutory obligation to provide an accounting of prior-year drug control funds and performance. It should not be used by any other parties for any other purpose.



Harold W. Geisel
Acting Inspector General

¹ OIG could not previously attest to INL assertions regarding FY 2007 obligation data (Report No. AUD/PP-08-17).

SECTION 7a Reporting – Performance Summary

I. PERFORMANCE INFORMATION

Decision Unit 1: International Narcotics Control and Law Enforcement

Measure 1: Opium Poppy Cultivation in Laos

Table 2

CY 2004 Actual	CY 2005 Actual	CY 2006 Actual	CY 2007 Actual	CY 2008 Target	CY 2008 Actual	CY 2009 Target
10,000 hectares	5,600 hectares	1,700 hectares	1,100 hectares	< 1,000 hectares	To Be Reported	< 1,000 hectares

Measure Description: This performance measure tracks the net amount of opium poppy that is cultivated in Laos on an annual basis.

- **Purpose of the program:** The long-term goal of the International Narcotics Control and Law Enforcement program in Southeast Asia is to remove all countries receiving U.S. assistance from the List of Major Drug Producing and Drug Transit Nations. Thailand was removed in 2004, with the goal of removing Laos prior to 2010. When opium poppy cultivation in Laos is estimated by the U.S. government as less than 1,000 hectares, the country will be removed from the President’s list of major illicit drug producing countries.
- **Contribution to National Drug Control Strategy:** The program contributes to the National Drug Control Strategy’s goal of “Disrupting the Market for Illicit Drugs” by “creating inefficiencies in drug production and distribution, resulting in decreased drug abuse in the United States.”
- **How is this measure used by program managers?** Tracking this measure has convinced program managers that strategic crop control in Laos is successful and should be sustained.

CY 2008 Performance Results: The CY 2008 target was for cultivation to be under 1,000 hectares. Results for CY 2008 will be reported in the International Narcotics Control Strategy Report (INCSR), scheduled for publication in March 2009.

CY 2009 Performance Target: In CY 2009 the performance target is for cultivation to decline to less than 1,000 hectares. INL plans to meet this target through continuation of its crop control strategy in Laos.

Data Collection and Validation:

- **Data Source:** Annual results are reported in the International Narcotics Control Strategy Report (INCSR). Performance targets are set in the Office of Management and Budget's (OMB) Program Assessment Rating Tool (PART). The data for the INCSR and the PART is provided by the Central Intelligence Agency's (CIA) Crime and Narcotics Center (CNC). CNC data serves as the official U.S. government estimate for narcotics cultivation and is used by the Defense Intelligence Agency (DIA), the National Drug Intelligence Center (NDIC), the Office of National Drug Control Policy (ONDCP) and the other drug control agencies. INL utilizes the official U.S. government drug cultivation estimates provided by CNC for the purposes of the Department of State's annual performance reporting.
- **Methodology for Setting Targets and Reporting Results:** In order to achieve the goal of removing Laos from the Major's List, embassy personnel set ambitious targets in the Mission Performance Plan to ensure that Laos would cultivate less than 1,000 hectares of opium poppy by CY 2009. Actual performance results are reported in the INCSR through a cultivation survey prepared by CNC.
- **Process for Validating Performance Information:** The official U.S. government cultivation estimate for Laos is produced by CNC and reported through the International Narcotics Control Strategy Report (INCSR). Before the INCSR is made public, the cultivation numbers are sent back to CNC to confirm accuracy in reporting. If new data becomes available or if errors are identified, the INCSR is updated and errors are corrected. The State Department does not participate in the collection of the data itself. The UN Office on Drugs and Crime (UNODC) also produces a cultivation estimate for Laos which, using a different methodology, produces similar trend patterns to those provided by CNC and gives INL greater confidence in the accuracy of CNC data. Data provided by CNC is the best data available to the U.S. government regarding crop cultivation and INL assumes that this information is accurate, complete, and unbiased.

Decision Unit 1: International Narcotics Control and Law Enforcement**Measure 2:** Percent of MEM Recommended Reforms Implemented**Table 3**

CY 2000/1 Actual	CY 2002/3 Actual	CY 2004/5 Actual	CY 2006/7 Target	CY 2006/7 Actual	CY 2008/9 Target
18% complete; 58% in progress	23% complete; 62% in progress	27% complete; 54% in progress	35% complete; 55% in progress	No data available	Discontinued

Measure Description: The Multilateral Evaluation Mechanism (MEM) is a peer review system that provides governments in the Western Hemisphere with recommendations on how to strengthen their anti-drug efforts and includes follow on training and technical support. This measure tracks the percent of MEM recommendations that have been completed and the percent of those that are still in progress.

- **Purpose of the program:** The purpose of U.S. foreign assistance to the Organization of American States' (OAS) Inter-American Drug Abuse Commission (CICAD) is to assist governments in developing national anti-drug strategies, strengthening national capacities, and crafting a common legal framework to facilitate international cooperation in the fight against illicit drug trafficking and transnational organized crime.
- **Contribution to National Drug Control Strategy:** The program contributes to the National Drug Control Strategy's goal of "Disrupting the Market for Illicit Drugs" by strengthening the criminal justice and law enforcement sectors of partner governments so that they can assist the U.S. in "creating inefficiencies in drug production and distribution, resulting in decreased drug abuse in the United States."
- **How is this measure used by program managers?** INL program managers address the shortcomings in country anti-drug programs identified by the MEM by designing law enforcement, transnational crime, and criminal justice sector programs that provide technical support and training to partner governments.

CY 2008 Performance Results: The target for 2008 was to have 35 percent of the recommendations complete and have 55% of the recommendations in progress. Unfortunately, the fourth evaluation mechanism completed by OAS-CICAD in 2008 did not produce a Hemispheric Report on the Follow up of the

Implementation of Recommendations with this round. As a result, the data source that INL had been using is no longer available.

CY 2009 Performance Target: This target will be discontinued because INL is not aware if OAS/CICAD's MEM will produce a Hemispheric Report on the Follow up of the Implementation of Recommendations in the coming evaluation years.

Data Collection and Validation:

- **Data Source:** In prior years, INL used the Hemispheric Report on the Follow up of the Implementation of Recommendations as the source for reporting on this performance measure. In the most recently completed evaluation round, OAS/CICAD did not produce a Hemispheric Report that covered the results of the Fourth Evaluation Round.
- **Methodology for Setting Targets and Reporting Results:** This measure will be discontinued because of the lack of a data source, and so no targets or results will be reported. The value of the MEM lies in the recommendations identified in the individual country reports and in the individual strategies employed to strengthen partner government anti-drug programs. Since the OMB PART of INCLE programs in the Western Hemisphere required that all measures of performance be quantifiable, INL assigned numerical targets to the percent of MEM recommendations that have been completed and to the percent that are in progress based on an extrapolation and positive trend analysis from the first and second MEM evaluation rounds. The results are reported in the OMB PART on a biennial basis.
- **Process for Validating Performance Information:** INL relies on CICAD data to report on trends and report annual progress. The use of third party data sources increases INL's confidence that the data is unbiased, but also means that decisions about collection methodology and reporting timelines are often beyond INL control. INL does not evaluate the MEM methodology nor validate the MEM evaluations. Data provided by OAS/CICAD is the best (and for some countries the only) data available for determining the institutional capacity of foreign governments to combat narcotics and other related crimes.

Decision Unit 1: International Narcotics Control and Law Enforcement**Measure 3:** Kilos of Illicit Narcotics Seized by Host Governments in USG Assisted Areas**Table 4**

CY 2006 Actual	CY 2007 Actual	CY 2008 Target	CY 2008 Actual	CY 2009 Target
828,120 kilos	1,424,938 kilos	72,350 kilos	66,300 kilos	62,500 kilos

Measure Description: This performance measure tracks the amount, in kilos, of illicit narcotics (cocaine, heroin, methamphetamine, cannabis) that is seized by host government law enforcement agencies that are receiving USG foreign assistance for interdiction operations and capacity building. The countries in the Western Hemisphere that set targets through 2009 and reported results for 2008 are: Argentina, Guatemala, Haiti, Nicaragua, Panama, the Bahamas, and Trinidad and Tobago. The Andean Countries were not included in this metric since their performance information is included under a separate decision unit. This measure replaces the OAS/CICAD Multilateral Evaluation Mechanism that has been reported in previous years. The sharp decline starting with the 2008 targets is due to the removal of Barbados, Honduras, Jamaica, Mexico, and Paraguay from the seizure pool. These embassies either did not set 2008 and/or 2009 goals or did not report on seizures and were, therefore, removed.

- **Purpose of the program:** The long-term goal of the INCLE Western Hemisphere program is to limit the flow of illicit narcotics and reduce the supply of those narcotics that reaches the United States. The program accomplishes this through a strategy of capacity building and operational support to host government law enforcement personnel in order to complement the USG's own law enforcement efforts. The amount of illicit narcotics seized is seen as a reflection of the USG capacity building and operational support foreign assistance efforts and serves as a critical component of the U.S. government's counternarcotics strategy in the Western Hemisphere.
- **Contribution to National Drug Control Strategy:** The program contributes to the National Drug Control Strategy's goal of "Disrupting the Market for Illicit Drugs" by "creating inefficiencies in drug production and distribution, resulting in decreased drug abuse in the United States."
- **How is this measure used by program managers?** INL program managers in the field use this measure for operational planning and day-to-day

program management. Furthermore, the measure conforms to Department policy regarding standardized performance metrics for Foreign Assistance programs.

CY 2008 Performance Results: The 2008 target was for seizures to reach 72,350 kilos in the Western Hemisphere. In 2008, the Department fell slightly short of its targets with host government law enforcement agencies seizing 66,300 kilos of illicit narcotics. Reasons for slightly missing the target vary from country to country but as a region, performance was within the accepted 10% margin of error.

CY 2009 Performance Target: The CY 2009 performance target is to seize 62,500 kilos of illicit narcotics in the Western Hemisphere.

Data Collection and Validation:

- **Data Source:** Annual results are reported in each country's FY 2008 Foreign Assistance Performance Plan and Report (PPR). Performance targets are set by each embassy, aggregated in and included as a global performance metric in support of the Congressional Budget Justification. The data for host government seizure results is reported by each embassy at year end during the annual data call for the Performance Plan and Report. Embassy officials gather information from host government contacts and implementing partners to report country results in the FY 2008 Performance Plan and Report. INL utilizes host country law enforcement, implementing partner information, and USG intelligence sources for the purposes of the Department of State's annual performance reporting.
- **Methodology for Setting Targets and Reporting Results:** The embassy country teams consult subject area experts in Washington and in the field and consider past performance and trends, policy priorities and long term goals, relevant conditions on the ground, and resource levels in setting performance targets. The targets are set and results are reported for each country in the Foreign Assistance Performance Plan and Report. The results are also reported in the International Narcotics Control Strategy Report and are aggregated in Washington for the purposes of performance reporting to other stakeholders.

Process for Validating Performance Information: The seizure measure is one of a select grouping of foreign assistance measures that are aggregated for inclusion in foreign assistance performance documents and budget submissions. Each post utilizing these select measures must complete a Data Quality Assessment (DQA) once every three years. The DQA assesses the validity, reliability, timeliness, precision, and integrity of the performance data. Though

the DQA is not submitted to Washington, DC, post must have the DQA available in the event that the metric is part of the annual performance audit by an independent auditing firm. INL has provided post with guidance and assistance regarding the DQAs. Eradication data provided by overseas embassies is the best data available to the U.S. government regarding U.S. government and host government coca eradication and INL assumes that this information has undergone a Data Quality Assessment and is accurate, complete, and unbiased.

Decision Unit 1: International Narcotics Control and Law Enforcement

Measure 4: Poppy Free Provinces (PFP) and Provinces Reducing Cultivation (PRC) in Afghanistan

Table 5

CY 2004 Actual	CY 2005 Actual	CY 2006 Actual	CY 2007 Actual	CY 2008 Target	CY 2008 Actual	CY 2009 Target
3 PFP; 1 PRC	8 PFP; 13 PRC	6 PFP; 9 PRC	13 PFP; 13 PRC	7 PFP; 7 PRC	18 PFP; 12 PRC	8 PFP; 8 PRC

Measure Description: The measure tracks the number of Poppy Free Provinces (PFP), defined as provinces with zero cultivation, and the number of Provinces Reducing Cultivation (PRC), provinces with declining year-on-year cultivation figures that do not reach zero cultivation.

- **Purpose of the program:** The purpose of the counternarcotics program in Afghanistan is to reduce opium poppy cultivation in order to create stability in Afghanistan and prevent it from becoming a narco-state controlled by insurgents. The goal of the program is to have 21 of Afghanistan's 34 provinces to be poppy-free or provinces reducing cultivation by 2010.
- **Contribution to National Drug Control Strategy:** The program, through implementation of the five-pillar strategy for counternarcotics in Afghanistan, contributes to the National Drug Control Strategy's goal of "Disrupting the Market for Illicit Drugs" by "creating inefficiencies in drug production and distribution" that aid in the stabilization and establishment of government control in Afghanistan.
- **How is this measure used by program managers?** This measure is used by program managers as a general guide in annual program planning and targeting, focusing governor-led eradication campaigns in the more stable northern provinces of Afghanistan while continuing to implement forced manual and mechanized eradication in the less secure southern provinces.

CY 2008 Performance Results: The target for CY 2008 was to have 7 poppy free provinces and 7 provinces reducing cultivation. In CY 2008, Afghanistan exceeded its targets, achieving 18 poppy free provinces and a total of 12 provinces reducing cultivation (i.e. reducing cultivation but not achieving a level of zero poppy cultivation).

CY 2009 Performance Target: The target for CY 2009 is to have eight poppy free provinces and eight provinces reducing cultivation. This target was set by State and USAID as part of the long term goal of having 21 of Afghanistan's 34 provinces be poppy-free or provinces reducing cultivation by 2010.

Data Collection and Validation:

- **Data Source:** Annual results are reported in Afghanistan: 2008 Annual Opium Poppy Survey produced by the United Nations Office on Drugs and Crime (UNODC). The State Department targets are set in the Office of Management and Budget's (OMB) Program Assessment Rating Tool (PART) review of Assistance to Rebuilding Countries – Afghanistan. INL utilizes the UNODC 2008 Annual Opium Poppy Survey for the purposes of the Department of State's annual performance reporting on this metric.
- **Methodology for Setting Targets and Reporting Results:** The long term goal of having 21 of 34 provinces in Afghanistan poppy free by CY 2010 was set during CY 2007 by the State Department and USAID personnel via the coordination of the Office of the Director of Foreign Assistance. The 2007 (6 PFP; 6 PRC) and 2008 (7 PFP; 7 PRC) targets were set to demonstrate progress towards achieving the long term goal of having 21 of 34 provinces in Afghanistan poppy free. Actual performance results are reported in the 2008 Opium Poppy Survey prepared by UNODC.
- **Process for Validating Performance Information:** The UNODC Opium Poppy Survey is released in the fall of each year and is used to inform management decision making. The trends and the data in the UNODC survey are compared against the official U.S. government estimate published by the Office of National Drug Control Policy (ONDCP) in late-Winter/early-Spring of each year in order to confirm that the trends outlined by the UNODC survey are confirmed through the more sophisticated techniques employed by the CIA's Crime and Narcotics Center. The State Department does not participate in the collection of the data nor in data validation, but does compare trends to ensure that the UNODC data properly informs management decisions. The combination of data provided by UNODC and CNC provide multiple viewpoints to produce a more accurate,

complete, and unbiased picture of the counternarcotics situation in Afghanistan.

Decision Unit 2: Andean Counterdrug Program**Measure 1:** Hectares of coca eradicated in Bolivia, Colombia, and Peru.**Table 6**

CY 2004	CY 2005	CY 2006	CY 2007	CY 2008	CY 2008	CY 2009
		Actual	Actual	Target	Actual	Target
166,321 hectares	188,365 hectares	231,482 hectares	236,855 hectares	246,000 hectares	252,581 hectares	214,000 hectares

Measure Description: This performance measure tracks the amount of coca leaf that is forcibly or voluntarily eradicated in Colombia, Peru, and Bolivia on an annual basis. This measure replaces the coca cultivation metric that has been reported in previous years.

- **Purpose of the program:** The long-term goal of the Andean Counterdrug Program is to reduce the number of hectares of coca under cultivation, thereby reducing the supply of processed cocaine that is shipped to the United States. The program accomplishes this through a strategy of forced aerial and forced and voluntary manual eradication, increased drug interdiction, and strengthening rule of law and alternative livelihood efforts. Eradication is a critical component of the U.S. government's counternarcotics strategy in the Andean region and is the metric used by managers to handle day-to-day operations.
- **Contribution to National Drug Control Strategy:** The program contributes to the National Drug Control Strategy's goal of "Disrupting the Market for Illicit Drugs" by "creating inefficiencies in drug production and distribution, resulting in decreased drug abuse in the United States."
- **How is this measure used by program managers?** INL program managers in the field use this measure for operational planning and day-to-day program management. The eradication measure is available daily rather than six months following the close of the calendar year, allowing managers the flexibility to adjust program operations to meet annual targets. Furthermore, the measure conforms to Department policy regarding standardized performance metrics for Foreign Assistance programs.

CY 2008 Performance Results: The 2008 target was for eradication to reach 246,000 hectares in Bolivia, Colombia, and Peru. In 2008, the Department exceeded its targets for eradication in the Andean Region by eradicating 252,581 hectares through aerial and manual eradication.

CY 2009 Performance Target: The CY 2009 performance target is to eradicate 214,000 hectares of coca in Colombia, Bolivia, and Peru.

Data Collection and Validation:

- **Data Source:** Annual results are reported in each country's FY 2008 Foreign Assistance Performance Plan and Report (PPR). Performance targets are set by each embassy, aggregated in and included as a global performance metric in support of the Congressional Budget Justification. The data for eradication results is reported by each embassy at year end during the annual data call for the Performance Plan and Report. Embassy officials gather information from host government contacts and implementing partners to report country results in the FY 2008 Performance Plan and Report. INL utilizes host country law enforcement, implementing partner information, and USG intelligence sources for the purposes of the Department of State's annual performance reporting.
- **Methodology for Setting Targets and Reporting Results:** The embassy country teams consult subject area experts in Washington and in the field and consider past performance and trends, policy priorities and long term goals, relevant conditions on the ground, and resource levels in setting performance targets. The targets are set and results are reported for each country in the Foreign Assistance Performance Plan and Report. The results are also reported in the International Narcotics Control Strategy Report and are aggregated in Washington for the purposes of performance reporting to other stakeholders.
- **Process for Validating Performance Information:** The eradication measure is one of a select grouping of foreign assistance measures that are aggregated for inclusion in foreign assistance performance documents and budget submissions. Each post utilizing these select measures must complete a Data Quality Assessment (DQA) once every three years. The DQA assesses the validity, reliability, timeliness, precision, and integrity of the performance data. Though the DQA is not submitted to Washington, DC, post must have the DQA available in the event that the metric is part of the annual performance audit by an independent auditing firm. INL has provided post with guidance and assistance regarding the DQAs. Eradication data provided by overseas embassies is the best data available to the U.S. government regarding U.S. government and host government coca eradication and INL assumes that this information has undergone a Data Quality Assessment and is accurate, complete, and unbiased.

II. ASSERTIONS

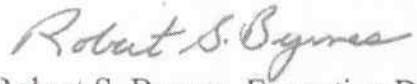
I assert that INL has a system to report performance information that is appropriate and applied. All of the performance information presented here is gathered from third party sources. These sources are reputable and, I believe, provide the best data available for these performance measures. INL has not directly observed these parties gathering data and I cannot, therefore, speak directly to the accuracy of the data. I can say that these third parties are experts in their fields and provide INL with actionable information.

I assert that targets for which data are currently available were exceeded in two cases. In the third case, the target was nearly met and the explanation for not meeting it is reasonable. Actual CY 2008 performance results are only available for three of the five measures presented here. In the two cases where results are available, performance targets were exceeded. In the third case, the results fell slightly short of the target but because the discrepancy is within the Department's acceptable margin of error no corrective action is necessary. Where CY 2008 results are not available, it is because these results have not yet been released by the pertinent third parties.

I assert that the methodology to establish performance targets is reasonable and applied. Subject area experts consider past performance and trends, policy priorities and long term goals, relevant conditions on the ground, and resource levels in setting performance targets.

I assert that adequate performance measures exist for all significant drug control activities. There are two Drug Control Decision Units in INL: International Narcotics Control and Law Enforcement (INCLE) and the Andean Counter Drug Program (ACP). Four performance measures have been selected for INCLE, one for each of the following areas: one for Africa and Asia, one for South and Central Asia, and two for the Western Hemisphere. Due to issue with data reporting, one of the INCLE Western Hemisphere metrics will be discontinued. There is one performance measure for ACP. Each performance measure addresses the market disruption objective of the National Drug Control Strategy.

For purposes of Section 7a reporting, I assert that the methodology disclosed in this report was the actual methodology used to generate the performance data included here.



Robert S. Byrnes, Executive Director

Bureau for International Narcotics and Law Enforcement Affairs



USAID
FROM THE AMERICAN PEOPLE

Jon E. Rice
Associate Director for Performance and Budget
Office of National Drug Control Policy
Washington, D.C. 20503

February 6, 2009

Dear Mr. Rice:

In accordance with the Office of National Drug Control Policy Circular, Drug Control Accounting, dated May 1, 2007, the United States Agency for International Development (USAID) is submitting its Accounting and Authentication of FY 2008 Drug Control Funds and Related Performance Report. The Inspector General's attestation report is enclosed.

For the purposes of Section 6 financial disclosures and assertions in the attached report, I certify that all the information presented for the USAID is true and correct and I concur with all assertions associated with USAID in Section 6. For the purposes of Section 7 program performance disclosures and assertions, I cannot certify to them, but they seem reasonable to me and I have no reason to object to the certifications given by others.

If you would like to address any questions associated with our submission, please call Tom Clarkson on (202) 712-5951.

Sincerely,

David Ostermeyer
Chief Financial Officer

Enclosures:

- 1) Accounting and Authentication of Drug Control Funds and Related Performance Report
- 2) USAID Inspector General Attestation Report



Office of Inspector General

Attestation Review of
Annual Accounting of Drug Control Funds
and Performance Summary by
U.S. Agency for International Development
for FY 2008

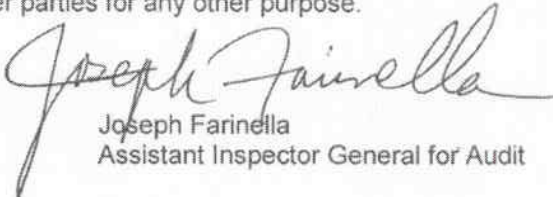
February 18, 2009

The Office of Inspector General (OIG) reviewed the accompanying Accounting and Authentication of Drug Control Funds and Related Performance Report (the submission) of the U.S. Agency for International Development (USAID) for the fiscal year ended September 30, 2008. This submission is the responsibility of USAID. Management of USAID prepared the submission and management's assertions to comply with the requirements of the Office of National Drug Control Program (ONDCP) Circular, Drug Control Accounting, dated May 1, 2007.

OIG's review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountant, as specified in section 8 of the ONDCP Circular. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the submission. Accordingly, we do not express such an opinion.

Based on our review, nothing came to our attention that caused us to believe that USAID's submission did not, in all material respects, reliably represent its FY 2008 obligation and performance targets and results for fiscal year ended September 30, 2008 and comply with ONDCP criteria.

This review is intended solely for the information and use of ONDCP in meeting its statutory obligation to provide an accounting of prior year drug control funds and performance. It should not be used by other parties for any other purpose.


Joseph Farinella
Assistant Inspector General for Audit

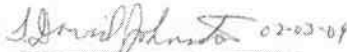
TO WHOM IT MAY CONCERN

We certify that the USAID Missions in the Andean Region and Afghanistan conduct periodic Data Quality Assessments for the Strategic Objectives that implement alternative development projects and that these Data Quality Assessments provide information that complies with the following four required assertions:

- The Performance reporting systems are appropriate and applied to generate the performance data.
- Explanations in the reporting system for not meeting performance targets or for revising or eliminating performance targets are reasonable.
- The methodology used to establish performance targets are reasonable given past performance information and available resources.
- Adequate performance measures exist for all significant drug control activities and that these performance measures are linked in a reasonable way to the intended purpose of the National Drug Control activity.

The four assertions above are based upon our understanding of USAID's Data Quality Assessment procedures and requirements as well as our knowledge of the methodologies, data, and reporting systems that are used to compile alternative development targets and results information for the Andean Region and Afghanistan.

Sincerely,

 02-23-09

T. David Johnston
Coordinator
LAC/USAID

Loren Stoddard Alt. Dev.
Director, ADAG SA/
USAID/Afghanistan

January 12, 2009

TO WHOM IT MAY CONCERN


We certify that the USAID Missions in the Andean Region and Afghanistan conduct periodic Data Quality Assessments for the Strategic Objectives that implement alternative development projects and that these Data Quality Assessments provide information that complies with the following four required assertions:

- **The Performance reporting systems are appropriate and applied to generate the performance data.**
- **Explanations in the reporting system for not meeting performance targets or for revising or eliminating performance targets are reasonable.**
- **The methodology used to establish performance targets are reasonable given past performance information and available resources.**
- **Adequate performance measures exist for all significant drug control activities and that these performance measures are linked in a reasonable way to the intended purpose of the National Drug Control activity.**

The four assertions above are based upon our understanding of USAID's Data Quality Assessment procedures and requirements as well as our knowledge of the methodologies, data, and reporting systems that are used to compile alternative development targets and results information for the Andean Region and Afghanistan.

Sincerely,

T. David Johnston
Alt. Dev. Coordinator
SA/LAC/USAID



Loren Stoddard
Director, ADAG
USAID/Afghanistan

Agency for International Development

Accounting and Authentication of Drug Control Funds and Related Performance Report

Reference: ONDCP Circular: Drug Control Accounting (May 1, 2007)

6. Detailed Accounting Submission

6. a. Table of Prior Year Drug Control Obligations

Table 1
Agency for International Development

Drug Control Obligations:

		\$ In Millions FY 2008 Actual
Drug Resources by Drug Control Function		
International		327.2
	Total	327.2
Drug Resources by Decision Unit		
Alternative Development and Alternative Livelihoods-Afghanistan		173.2
Alternative Development and Alternative Livelihoods-Andean Region		154.0
	Total	327.2
Drug Resources by Function and Decision Unit		
International-Alternative Development and Alternative Livelihoods-Afghanistan		173.2
International-Alternative Development and Alternative Livelihoods-Andean Region		154.0
	Total	327.2
Information		
Total Agency Budget*		9,478.6
Drug Related Percentage**		3%

* USAID 2008 Agency-wide Appropriations per 2008 Statement of Budgetary Resources

** Total Drug Control Obligations divided by Total Agency Budget

6. a. (1) Drug Methodology

All obligations provided in Table 1 were made from funds appropriated in FY 2008 and are classified in USAID's accounting system of record in program area 1.4.2 - Alternative Development and Alternative Livelihood". USAID incurred these obligations during FY 2008.

6. a. (1) (a) Obligations by Drug Control Function

Table 1 shows Obligations by Drug Control Function. All of the reported obligations supported programs whose function is best described as "International" as defined in the

2008 version of Attachment D of the ONDCP Circular: Budget Formulation, May 1, 2007.

6. a. (1) (b) Obligations by Budget Decision Unit

Table 1 shows Obligations by Decision Unit. All of the reported obligations supported programs in the decision units as defined for USAID in the 2008 version of Attachment B of the ONDCP Circular: Budget Formulation, May 1, 2007.

6. a. (2) Methodology Modifications

In last year's (2007) annual accounting report to ONDCP we showed a decision unit in Table 1 called "Development Assistance - Drug Related Only". In the 2008 report we omit that decision unit because it is not included in the "Alternative Development and Alternative Livelihood" (ADAL) program area. This change has no significant impact on the amount of obligations that we report for 2008 because there were only \$400,000 "Drug Related Only" obligations in 2008, compared to \$327,200,000 of ADAL obligations. There were \$9,000,000 of "Drug Related Only" obligations in 2007, compared to 219,800,000 of ADAL obligations.

6. a. (3) Material Weaknesses or Other Findings

CFO does not know of any material weakness or other finding by independent sources or other known weaknesses, including those identified in the Agency's Annual Statement of Assurance, which affects the presentation of prior year drug related obligations data.

6. a. (4) Reprogrammings or Transfers

USAID did not submit any reprogrammings or transfers to ONDCP in FY 2008

6. a. (5) Other Disclosures

None.

6. b. Assertions

6. b. (1) Obligations by Budget Decision Unit

The Obligations reported by budget decision unit are the actual obligations from USAID's accounting system of record for the stated Budget Decision Units.

6. b. (2) Drug Methodology

The drug methodology used to calculate obligations of prior year budgetary resources by function and by budget decision unit is reasonable and accurate based on criterion (c) Financial Systems. The financial systems at USAID that support the drug methodology

yield data that fairly presents, in all material respects, aggregate obligations from which the drug-related obligation amounts were derived.

6. b. (3) Application of Drug Methodology

The drug methodology disclosed in section 6 a. (1) Drug Methodology, above, was the actual methodology used to generate Table 1, above.

6. b. (4) Reprogrammings or Transfers

The data presented in Table 1, above, are associated with 2008 obligations against a financial plan. Also, as stated above in section 6. a. (4) **Reprogrammings or Transfers** USAID did not submit any reprogrammings or transfers to ONDCP in FY 2008.

The financial plan against which the obligations in Table 1, above, are associated is USAID's FY 2008 Operational Plan. USAID Drug Related activities in that plan are identified as part of Strategic Objective 1.4.2 (Alternative Development and Alternative Livelihoods). Funds in Program Area 1.4.2 are posted in USAID's accounting system at the Activity level using Program Element A016 (Alternative Development and Alternative Livelihoods).

6. b. (5) Fund Control Notices

Not applicable. ONDCP did not issue any Fund Control Notices to USAID in FY 2008.

7. Performance Summary Report

Decision Unit: Afghanistan

Measure I: Hectares devoted to licit agricultural, forestry plantation and/or natural forest management activities that are developed or expanded in areas receiving USAID assistance.

Table 1: Measure I

FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY2006 Actual	FY2007 Target	FY 2007 Actual	FY 2008 Actual	FY2009 Target
NA	NA	NA	306,886	118,000	124,898	74,523	108,585

Describe the measure: This measure tracks the land area used to produce licit agricultural or forest products as a result of alternative development programs in Afghanistan. As sustainable, licit agricultural or forestry activities are expanded in an area, the amount of land available for production of drug crops is reduced.

Discuss performance results for FY 2008: In FY 2008, USAID assistance has achieved substantial results. This year alone, over 74,500 hectares of alternative crops have been put under cultivation. More than 109,000 individuals have received agricultural, farm management, and business training, benefiting over 123,000 families, including over 3,000 women and 15 women's organizations. This assistance has resulted in almost \$23 million of increased sales of licit higher quality farm products, much of which is exported to regional markets. More than 81,800 full time equivalent jobs have been created as a result of USG assistance. Thousands of farmers have been networked into high value supply chains as a result of new contract farming partnerships. These farmers are now under more reliable business relationships with local food processors and wholesalers to produce and sell licit products. Assistance is helping these farmers to meet improved quantity, quality, and on-time delivery standards.

Discuss the appropriateness of the target for FY 2009: The 2009 target for hectares of land devoted to AD activities is 108,585. This target incorporates not only ongoing security concerns, but the fact that several alternative development programs are ending in 2009 and two new AD programs are starting in 2009.

Discuss the procedures for collection of valid data and targets: Data on hectares of land devoted to licit activities is collected by the program implementers (usually contractors or grantees) who provide technical or marketing support to farmers, producer associations and communities that receive alternative development support in exchange for their agreement not to grow poppy.

USAID project managers are responsible for visiting project sites to review methodologies for collecting data to ensure that the methodologies are conceptually sound and are actually being used to collect data. USAID Missions are also required to carry out data quality assessments for all of their strategic objectives at least once every three years to ensure that all performance data meets data quality standards for validity, integrity, precision, reliability, and timeliness.

Project managers review data submitted by implementers to assess the general accuracy and presentation of quarterly performance reports. If this review results in questions or concerns, the project manager resolves these in discussions with implementation personnel.

Targets are established by considering current and future estimated budgets, maintenance costs for on-going activities, consulting with technical assistance personnel on opportunities for new AD activities, and carrying out visits with groups or associations of farmers in alternative development areas to establish whether people are willing to eradicate drug crops in exchange for AD assistance.

Measure II: The number of stakeholders assisted.

Table 1: Measure II

Number of individuals who have received USG supported short-term agricultural sector productivity training.

FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY2006 Actual	FY2007 Target	FY 2007 Actual	FY 2008 Actual	FY 2009 Target
NA	NA		508,452	307,805	379,903	109,743	183,355

Number of full-time equivalent jobs (FTEs) created by USG sponsored alternative development or alternative livelihood activities.

FY 2007 Actual	FY 2008 Actual	FY2009 Target
7,900	81,805	46,875

Number of families benefiting directly from U.S. Government interventions in Afghanistan.

FY 2007 Actual	FY 2008 Actual	FY2009 Target
NA	123,081	130,000

Describe the measure: The above performance indicators measure the number of people that have been trained under agriculture and alternative development programs, the number of jobs that are created by alternative development projects each year and the number of rural households benefiting directly from U.S. Government interventions in Afghanistan. Creation of legal jobs is important for controlling production of drug crops, because it reduces the pool of labor available for drug production activities and thereby constrains narco-trafficking operations.

Discuss performance results for FY 2008:

Substantial results have been realized over the past year. More than 109,000 individuals have received agricultural, farm management, and business training, benefiting over 123,000 families, including over 3,000 women and 15 women's organizations. This assistance has resulted in almost \$23 million of increased sales of licit higher quality farm products, much of which is exported to regional markets. More than 81,800 full time equivalent jobs have been created as a result of USG assistance. Thousands of farmers have been networked into high value supply chains as a result of new contract farming partnerships. These farmers are now under more reliable business relationships with local food processors and wholesalers to produce and sell legal products. Assistance is helping these farmers to meet improved quantity, quality, and on-time delivery standards.

Eight agricultural fairs attracted the attendance of a variety of partners including tens of thousands of farmers, farm equipment suppliers, veterinarians, and Ministry of Agriculture officials and its provincial departments. These events provided attendees the opportunity to network and establish links with buyers and suppliers.

Close to 300 farms stores have been established or strengthened. Assistance is transforming existing wholesale and retail agro-input supply dealers into a network of more responsive, proactive, and higher quality suppliers of agricultural inputs. Assistance is also improving and increasing access to animal health and nutrition services. Animal health care providers are being trained in practical, hands-on preventive veterinary techniques. A reliable supply of vaccines and medicines is being established. Veterinary Field Units are being established and staffed with trained paravets. As a result, millions of vaccinations and treatments for livestock have been administered to prevent debilitating diseases. Better animal health and nutrition will increase livestock and small ruminant production.

Discuss the appropriateness of the target for FY 2009: The 2009 targets for these indicators are appropriate and have been adjusted to reflect the fact that several alternative development programs are ending in 2009 and two new AD programs are starting in 2009, and that there are increasing security concerns in the region.

Discuss the procedures for collection of valid data and targets: Data on creation of licit jobs is collected from project implementers who are providing technical assistance or other support to private firms, cooperatives, producer associations and other groups that are hiring additional workers. These jobs are usually associated with the creation of a new enterprise, the expansion of an existing enterprise or the production of a new crop, commodity, or product. This number also includes cash-for-work programs.

Project managers are responsible for visiting project sites to ensure that data collection methodologies and procedures are sound and for conducting periodic data quality assessments.

Targets are established by considering current and future planned activities, budget levels, cost estimates for implementation, and consultations with groups or associations of farmers in targeted areas.

ONDCPIAD Reporting\80425 Andean and Afghanistan Performance Information.doc

DRAFT ANDEAN PERFORMANCE SECTION OF THE FY08 ACCOUNTING REPORT

Decision Unit: The Andean Region

Measure I: Hectares devoted to licit agricultural, forestry plantation and/or natural forest management activities that are developed or expanded in areas receiving USAID assistance (Measured cumulatively).

Table 1: Measure I

FY 2005 Actual	FY2006 Actual	FY2007 Target	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
343,270	394,247	1,129,597	1,327,598	1,283,712	1,572,053	1,368,768*

* This target will be reviewed when targets are established for the FY09 operational plans.

(1) Describe the measure: This measure tracks the land area used to produce licit agricultural or forest products as a result of USAID-supported alternative development programs in the Andean Region (Bolivia, Colombia, Ecuador, and Peru). As sustainable, licit agricultural or forestry activities are expanded in an area, the amount of land available in that area for production of drug crops is reduced and narco-traffickers are driven into more remote, less productive and inaccessible areas.

(2) Discuss performance results for FY 2008: The land area used to produce legal agricultural and forestry products increased by more than 240,000 hectares in 2008, and was 288,341 hectares (or 22%) more than had been targeted for FY08. Farmer acceptance of alternative crops continued to be strong during the last year, because farmers and producer associations have accepted the value chain methodology¹ used to implement alternative development projects. They are willing to cooperate with programs that eradicate illegal crops as they gain experience with licit crops and achieve reasonable family income levels from licit alternatives. As producers became more confident this year of their ability to produce and sell alternative development crops, they expanded production beyond the amounts that were originally projected.

(3) Discuss the appropriateness of the target for FY 2009: Measure I: Implementation activities have gone very well in FY 2008. Several projects were implemented faster than was anticipated and the 2009 target for hectares of land devoted to AD activities was surpassed during FY 2008. The FY09 target for Measure I will be reviewed when Missions finalize their operational plans for 2009 and a new target will be established. Reduced funding for AD programs in Bolivia, Peru and Ecuador during FY 2008 and FY 2009 will limit the number of additional hectares devoted to licit activities in 2009 and may cause USAID/Missions to set more modest incremental targets for 2010 than were set in the past. Policy changes in Bolivia allowing expanded legal plantings of coca plants may affect future estimates as well.

(4) Discuss the procedures for collection of valid data and targets: Data on hectares of land devoted to licit activities is collected by the program implementers (usually contractors or grantees) who provide technical or marketing support to farmers, producer associations or communities that receive alternative development support in exchange for their agreement to eradicate and not replant drug crops. Estimates of the land area

¹ The value chain (or crop cluster) methodology has been very successful with many alternative (and rural) development projects because it examines and analyzes all the steps in the production and marketing process for higher value crops to ensure that products will be acceptable to consumers and that groups or associations of small farmers can successfully produce and market alternative development products.

supported by alternative development activities are provided by the farmers, but are verified by implementation personnel.

USAID project managers are responsible for visiting project sites to review methodologies for collecting data to ensure conceptual soundness of processes undertaken. USAID Missions are also required to carry out data quality assessments for all of their strategic objectives at least once every three years to ensure that all performance data meets data quality standards for validity, integrity, precision, reliability, and timeliness.

Project managers review data submitted by implementers to assess the general accuracy and clarity of quarterly performance reports. If this review results in questions or concerns, the project manager resolves these in discussions with implementation personnel. Data are then submitted to the USAID Mission's Program Office which combines data from all of the projects into one Mission Report that is submitted to the South America Office in USAID/Washington. The South America Office combines performance information from each of the four Andean countries into an Andean Quarterly Alternative Development Report.

Targets are established by considering current and future estimated budgets, maintenance costs for on-going activities, opportunities for new AD activities, and the plans of farmer groups or associations in alternative development areas that are willing to eradicate drug crops or cooperate with eradication programs in exchange for AD assistance.

Measure II: The number of new, direct, full-time equivalent jobs (agricultural and non-agricultural) in USAID assisted areas, measured annually.

Table 1: Measure II

FY 2005 Actual	FY2006 Actual	FY2007 Target	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
118,985	69,385	63,509	73,512	66,859	199,677	56,040*

* These targets and the results reported for FY 2008 are being reviewed and may be adjusted when the FY09 operational plans are completed.

(1) Describe the measure: This measure identifies the number of jobs that are created by alternative development projects each year. Creation of legal jobs is important for controlling production of drug crops, because it provides licit employment alternatives and reduces the pool of labor available for drug production activities and thereby constrains narco-trafficking operations.

(2) Discuss performance results for FY 2008: AD activities contributed to the creation of 199,677 jobs in the Andean Region during 2008 which was 199 % greater than the FY 08 target of 66,859 jobs. One of the principal reasons for this success was that private sector support for alternative development projects was greater than expected due to strong world market demand for cocoa, coffee, bananas, palm oil and other AD products. Private sector support was also facilitated by improving security conditions in several alternative development areas. Another important reason for this success was the decision in Colombia to expand employment activities in market towns and cities that are

adjacent to coca growing areas. The rationale for this expansion was that increased employment opportunities in market towns could keep labor from seeking illicit employment in coca areas and could draw labor away from illicit activities in coca production areas.

(3) Discuss the appropriateness of the target for FY 2009: The Andean Economy was quite robust in 2008. Several missions exceeded their targets for licit jobs due to increased international demand for Andean products and strong Private Sector support for AD activities. Implementation progress was faster than anticipated and 126,165 more jobs were created in FY 08 than in FY 07. The FY09 Andean Target for Measure II is actually smaller than the FY 08 target, because alternative development (AD) funding has declined significantly in Bolivia and Ecuador and is less than historical levels in Peru. The resulting smaller AD programs in Bolivia, Ecuador and Peru have reduced job creation targets for FY09 and FY10. These smaller jobs targets will be reviewed when Missions finalize their FY 09 operational Plans and new jobs targets may be established.

(4) Discuss the procedures for collection of valid data and targets: Data on creation of licit jobs is collected by project implementers who are providing technical assistance or other support to private firms, cooperatives, producer associations and other groups that are hiring additional workers. These jobs are usually associated with the creation of a new enterprise, the expansion of an existing enterprise or the production of a new crop, commodity, or product.

As with Measure I above, project managers are responsible for visiting project sites to ensure that data collection methodologies and procedures are sound and for conducting periodic data quality assessments. Project managers review data from implementers to assess its general accuracy and reliability and submit this information to the Mission Program Office which prepares a Mission AD Performance Report that is sent to the South America Office in Washington where this information is combined into an Andean AD Quarterly Report.

As with Measure I, targets are based upon the projected level of AD resources, the implementer's estimates of opportunities for production and marketing of AD crops, and the willingness of farmer groups or associations to eradicate drug crops or cooperate with eradication programs in exchange for AD assistance.

8. Inspector General Authentication

See OIG Report, attached.

9. Unreasonable Burden

Not applicable. USAID's obligations exceed the \$50 million threshold level for simplified reporting.

Tab G

**INSPECTOR GENERAL REVIEW OF
FY 2008 DRUG CONTROL FUNDS AND
PERFORMANCE SUMMARY REPORTING**

National Highway Traffic Safety Administration

Report Number: FI-2009-032

Date Issued: February 4, 2009



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Office of Inspector General
Washington, DC 20590

February 4, 2009

Mr. Jon E. Rice
Associate Director for Performance and Budget
Office of National Drug Control Policy
Washington, D.C. 20503

Dear Mr. Rice:

This report transmits the results of our independent review of the U.S. Department of Transportation, National Highway Traffic Safety Administration's (NHTSA) reporting of fiscal year 2008 Drug Control Funds dated January 26, 2009, and Performance Summary Report dated January 26, 2009, to the Office of National Drug Control Policy (ONDCP). The reports and our review are required by 21 U.S.C. § 1704 (d).

This review was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants and Generally Accepted Government Auditing Standards prescribed by the Comptroller General of the United States. The objective of our review is to provide negative assurance as to whether any information came to our attention on the basis of the work performed to indicate that management's assertions are not presented in all material respects, based on the ONDCP Circular, *Drug Control Accounting*, May 1, 2007, requirements. A review is substantially more limited in scope than an examination; the objective of an examination is the expression of an opinion on the accuracy of the *National Highway Traffic Safety Administration's Drug Control Obligation Summary and Performance Summary Reports* to ONDCP. Accordingly, we do not express such an opinion.

Drug Control Obligations Summary

We performed review procedures on the accompanying report (Enclosure 1), NHTSA's submission (6a), Table of Prior Year Drug Control Obligations. In general, our review processes were limited to inquiries and analytical procedures appropriate for an attestation review. We traced the amounts in Table 6(a) to the Department's accounting system. We also verified that three drug control obligations in the accounting system were supported by contracts.

No information came to our attention during our review that the accompanying *National Highway Traffic Safety Administration's FY 2008 Drug Control Obligations Summary* to ONDCP was not presented in conformity with the ONDCP Circular, *Drug Control Accounting*, dated May 1, 2007.

NHTSA is reporting \$2.7 million in drug control obligations, which is below the \$50 million threshold for full reporting in accordance with the ONDCP circular. The Office of Inspector General attests that full compliance with this circular would constitute an unreasonable reporting burden.

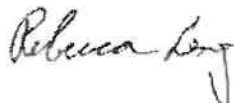
Performance Reporting Summary and Assertions

We performed review procedures on the accompanying report (Enclosure 2), *National Highway Traffic Safety Administration's FY 2008 Performance Summary Report* and management's assertions. These assertions are that (1) the performance reporting system for FY 2008 is appropriate and applied, (2) explanations for not meeting performance targets are reasonable, (3) a methodology to establish performance targets is reasonable and applied, and (4) adequate performance measures exist for all significant drug control activities. NHTSA is responsible for these assertions.

In general, our review processes were limited to inquiries and analytical procedures appropriate for an attestation review based upon the criteria specified in the ONDCP circular. No information came to our attention during our review that the accompanying *National Highway Traffic Safety Administration's FY 2008 Performance Summary Report* is not presented in conformity with the ONDCP circular.

This report is intended solely for the use of the U.S. Congress, ONDCP, and the Department of Transportation. It is not intended to be used and should not be used by anyone other than these specified parties.

Sincerely,



Rebecca C. Leng
Assistant Inspector General for
Financial and Information Technology Audits

Enclosure(s)

cc: Senior Associate Administrator for Policy and Operations, NHTSA



U.S. Department
of Transportation
**National Highway
Traffic Safety
Administration**

Enclosure 1
Page 1 of 2

1200 New Jersey Avenue SE.
Washington, DC 20590

January 26, 2009

Jon E. Rice
Associate Director for Performance and Budget
Office of the National Drug Control Policy
Washington, DC 20503

Dear Mr. Rice:

In accordance with the Office of National Drug Control Policy Circular: Drug Control Accounting issued May 1, 2007, the National Highway Traffic Safety Administration's (NHTSA) Fiscal Year 2008 Drug Control Obligation Summary is enclosed. NHTSA's obligations for drug-related activities fall below the reporting threshold of \$50 million; therefore, only a limited report is required to satisfy the statutory requirement.

NHTSA's point of contact for this report is Melanie O'Donnell. She can be reached at (202) 366-0498, if further assistance is required

Sincerely,

Gregory A. Walter
Senior Associate Administrator
Office of Policy and Operations

Enclosure



**NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION
FISCAL YEAR 2008 DRUG CONTROL OBLIGATIONS SUMMARY
(\$MILLIONS)
FY 2008
Estimate**

Drug Methodology:

The Drug Impaired Driving Program provides technical support for Drug Recognition Expert training. In addition, the program focuses on greater consistency in enforcement, prosecution, adjudication, prevention, education, drug testing and treatment. This program also currently supports drug impaired driving research as required under SAFETEA-LU.

Drug Resources by Drug Control Function:

Research & Development	\$2.7
Total	\$2.7

Drug Resources by Budget Unit:

Highway Safety Program-Drug Recognition Expert Program	\$1.5
SAFETEA-LU	\$1.2
Total	\$2.7

Note:

Full compliance with circular: Annual Accounting of Drug Control Funds would constitute an unreasonable reporting burden.



U.S. Department
of Transportation
National Highway
Traffic Safety
Administration

1200 New Jersey Avenue SE.
Washington, DC 20590

January 26, 2009

Jon E. Rice
Associate Director for Performance and Budget
Office of the National Drug Control Policy
Washington, DC 20503

Dear Mr. Rice:

In accordance with the Office of National Drug Control Policy Circular: Drug Control Accounting issued May 1, 2007, the National Highway Traffic Safety Administration's (NHTSA) Fiscal Year 2008 Performance Summary Report is enclosed. As specified by the Circular, the agency selected a performance measure for 2008 that builds upon drug impaired driving research conducted in 2007. A complementary measure was selected for 2009. These measures track the progress of critical steps toward the development of a reliable and accurate measure of the drug impaired driving problem by increasing the Agency's understanding of the extent of drug use among drivers, and the role of drugs in crash causation. These performance measures are:

1. Collect and analyze oral fluids and blood samples as part of a National Roadside Survey of Alcohol and Drugged Driving (FY 2008).
2. Identify and recommend methods for detecting the presence of major illegal drugs in drivers (FY 2009).

Assertions

1. **Performance reporting system is appropriate and applied:** Performance information for the first measure relies on data captured through the execution of the National Roadside Survey of Alcohol and Drugged Driving. Similarly, the performance information for the second measure will be derived from a study to identify methods and technologies to measure drug presence. Each study has data collection and reporting requirements specified in contract language with the firm conducting the research.



2. **Explanations for not meeting performance targets are reasonable:** Not applicable. NHTSA did reach, and exceed, its performance goal for 2008. However, 2007 marked the first year that NHTSA applied performance measures to the Drug Impaired Driving program. As such, four years of prior data does not exist for this goal.
3. **Methodology to establish performance targets is reasonable and applied:** Data collection sites for the National Roadside Survey of Alcohol and Drugged Driving were selected on a probabilistic basis, using traffic volume and demographic variables to ensure a statistically representative sample.
4. **Adequate performance measures exist for all significant drug control activities:** The measures used to describe the Agency's drug impaired driving program performance adequately reflect key steps toward the completion of necessary studies to increase general knowledge of the drugged driving problem. These measures provide a meaningful assessment of progress toward the development of reliable and accurate measures of the drugged driving problem in the United States.

NHTSA's point of contact for this report is Melanie O'Donnell. She can be reached at (202) 366-0498, if further assistance is required.

Sincerely,



Gregory A. Walter
Senior Associate Administrator
Office of Policy and Operations

Enclosure

**National Highway Traffic Safety Administration
Drug-Impaired Driving Program**

**Performance Summary Report
Fiscal Year 2008**

(1) Performance Measures

The National Highway Traffic Safety Administration (NHTSA) will use the following measures to assess progress of the Drug-Impaired Driving Program in FY 2007 -2009.

- a. Select representative survey sites and Secure Local Cooperation as part of a National Roadside Survey of Alcohol and Drugged Driving (FY 2007).

As part of the implementation of the National Roadside Survey, the agency selected representative survey sites, and obtained cooperation with local government and law enforcement agencies necessary to conduct the survey.

NHTSA can contribute to the National Drug Control Strategy by reducing the prevalence of drug-impaired drivers on the Nation's roadways. However given the current state of knowledge, meaningful measures of the drug impaired driving problem are not available. These two new measures were adopted to chart progress toward development of a valid measure of this problem. These performance measures will assess Agency progress in two critical steps: an understanding of the extent of drug use among drivers, and the role of drugs in crash causation. The agency anticipates that findings from these studies, combined with other research information, will allow development of a meaningful measure by 2012.

These measures reflect critical milestones in the development of valid and reliable performance measures of the drug impaired driving problem. Additional milestones will be identified to assess progress in future years.

- b. Collect and analyze oral fluids and blood samples as part of a National Roadside Survey of Alcohol and Drugged Driving (FY 2008).

This survey will provide the first nationally-representative estimate of the presence of drug use among the driver population. Findings from the survey will be used to steer future drugged driving program development and will lead to critical further research

regarding the role of drugs in crash causation. This survey is anticipated to be completed in Spring 2009.

- c. Identify and recommend methods for detecting the presence of major illegal drugs in drivers as part of a Study to Identify Methods and Technologies to Measure Drug Presence Among Drivers (FY 2009).

This study will assess methods for reliably and accurately detecting drug presence among drivers. Findings of the study will contribute to the development of enforcement techniques and enable more efficient and effective program evaluation.

(2) Prior Years Performance Targets and Results

Not applicable. FY 2007 is the first year in which NHTSA will apply a specific performance measure to the drug impaired driving program, which will continue in FY 2008 and 2009. As such, four years of prior data does not exist for this goal.

(3) Current Performance Targets

<u>Selected Measures of Performance</u>	<u>FY 2007 Target</u>	<u>FY 2007 Achieved</u>
Roadside Survey of Alcohol and Drug Use Among Drivers		
Select Representative Survey Sites and Secure Local Cooperation	300 sites	300 sites

<u>Selected Measures of Performance</u>	<u>FY 2008 Target</u>	<u>FY 2008 Achieved</u>
Roadside Survey of Alcohol and Drug Use Among Drivers		
Collect and analyze oral fluids and blood samples from randomly selected drivers in at least 300 locations across the U.S.	7,500 drivers	Over 9,000 drivers sampled*

*includes 9,413 breath samples, 7,721 oral fluid samples and 3,553 blood samples.

<u>Selected Measures of Performance</u>	<u>FY 2009 Target</u>	<u>FY 2009 Achieved</u>
Study to Identify Methods and Technologies to Measure Drug Presence		
Identify and recommend methods for detecting the presence of major illegal	Detection methods for at least 5 drugs	

drugs in drivers.

(4) Quality of Performance Data

NHTSA will monitor and evaluate the studies described above to ensure that data collection and analysis meets prescribed levels of scientific rigor.

Tab H

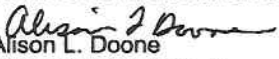


CHIEF FINANCIAL OFFICER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

February 2, 2009

MEMORANDUM FOR JON RICE
ASSOCIATE DIRECTOR
OFFICE OF NATIONAL DRUG CONTROL POLICY

FROM: 
Alison L. Doone
Chief Financial Officer

SUBJECT: Internal Revenue Service (IRS) Fiscal Year (FY) 2008
Detailed Accounting Submission of Drug Control Funds

The Internal Revenue Service (IRS) is submitting its Detailed Accounting Submission of Drug Controls in compliance with Section 8, *Inspector General Authentication*, of the Office of National Drug Control Policy (ONDCP) Circular: Drug Control Accounting, dated May 1, 2007.

If you have any questions, please contact me at (202) 622-6400, or have a member of your staff contact Bob Mahaffie, Associate Chief Financial Officer for Corporate Performance Budgeting, at (202) 622-4663.

Attachment

TREASURY INSPECTOR GENERAL FOR TAX ADMINISTRATION



***Attestation Review of the Internal Revenue
Service's Fiscal Year 2008 Annual
Accounting of Drug Control Funds and
Related Performance***

January 30, 2009

Reference Number: 2009-10-040

This report remains the property of the Treasury Inspector General for Tax Administration (TIGTA) and may not be disseminated beyond the Internal Revenue Service without the permission of the TIGTA.

Phone Number | 202-622-6500
Email Address | inquiries@tigta.treas.gov
Web Site | <http://www.tigta.gov>



TREASURY INSPECTOR GENERAL
FOR TAX ADMINISTRATION

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

January 30, 2009

MEMORANDUM FOR CHIEF FINANCIAL OFFICER

Nancy A. Nakamura
FROM: (for) Michael R. Phillips
Deputy Inspector General for Audit

SUBJECT: Final Audit Report – Attestation Review of the Internal Revenue Service’s Fiscal Year 2008 Annual Accounting of Drug Control Funds and Related Performance (Audit # 200810034)

This report presents the results of our attestation review of the Internal Revenue Service’s (IRS) Fiscal Year (FY) 2008 Office of National Drug Control Policy (ONDCP) Detailed Accounting Submission and Performance Summary Report (the Report). The purpose of this review was to express a conclusion about the reliability of each assertion made in the Report.

Impact on the Taxpayer

The IRS reported that it expended \$64.2 million on ONDCP-related activities and participated in 478 ONDCP-related cases that resulted in convictions in FY 2008. Overall, the methodology used to prepare the IRS’ FY 2008 Report was clearly explained and adequately documented. However, we determined that the performance information reported by the IRS includes a small number of cases from fiscal years prior to FY 2008. For example, 18 of the 478 convictions reported actually occurred prior to FY 2008 and, therefore, should not be included in the FY 2008 measure. Complete and reliable financial and performance information is critical to the IRS’ ability to accurately report on the results of its operations to both internal and external stakeholders, including taxpayers.



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
and Related Performance**

Synopsis

Overall, we found that the methodology used to prepare the IRS' FY 2008 Report was clearly explained and adequately documented. In response to our FY 2007 attestation report,¹ and to better represent program effectiveness, the IRS began reporting the number of convictions and conviction rate related to its participation in ONDCP-related cases. For FY 2008, the IRS reported 478 cases that resulted in convictions and an overall conviction rate of 87.9 percent.

While this additional reporting is a positive step in improving the reporting of performance measures, our testing indicated that 18 of the 478 convictions actually occurred prior to FY 2008 and, therefore, should not be included in the FY 2008 measure. We similarly found that 3 of the 827 ONDCP-related investigations reported as completed in FY 2008 were actually completed prior to FY 2008.

We also identified 18 cases among the cases the IRS reported as recommended for prosecution, but ultimately resulted in acquittal or dismissal, that occurred prior to FY 2008. The IRS informed us that it does not adjust its reporting to account for timing differences resulting from the sometimes delayed posting of case results. Not accounting for these timing differences adversely impacts the reliability of IRS performance information. Specifically, the IRS' conviction rate would be 90.6 percent by omitting these 36 cases that resulted in a conviction, acquittal, or dismissal prior to FY 2008 instead of the 87.9 percent reported. Notably, these timing differences may also be present and result in the reporting of FY 2008 cases as occurring during FY 2009, further obscuring the correct calculation of the FY 2008 performance measures including the conviction rate. Because of the limited-scope nature of our review, we did not perform indepth testing of IRS records necessary to identify potential errors of this type, nor did we analyze in detail the specific causes for the delayed postings we identified.

Based on our review, with the exception of the matters discussed above, nothing came to our attention to indicate that the assertions are not presented in all material respects in accordance with ONDCP-established criteria.

Recommendation

We recommended the Chief Financial Officer, in coordination with the Chief, Criminal Investigation Division, evaluate the cause of the delayed case postings we identified and based on this analysis, evaluate the feasibility of either improving the timeliness of its case postings and/or adjusting its yearend performance information to reflect timing differences caused by late postings of case information.

¹ *Attestation Review of the Internal Revenue Service's Fiscal Year 2007 Annual Accounting of Drug Control Funds and Related Performance* (Reference Number 2008-10-058, dated January 31, 2008).



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
and Related Performance**

Response

IRS management agreed with our recommendation. For its FY 2009 report on accounting of drug control funds, the IRS will include only those investigations completed within the fiscal year in the performance results. In addition, the IRS adjusted its reporting of FY 2008 performance information to reflect timing differences caused by late postings of case information and included this revised reporting in its response. Management's complete response to the draft report is included as Appendix VI.

Office of Audit Comment

In responding to our report, the IRS provided a revised reporting of its FY 2008 performance information to reflect timing differences. Because of the time limitations imposed by the mandatory reporting deadline of this review, we did not evaluate or perform any testing relating to the IRS' revised reporting.

Copies of this report are also being sent to the IRS managers affected by the report recommendation. Please contact me at (202) 622-6510 if you have questions or Nancy A. Nakamura, Assistant Inspector General for Audit (Management Services and Exempt Organizations), at (202) 622-8500.



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
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**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
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Abbreviations

FY	Fiscal Year
IRS	Internal Revenue Service
ONDCP	Office of National Drug Control Policy



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
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Background

The Anti-Drug Abuse Act of 1988¹ establishes as a policy goal the creation of a drug-free America. A key provision of the Act is the establishment of the Office of National Drug Control Policy (ONDCP) to set priorities, implement a national strategy, and certify Federal Government drug control budgets. The Internal Revenue Service (IRS) supports the National Drug Control Strategy through continued support of the Organized Crime and Drug Enforcement Task Force.

The mission of the Criminal Investigation Division in Federal law enforcement's anti-drug efforts is to reduce or eliminate the financial gains (profits) of major narcotics trafficking and money laundering organizations through the use of its unique financial investigative expertise and statutory jurisdiction.

This review was conducted as required by the National Drug Control Policy (21 U.S.C. Section 1704(d)) and ONDCP Circular, *Annual Accounting of Drug Control Funds*, dated May 1, 2007. The National Drug Control Program agencies² are required to submit to the Director of the ONDCP, not later than February 1 of each year, a detailed accounting of all funds expended (the ONDCP Circular requires amounts obligated) during the previous fiscal year. Agencies also need to identify and document performance measure(s) that justify the results associated with these expenditures. The Chief Financial Officer, or another accountable senior level executive, of each agency for which a Detailed Accounting Submission is required, shall provide a Performance Summary Report to the Director of National Drug Control Policy. Further, the Circular requires that each report be provided to the agency's Inspector General for the purpose of expressing a conclusion about the reliability of each assertion made in the report prior to its submission. Beginning in Fiscal Year (FY) 2006, ONDCP funding became a part of the IRS budget. In prior years, IRS-related ONDCP funds expended were reimbursed by the Department of Justice.

We conducted our fieldwork in the IRS Headquarters offices of the Chief Financial Officer and Chief, Criminal Investigation Division, during the period of October 2008 through January 2009. Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. An attestation review is substantially less in scope

National Drug Control Program agencies are required to submit to the Director of the ONDCP, not later than February 1 of each year, a detailed accounting of all funds expended during the previous fiscal year.

¹ P.L. 105-277 (Division C-Title VII), Section 707(d).

² A National Drug Control Program agency is defined as any agency that is responsible for implementing any aspect of the National Drug Control Strategy.



***Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
and Related Performance***

than an examination, the objective of which is the expression of an opinion on the ONDCP Detailed Accounting Submission and Performance Summary Report. Accordingly, we do not express such an opinion. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
and Related Performance**

Results of Review

The Methodology Used to Prepare the Fiscal Year 2008 Annual Accounting of Drug Control Funds and Related Performance Summary Report Was Clearly Explained and Adequately Documented, but Improvements Are Needed to Ensure Data Accuracy

We reviewed the IRS' ONDCP Detailed Accounting Submission and Performance Summary Report (the Report) for FY 2008, which ended September 30, 2008 (see Appendix V). This Report was prepared pursuant to 21 U.S.C. § 1704(d) and the ONDCP Circular *Annual Accounting of Drug Control Funds*. The IRS is responsible for preparing the report.

The Report assertions, as required by Section 6.b. of the ONDCP Circular, include statements that the methodology used is reasonable and accurate, including explanations and documentation of estimation assumptions used; the methodology disclosed was the actual methodology used; and the data presented are associated with obligations against a financial plan that reflects changes, if made. The assertions, as required by Section 7.b. of the ONDCP Circular, include statements that the performance reporting system is appropriate and applied, explanations for not meeting any performance targets are reasonable, and methodology used to establish performance targets is reasonable and correctly applied. ONDCP-established criteria include well-documented sources of data, documented and explained calculations, and complete and fair presentation of data from financial systems.

Overall, we found that the methodology used to prepare the IRS' FY 2008 Report was clearly explained and adequately documented. The IRS reported that it expended \$64.2 million on ONDCP-related activities and completed 827 ONDCP-related investigations in FY 2008. In response to our FY 2007 attestation report,³ and to better represent program effectiveness, the IRS began reporting the number of convictions and conviction rate related to its participation in ONDCP-related cases. For FY 2008, the IRS reported 478 cases that resulted in convictions and an overall conviction rate of 87.9 percent.

While this additional reporting is a positive step in improving the reporting of performance measures, our testing indicated that 18 of the 478 convictions actually occurred prior to FY 2008 and, therefore, should not be included in the FY 2008 measure. We similarly found that 3 of the 827 ONDCP-related investigations reported as completed in FY 2008 were actually completed prior to FY 2008. These 18 convictions and 3 completed investigations were included in the

³ *Attestation Review of the Internal Revenue Service's Fiscal Year 2007 Annual Accounting of Drug Control Funds and Related Performance* (Reference Number 2008-10-058, dated January 31, 2008).



**Attestation Review of the Internal Revenue Service's
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FY 2008 performance measure because the IRS calculates its performance measures based strictly on the date the case results are input into its management information system. We also identified 18 cases among the cases the IRS reported as recommended for prosecution but ultimately resulted in acquittal or dismissal that occurred prior to FY 2008. The IRS informed us that it does not adjust its reporting to account for timing differences resulting from the sometimes delayed posting of case results. The 39 total cases (18 convictions, 3 completed investigations, and 18 acquittals or dismissals) we identified as completed or occurring prior to FY 2008 included 28 FY 2007 cases and 11 FY 2006 and prior cases.

Not accounting for these timing differences adversely affects the reliability of IRS performance information. Specifically, the IRS' conviction rate would be 90.6 percent by omitting these 36 cases that resulted in a conviction, acquittal, or dismissal prior to FY 2008 instead of the 87.9 percent reported. Notably, these timing differences may also be present and result in the reporting of FY 2008 cases as occurring during FY 2009, further obscuring the correct calculation of the FY 2008 performance measures including the conviction rate. Because of the limited-scope nature of our review, we did not perform indepth testing of IRS records necessary to identify potential errors of this type, nor did we analyze in detail the specific causes for the delayed postings we identified.

Based on our review, with the exception of the matters discussed above, nothing came to our attention to indicate that the assertions are not presented in all material respects in accordance with ONDCP-established criteria.

Recommendation

Recommendation 1: The Chief Financial Officer, in coordination with the Chief, Criminal Investigation Division, should evaluate the cause of the delayed case postings we identified and based on this analysis, evaluate the feasibility of either improving the timeliness of its case postings and/or adjusting its yearend performance information to reflect timing differences caused by late postings of case information.

Management's Response: IRS management agreed with our recommendation. For its FY 2009 report on accounting of drug control funds, the IRS will include only those investigations completed within the fiscal year in the performance results. In addition, the IRS adjusted its reporting of FY 2008 performance information to reflect timing differences caused by late postings of case information.

Office of Audit Comment: In responding to our report, the IRS provided a revised reporting of its FY 2008 performance information to reflect timing differences. Because of the time limitations imposed by the mandatory reporting deadline of this review, we did not evaluate or perform any testing relating to the IRS' revised reporting.

* * * * *



***Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
and Related Performance***

While this report is an unrestricted public document, the information it contains is intended solely for the use of the IRS, the United States Department of the Treasury, the ONDCP, and Congress. It is not intended to be, and should not be, used by anyone other than these specified parties.



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
and Related Performance**

Appendix I

Detailed Objective, Scope, and Methodology

Our overall objective was to perform an attestation review of the IRS' reporting of FY 2008 ONDCP expenditures and related performance for the purpose of expressing a conclusion about the reliability of each assertion made in the Detailed Accounting Submission and Performance Summary Report. To accomplish our objective, we:

- I. Obtained an understanding of the process used to prepare the FY 2008 Detailed Accounting Submission and Performance Summary Report.
 - A. Discussed the process to record and report ONDCP expenditures and performance information with responsible IRS personnel.
 - B. Obtained documents such as written procedures, supporting worksheets, and recording modifications that evidence the methodology used.
- II. Evaluated the reasonableness of the drug methodology process.
 - A. Reviewed data supporting the Detailed Accounting Submission to establish its relationship to the amounts being reported.
 - B. Reviewed the estimation methods for consistency with reported amounts.
- III. Performed sufficient verifications of reported obligations to support our conclusion on the reliability of the assertions.
 - A. Verified that the Detailed Accounting Submission included all of the elements specified in Section 6 of the ONDCP Circular: *Annual Accounting of Drug Control Funds*.
 - B. Verified that the drug control budget submitted to the ONDCP was consistent with the Detailed Accounting Submission.
 - C. Verified the mathematical accuracy of the obligations presented in the Table of the FY 2008 Drug Control Obligations.
 - D. Traced the information contained in the Table of the FY 2008 Drug Control Obligations to the supporting documentation.
- IV. Evaluated the reasonableness of the methodology used to report performance information for National Drug Control Program activities.
 - A. Reviewed data supporting the Performance Summary Report to establish its relationship to the National Drug Control program activities being reported.



**Attestation Review of the Internal Revenue Service's
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- B. Reviewed the estimation methods for consistency with reported performance information.
- V. Performed sufficient verifications of reported performance information to support our conclusion of the reliability of the assertions.
 - A. Verified that the Performance Summary Report includes all of the elements specified in Section 7 of the ONDCP Circular: *Annual Accounting of Drug Control Funds*.
 - B. Verified the mathematical accuracy of the performance information presented.
 - C. Traced the performance information presented to the supporting documentation.
 - D. Reviewed the supporting documentation for reasonableness.



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
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Appendix II

Major Contributors to This Report

Nancy A. Nakamura, Assistant Inspector General for Audit (Management Services and Exempt Organizations)
Jeffrey M. Jones, Director
Anthony J. Choma, Audit Manager
Angela Garner, Lead Auditor
Seth A. Siegel, Senior Auditor
Melvin Lindsey, Auditor



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
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Appendix III

Report Distribution List

Commissioner C
Office of the Commissioner – Attn: Chief of Staff C
Deputy Commissioner for Operations Support OS
Deputy Commissioner for Services and Enforcement SE
Chief, Criminal Investigation Division SE:CI
Chief Counsel CC
National Taxpayer Advocate TA
Director, Office of Legislative Affairs CL:LA
Director, Office of Program Evaluation and Risk Analysis RAS:O
Office of Internal Control OS:CFO:CPIC:IC
Audit Liaisons:
 Chief, Criminal Investigation Division SE:CI
 Chief Financial Officer OS:CFO



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
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Appendix IV

Outcome Measure

This appendix presents detailed information on the measurable impact that our recommended corrective actions will have on tax administration. This benefit will be incorporated into our Semiannual Report to Congress.

Type and Value of Outcome Measure:

- Reliability of Information – Actual; 39 Cases (see page 3).

Methodology Used to Measure the Reported Benefit:

Our review found that the IRS included cases from prior years in its reporting of FY 2008 ONDCP-related investigations. Specifically, the IRS reported 827 completed investigations during FY 2008. The IRS also reported that 478 cases resulted in convictions during FY 2008 corresponding to a conviction rate of 87.9 percent.

Our testing indicated that 18 of the 478 reported convictions and 18 cases that had been recommended for prosecution but resulted in acquittals or dismissals occurred prior to FY 2008 but were used to compute the IRS' FY 2008 conviction rate. We similarly found that 3 of the 827 ONDCP-related investigations reported as completed in FY 2008 were actually completed prior to FY 2008. The IRS calculates its performance measures based strictly on the date the case results are input into its management information system and it does not adjust its reporting to account for timing differences resulting from the sometimes delayed posting of case results.



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
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Appendix V

**Internal Revenue Service Fiscal Year 2008 Detailed
Accounting Submission and Related Performance
Summary Report**



CHIEF FINANCIAL OFFICER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224



January 15, 2009

MEMORANDUM FOR MICHAEL PHILLIPS
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: 
Alison L. Doone
Chief Financial Officer

SUBJECT: Internal Revenue Service's (IRS) Fiscal Year (FY) 2008
Detailed Accounting Submission of Drug Control Funds

The Internal Revenue Service (IRS) is submitting this report to the Treasury Inspector General for Tax Administration (TIGTA) in compliance with Section 8, *Inspector General Authentication*, of the Office of National Drug Control Policy (ONDCP) Circular: Drug Control Accounting, dated May 1, 2007. This circular requires TIGTA to perform an attestation review of this report before the IRS submits it to the ONDCP. After the IRS receives TIGTA's conclusion as to the reliability of each assertion made in the report, I will forward the document to the ONDCP.

If you have any questions, please contact me at (202) 622-6400, or have a member of your staff contact Bob Mahaffie, Associate Chief Financial Officer for Corporate Performance Budgeting, at (202) 622-4663.

Attachment



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
and Related Performance**

Attachment 1/15/2008

**INTERNAL REVENUE SERVICE
Annual Accounting and Authentication of Drug Control Funds and Related
Performance**

DETAILED ACCOUNTING SUBMISSION

A. Table of FY 2008 Drug Control Obligations

Drug Control Resources by Function	(\$000)
Investigations	\$84,247
Total	\$84,247

Drug Control Resources by Decision Unit	
Narcotics Crimes	\$84,247
Total	\$84,247

1) Drug Methodology

- The Organized Crime and Drug Enforcement Task Force (OCDETF) program is carried out by the Internal Revenue Service (IRS) Criminal Investigation (CI) Narcotics Crimes decision unit. All Drug Control obligations (the resources appropriated and available for these activities) are reported under one Drug Control function and the Narcotics Crimes budget decision unit, as shown in the above chart.
- The Office of National Drug Control Policy (ONDCP) requires CI to report only on the OCDETF portion of the narcotics program. CI's Direct Investigative Time (DIT) applied to narcotics cases for FY 2008 was 12.3% of total DIT. The OCDETF portion of this program was 11.5% of total DIT or 93% of the total narcotics DIT.
- The methodology for computing the resources appropriated and realized for the OCDETF program is the application of the DIT attributable to OCDETF cases to the total realized CI appropriated resources, reduced by reimbursable funds and Earned Income Tax Credit (EITC) resources, for the year for which the resources are being reported. The result is the amount of resources expended on OCDETF cases. This methodology was approved by CI, the IRS Chief Financial Officer, and the Treasury Inspector General for Tax Administration (TIGTA) during the FY 2008 ONDCP attestation review.



**Attestation Review of the Internal Revenue Service's
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Attachment 1/15/2009

- FY 2006 was the first year OCDETF funding became a permanent part of the CI budget. Before FY 2006, OCDETF was a reimbursable program administered by the Department of Justice.

2) Methodology Modifications

The methodology to calculate drug control obligations has not been modified. The IRS added the number of convictions and conviction rate to the performance measures used to assess its contribution to the National Drug Control Strategy.

3) Material Weaknesses or Other Findings

None

4) Reprogramming or Transfers

None

5) Other Disclosures

None

B. Assertions

1) Obligations by Budget Decision Unit

The FY 2008 OCDETF obligations are derived from multiplying the OCDETF DIT to total CI obligations less reimbursements and EITC funds.

2) Drug Methodology

The methodology used to calculate obligations of prior-year budgetary resources is reasonable and accurate.

(a) Data

Data are derived from the Criminal Investigation Management Information System (CIMIS) to determine the OCDETF DIT applied to the OCDETF activities. Special agents submit CIMIS time reports monthly detailing their activities relating to specific investigations. Each investigation is associated with a specific program and sub-program area. The percentage of DIT applied to each program area is calculated monthly with an annual percentage determined after the close of the fiscal year. The annual percentage of OCDETF DIT is applied to the total resources expended for FY 2008 in the CI budget



**Attestation Review of the Internal Revenue Service's
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Attachment 1/15/2009

(excluding reimbursables and EITC). These OCDEF percentages include High Intensity/OCDEF, OCDEF, and Terrorism/OCDEF program areas. These OCDEF DIT percentages are used to determine the total resources expended on the OCDEF program.

(b) Other Estimation Methods

None

(c) Financial Systems

The IRS Integrated Financial System (IFS) is the source of the CI obligations.

3) Application of Drug Methodology

The methodology disclosed in this section meets all requirements described in section 6 of the ONDCP Circular: Drug Control Accounting. Calculations made using this methodology are documented to allow independent review and to ensure consistency between reporting years.

4) Reprogramming or Transfers

There were no reprogrammings or transfers in the OCDEF program in FY 2008.

5) Fund Control Notices

The OCDEF obligations were derived based on a financial plan that fully complied with all fund control notices issued by the Director under 21 U.S.C. section 1703(f) and Section 8 of the ONDCP Circular, Budget Execution.



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
and Related Performance**

Attachment 1/16/2009

C. Performance Summary Report

1) Performance Reporting

(a) Performance Measures

In addition to the number of OCDETF criminal investigations completed, the IRS added the number of OCDETF convictions and OCDETF conviction rate to evaluate its contribution to the National Drug Control Strategy. The number of convictions and conviction rate are both budget level performance measures used by CI to evaluate its overall performance, and the number of OCDETF convictions and OCDETF conviction rate are subsets of those measures.

OCDETF criminal investigations completed are defined as total OCDETF criminal investigations completed during the fiscal year, including those resulting in a prosecution recommendation to the Department of Justice or discontinued for reasons including lack of evidence or a finding that the allegation was false. The number of OCDETF convictions is defined as the total number of OCDETF criminal investigations with results of guilty plea, nolo-contendere, and outcomes of guilty by judge or jury. Conviction rate is defined as the total number of OCDETF criminal investigations with results of guilty plea, nolo-contendere, and outcomes of guilty by judge or jury divided by these outcomes plus nolis prosequi, judge dismissed cases, and jury acquittals. These measures assess CI's performance in OCDETF cases to reduce or eliminate the profits and financial gains from narcotics trafficking and money laundering in support of the National Drug Control Strategy and the National Money Laundering Strategy goals. CI has participated in the OCDETF program since its inception in 1982 and focuses its narcotics efforts on high-priority OCDETF cases where its contributions will have the greatest impact.

(b) Prior Years Performance Targets and Results

The number of completed OCDETF investigations for FY 2004 through FY 2008 is shown below:

FY 2004	FY 2005	FY 2006	FY 2007	FY 2008
1,068	838	728	854	827

Criminal Investigation maintained a narcotics DIT level of 9 to 11% in FY 2005 through 2007. In response to the Attorney General's request for the commitment of additional CI resources to OCDETF



**Attestation Review of the Internal Revenue Service's
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Attachment 1/15/2009

cases, CI increased the amount of DIT devoted to narcotics investigations in FY 2008 to between 11% and 13%.

(c) Current Year Performance Results

The FY 2008 completed OCDETF investigations target was 710. CI exceeded the 2008 target, completing 827 OCDETF investigations, 16.5% above the projection. The higher number of completions resulted from closure of several large conspiracy cases yielding a higher number of closures than anticipated. Additionally, OCDETF convictions were 478 resulting in an OCDETF Conviction Rate of 87.9%. This is the first year CI is reporting results for OCDETF Convictions and OCDETF Conviction Rate so there were no FY 2008 target.

(d) FY 2009 OCDETF Performance Targets

CI performance targets are established based on projected case completion rates that are reviewed and recalculated each year to include the prior year completions. Based on the most recent completion rates for all CI reporting programs including legal, illegal, and narcotics, the FY 2009 targets for the three OCDETF measures are:

OCDETF Criminal Investigations Completed – 710
OCDETF Convictions – 460
OCDETF Conviction Rate – 85%

(e) Reliability of Performance Data

Data are derived from the Criminal Investigation Management Information System (CIMIS). All cases have unique numbers assigned in CIMIS and are subject to validity and business rule checks. The CIMIS database tracks the status of the investigations from initiation through final disposition. The only limitations on the reliability of data relate to the accuracy and timeliness of the data input into CIMIS. The system has sufficient internal checks and balances to assure status updates are input correctly.



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
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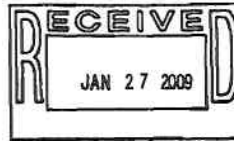
Appendix VI

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

January 27, 2009



Nancy A. Nakamura
Assistant Inspector General
(Management Services and Exempt Organizations)
1125 15th St. NW
Washington, DC 20005

Dear Nancy:

We appreciate the opportunity to review TIGTA Discussion Draft Report – Attestation Review of the Internal Revenue Service's Fiscal Year 2008 Annual Accounting of Drug Control Funds and Related Performance (Audit # 200810034). Our comments on the discussion draft are provided below.

We agree with TIGTA's findings on the number of cases included from prior years and the recommendation to adjust year-end performance information. To ensure accuracy in the FY 2008 performance information we adjusted the performance to reflect timing differences caused by late postings of case information. The adjusted FY 2008 results are included in the attached "Annual Accounting and Authentication of Drug Control Funds and Related Performance."

To complete the FY 2009 report on accounting of drug control funds, the IRS will ensure that only those ODETF investigations completed within the fiscal year are included in the performance results. The IRS also will continue to measure performance in its field offices against the requirement that 85% of status actions must be input to the CIMIS system within five days of the action being taken. In FY 2008, CI entered 91.5% of status actions within five days of the action.

At each field office, cases that are not input timely are reviewed to determine the cause of the delay. Cases that do not meet the target frequently result from delays in notification telephone calls and letters issued by the Department of Justice.



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
and Related Performance**

2

If you have any questions please contact Peter Rose at (202) 622-4508.

Sincerely,

A handwritten signature in cursive script that reads "Alison L. Doone".

Alison L. Doone

Attachment



**Attestation Review of the Internal Revenue Service's
Fiscal Year 2008 Annual Accounting of Drug Control Funds
and Related Performance**

Attachment 1/15/2009

**INTERNAL REVENUE SERVICE
Annual Accounting and Authentication of Drug Control Funds and Related
Performance**

DETAILED ACCOUNTING SUBMISSION

A. Table of FY 2008 Drug Control Obligations

Drug Control Resources by Function	(\$000)
Investigations	<u>\$64,247</u>
Total	\$64,247
Drug Control Resources by Decision Unit	
Narcotics Crimes	<u>\$64,247</u>
Total	\$64,247

1) Drug Methodology

- The Organized Crime and Drug Enforcement Task Force (OCDETF) program is carried out by the Internal Revenue Service (IRS) Criminal Investigation (CI) Narcotics Crimes decision unit. All Drug Control obligations (the resources appropriated and available for these activities) are reported under one Drug Control function and the Narcotics Crimes budget decision unit, as shown in the above chart.
- The Office of National Drug Control Policy (ONDCP) requires CI to report only on the OCDETF portion of the narcotics program. CI's Direct Investigative Time (DIT) applied to narcotics cases for FY 2008 was 12.3% of total DIT. The OCDETF portion of this program was 11.5% of total DIT or 93% of the total narcotics DIT.
- The methodology for computing the resources appropriated and realized for the OCDETF program is the application of the DIT attributable to OCDETF cases to the total realized CI appropriated resources, reduced by reimbursable funds and Earned Income Tax Credit (EITC) resources, for the year for which the resources are being reported. The result is the amount of resources expended on OCDETF cases. This methodology was approved by CI, the IRS Chief Financial Officer, and the Treasury Inspector General for Tax Administration (TIGTA) during the FY 2006 ONDCP attestation review.

Tab I



**Department of Veterans Affairs
Office of Inspector General**

**Independent Review of VA's Fiscal Year 2008
Performance Summary Report
To the Office of National Drug Control Policy**

Report No. 09-00864-88

VA Office of Inspector General
Washington, DC 20420

March 6, 2009

**To Report Suspected Wrongdoing in VA Programs and Operations
Call the OIG Hotline – (800) 488-8244**

**Department of
Veteran Affairs**

Memorandum

Date: March 6, 2009

From: Assistant Inspector General for Auditing (52)

Subj: Final Report – Independent Review of VA's Fiscal Year 2008 Performance Summary Report to the Office of National Drug Control Policy

To: Chief Patient Care Services, Veterans Health Administration (VACO 11)
Chief Research and Development Officer, Veterans Health Administration (VACO 12)

1. The Office of Inspector General is required to review the Department of Veterans Affairs' (VA) Fiscal Year (FY) 2008 Performance Summary Report to the Director, Office of National Drug Control Policy (ONDCP), pursuant to ONDCP Circular: *Drug Control Accounting* (Circular), dated May 1, 2007, and as authorized by 21 U.S.C. § 1703(d)(7). The Performance Summary Report is the responsibility of VA's management and is included in this report as Attachment A (Patient Care) and Attachment B (Research and Development). The Circular is included as Attachment C.
2. We have reviewed, according to the Circular's criteria and requirements, whether VA has a system to capture performance information accurately and whether that system was properly applied to generate the performance data reported in the Performance Summary Report. We have also reviewed whether VA offered a reasonable explanation for failing to meet a performance target and for any recommendations concerning plans and schedules for meeting future targets or for revising or eliminating performance targets; whether the methodology described in the Performance Summary Report and used to establish performance targets for the current year is reasonable given past performance and available resources; and whether VA has established at least one acceptable performance measure for each Drug Control Decision Unit, as defined by the Circular, for which a significant amount of obligations were incurred.
3. Our review was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the applicable standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An attestation review is substantially less in scope than an examination,

the objective of which is the expression of an opinion on the matters described in paragraph two. Accordingly, we do not express such an opinion.

4. Our *Independent Review of VA's Fiscal Year 2007 Performance Summary Report to the Office of National Drug Control Policy* (Report No. 08-00782-100, March 26, 2008) noted that in FY 2007 VA did not establish a performance measure for "Research and Development" as required by the Circular. VA corrected this deficiency for FY 2008. VA is required to establish a performance measure for Research and Development because VA reported \$14.9 million in drug control obligations for Research and Development in its Detailed Accounting Submission as noted in our *Independent Review of VA's Fiscal Year 2008 Detailed Accounting Submission to the Office of National Drug Control Policy* (Report No. 09-00863-87, March 6, 2009).

5. Our *Audit of VA's Consolidated Financial Statements for Fiscal Years 2008 and 2007* (Report No. 08-00870-24, November 17, 2008), identified one material weakness, "Information Technology (IT) Security Controls," that is relevant to VA's performance reporting system. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected. This material weakness on information technology security controls deviates from the requirement that VA have a system to capture performance information accurately and that the system was properly applied to generate the performance data. VA has not corrected this weakness yet and therefore it is still applicable for FY 2008.

6. Based upon our review and the criteria of the Circular, and except for the matter discussed in paragraph five:

- Nothing came to our attention that caused us to believe that VA does not have a system to capture performance information accurately and the system was not properly applied to generate the performance data reported in the Performance Summary Report in all material respects;
- Nothing came to our attention that caused us to believe that VA did not meet its FY 2008 target for the "Continuity of Care" performance measure (Patient Care) and the substance abuse disorder on-going studies performance measure (Research and Development), in all material respects. As a result, VA is not

required to offer an explanation for failing to meet a performance target, for recommendations concerning plans and schedules for meeting future targets, or for revising or eliminating performance targets;

- Nothing came to our attention that caused us to believe that the methodology described in the Performance Summary Report establishing performance targets for the current year is not reasonable given past performance and available resources, in all material respects; and
- Nothing came to our attention that caused us to believe that VA did not establish at least one acceptable performance measure for each Drug Control Decision Unit, as defined by the Circular, for which a significant amount of obligations were incurred in the previous fiscal year, in all material respects.

7. We provided you our draft report for review. You concurred with our report without further comments.

8. This report is intended solely for the information and use of the U.S. Congress, the ONDCP, and VA management. This report is not intended to be and should not be used by anyone other than these specified parties.



Belinda J. Finn

Attachments

Independent Review of VA's Fiscal Year 2008 Performance Summary Report
To the Office of National Drug Control Policy

Attachment A



DEPARTMENT OF VETERANS AFFAIRS
Veterans Health Administration
Washington DC 20420

FEB 24 2009

in Reply Refer to:

Belinda J. Finn (52)
Assistant Inspector General for Auditing
Office of Inspector General
Department of Veterans Affairs

Dear Ms. Finn:

As required by Section 7 of the Office of National Drug Control Policy (ONDCP) Circular, Drug Control Accounting, dated May 1, 2007, enclosed please find the Performance Summary Report for the Veterans Health Administration for your authentication in accordance with the guidelines in Section 8 of the Circular.

We certify that the Veterans Health Administration has established a performance measure for its drug activities; that the methodology to generate this measure is appropriate and accurate; and that the target level for the performance measure is reasonable.

The Veterans Health Administration achieved its target performance goal for fiscal year (FY) 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "Ira Katz".

Ira Katz, MD, PhD
Deputy Chief Patient Care Services
Officer of Mental Health

Enclosure

**Department of Veterans Affairs
Veterans Health Administration
FY 2008 Performance Summary Report**

I. PERFORMANCE INFORMATION

Decision Unit 1: Veterans Health Administration

Measure 1: Continuity of Care

Table 1

FY 2003 Actual	FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
NA	*29%	35%	37%	44%	47%	47%	47%

* The FY 2004 data, and thus the resulting score, cannot be trended with 2005-2008 data due to changes in the measure in 2005 to allow telephone care to meet the standards for visits during the 2nd and 3rd 30—day retention periods. .

(a) This measure was established to promote better substance use disorder (SUD) treatment outcomes. It applies to patients entering specialty treatment for SUD in inpatient, residential, domiciliary or outpatient programs, but not opioid substitution, to determine if they are staying in treatment for at least 90 days. Research has shown that good addiction treatment outcomes are contingent on adequate lengths of treatment. Many patients drop out during the initial 90 days of treatment with limited clinical benefit and high rates of relapse. While two contacts per month for at least three months would rarely be sufficient, most patients with chronic conditions require ongoing treatment for at least this duration to establish early remission. Note: SUD includes patients with an alcohol or drug use disorder diagnosis or both.

Indicator: Percent of patients beginning a new episode of treatment for SUD who maintain continuous treatment involvement for at least 90 days after qualifying date

Numerator: Veterans beginning a new episode of treatment for SUD who maintain continuous treatment involvement for at least 90 days as demonstrated by at least 2 days with visits every 30 days for a total of 90 days in any of the outpatient specialty SUD clinics.

Denominator: Veterans beginning a new episode of specialty treatment for SUD

(b) In FY 2008, 47.1% of VA patients in a specialized SUD program met or exceeded the target of 47%. For FY 2009 the target will be maintained at 47% for Fully Satisfactory. Although using the standard procedure for target recommendations, the 80th percentile would have been 51%, the range of performance for 2008 was between 34-57%. Due to this wide variation and the recommendation from the SUD QUERI Continuity of Care Working Group, the target of 47% is to be maintained for 2009. The SUD QUERI came to consensus that no increase beyond 47% would be justifiable in the context of other demands for increased access to SUD specialty care and other factors that would impede continued improvement. The Performance Management Workgroup used this information to come to consensus that the Fully Satisfactory Target would remain constant at 47% for FY2009.

(c) Performance results are updated monthly on a VA intranet site and discussed on semi-monthly national conference calls. In addition to establishing standards and providing feedback, pay incentives of leaders at the network, facility, service and program level are directly linked to these quality metrics. Expansion funding over the past three years has been used to improve the continuum of care in order to promote retention. This includes efforts to arrange accessible transitional housing to facilitate program attendance and establishing telemental health services capability at additional locations. Consultation is offered through national resources including the Substance Use Disorder Quality Enhancement Research Initiative and the Centers of Excellence in Substance Abuse Treatment and Education. Informatics tools are shared within and across VISNs to promote active patient tracking and outreach.

(d) Performance Measures are maintained by the VHA Office of Quality and Performance. In the case of the SUD measure, workload data generated at the facility is transmitted to the VHA Austin Information Technology Center. The extraction methodology uses the appropriate DSS identifier codes (stop codes) to select the patients who meet the criteria for inclusion in the measure. The patient data is then extracted from the Austin PTF files and is maintained by the Office of Quality and Performance. A copy of the Office of Quality and Performance, Substance Use Disorder, Continuity of Care Technical Manual Chapter is attached.

II. MANAGEMENT'S ASSERTIONS

(1) Performance reporting systems appropriate and applied.

Performance Measures are maintained by the VHA Office of Quality and Performance. In the case of the SUD measure, workload data generated at the facility is transmitted to the VHA Austin Data Center. The extraction methodology uses the appropriate DSS identifier codes (stop codes) to select the patients who meet the criteria for inclusion in the measure. The patient data is then extracted from the Austin PTF files and is maintained by the Office of Quality and Performance. The system was properly applied to generate the performance data.

(2) Explanations for not meeting performance targets are reasonable.

In FY 2008 target of 47% was met with an actual rate of 47.1%. The FY 2009 target will remain stable at 47% and is considered realistic.

(3) Methodology to establish performance targets is reasonable and applied. The target measures are set by the VHA Office of Quality Performance and are based upon the previous year's results.

(4) Adequate performance measures exist for all significant drug control activities
VHA is measuring the identification and treatment of those having a SUD issue.

Substance Use Disorder – Continuity of Care
Health Systems Indicator

Rationale: This measure applies to patients entering specialty treatment for substance use disorders (inpatient, residential, domiciliary or outpatient, but not opioid substitution), to determine if they are staying in treatment for at least 90 days. It involves 100% review of administrative databases using clinic stop codes to determine specialty care of substance use disorders (SUD). The performance period applies to patients completing their 90-day retention period from October 07 through August 08. Research has shown that good addiction treatment outcomes are contingent on adequate lengths of treatment. There is no predetermined length of addiction treatment that assures success, but duration of treatment is the factor most consistently associated with successful addiction treatment outcome (Crits-Cristoph & Siqueland, 1996; Donovan, 1998; Onken et al., 1997; Simpson et al., 1997; Zhang, Friedmann & Gerstein, 2003). Many patients drop out during the initial 90 days of treatment with limited clinical benefit and high rates of relapse. While two contacts per month for three months would rarely be sufficient, most patients require ongoing treatment for **at least** this duration to establish early remission.

The initial intensity of treatment should be considered primarily as a means to promote treatment retention, e.g., severely dependent patients typically may require multiple treatment contacts per week in order to stabilize early remission. However, for many patients following initial stabilization, it may be appropriate to provide a lower intensity of addiction-focused treatment extending over a longer duration with superior remission rates for those who remain engaged in treatment for 6-12 months (Finney & Moos, 2002; Ritsher et al, 2002). Available evidence supports the effectiveness of telephone follow-up for patients after they have stabilized during the initial weeks of outpatient treatment (McKay, et al., 2004; McKay et al., 2005). Many individuals continue to benefit from treatment (e.g., methadone maintenance) over a period of years.

Consistent with the VHA/DoD Guideline for Treatment of Substance Use Disorders, this performance measure is intended to emphasize the importance of early treatment retention as an essential condition of quality care for addiction. Treatment duration beyond 3 months presents important opportunities to individualize treatment plans consistent with treatment response over time by adjusting the intensity of psychosocial interventions (e.g., frequency of group sessions), pharmacotherapy (e.g., dose amount and monitoring frequency), community recovery support (e.g., promoting Twelve-Step program involvement), and management of co-morbid conditions.

References & Resources:

- The VHA/DoD SUD Guideline (especially Module R Annotation H)
http://www.oqp.med.va.gov/cpg/SUD/SUD_Base.htm
- Principles of Drug Addiction Treatment A Research-Based Guide
<http://www.nida.nih.gov/PODAT/PODAT5.html#FAQ5>
- Drug Abuse Treatment Outcome Study web site, Treatment Retention and Follow-up Outcomes <http://www.datos.org/adults/adults-retention.html>
- Crits-Cristoph, P., & Siqueland, L. (1996). Psychosocial treatment for drug abuse: selected review and recommendations for national health care. *Archives of General Psychiatry*, 53, 749-756.
- Donovan, DM. (1998). Continuing care: promoting the maintenance of change. In W.R. Miller & N. Heather (Eds.). *Treating Addictive Behaviors*, 2nd ed. New York: Plenum.

- Finney, J. W., & Moos, R. H. (2002). Psychosocial treatments for alcohol use disorders. In P. E. Nathan & J. M. Gorman (Eds.), *A Guide to Treatments That Work* (2nd ed.; pp. 157-168.). New York: Oxford University Press.
- McKay, J.R., Lynch, K.G., Shepard, D.S., Ratichek, S., Morrison, R., Koppenhaver, J., & Pettinati, H. (2004) The effectiveness of telephone-based continuing care in the clinical management of alcohol and cocaine use disorders: 12 month outcomes. *Journal of Consulting and Clinical Psychology*, 72, 967-79.
- McKay, J.R., Lynch, K.G., Shepard, D.S., Pettinati, H. (2005). The Effectiveness of Telephone-Based Continuing Care for Alcohol and Cocaine Dependence: 24 Month Outcomes. *Archives of General Psychiatry*, 62,199-207.
- Moos, R. H., Finney, J. W., Ouimette, P. C., & Suchinsky, R. T. (1999). A comparative evaluation of substance abuse treatment: Treatment orientation, amount of care, and 1-year outcomes. *Alcoholism: Clinical and Experimental Research*, 23, 529-536.
- Onken, L. S., Blaine, J. D., & Boren, J. J. (1997). Beyond the Therapeutic Alliance: Keeping the Drug-Dependent Individual in Treatment (NIDA Research Monograph 165) (NIH Publication No. 97-4142). Rockville, MD: National Institute on Drug Abuse.
- Ritsher, J.B., Moos, R.H., Finney, J.W. (2002). Relationship of treatment orientation and continuing care to remission among substance abuse patients. *Psychiatric Services*, 53, 595-601.
- Simpson, D.D., Joe, G.W., & Brown, B.S. (1997). Treatment retention and follow-up outcomes in the Drug Abuse Treatment Outcome Study (DATOS). *Psychology of Addictive Behaviors*, 11, 294-307.
- Zhang, Z., Friedmann, P.D., Gerstein, D.R. (2003). Does retention matter? Treatment duration and improvement in drug use. *Addiction*, 98, 673-684.

Indicator: Percent of patients beginning a new episode of treatment for SUD who maintain continuous treatment involvement for at least 90 days after qualifying date

Numerator: Veterans beginning treatment for SUD who maintain continuous treatment involvement for at least 90 days as demonstrated by at least 2 days with visits every 30 days for a total of 90 days in any of the outpatient specialty SUD clinics.

Denominator: Veterans beginning specialty treatment for SUD

Exclusions:

- Non veterans are excluded from this measure. They are identified by either a means test response of "n", "no" (zero) which represents a "non-vet", or by eligibility status indicating non veteran.
- Patients without an initial enrollment date
- Patients discharged dead or deceased during the 90-day retention period. To be captured for this measure, data must be in AITC or Beneficiary Identification Record Locator System (BIRLS).
- Smoking cessation visits are excluded. When stop code 707 is paired with any SUD code, the SUD visit is not used in this measure

Note: Clinic visits to outpatient SUD clinic stops 513 SA-IND or 514 SA-Home or 519 SA/PTSD or 547 inter-SA TRT, or 560 SA GRP are included in this measure. For discussion on the use of telephone stop code 545, see Table C below. Therefore all other clinic visits, including non SUD clinic visits and Opioid Substitution visits (Clinic code 523) are not considered in this measure.

**Independent Review of VA's Fiscal Year 2008 Performance Summary Report
To the Office of National Drug Control Policy**

Attachment A

Cohort: Universe includes all veterans with an SUD outpatient encounter or inpatient discharge from SUD specialty bed section in VHA.

Definitions:

- There are 3 events in time analyzed in this measure:
 - Negative SUD Treatment History also called Dormancy
 - New SUD treatment episode through outpatient or inpatient qualification
 - Continuous treatment involvement during the retention period of three 30 day intervals

TABLE A - Events in Time

Event	Negative SUD Treatment History (Dormancy)	Qualification as New SUD Episode			Continuous Treatment Involvement (Retention Period) 90 Total Days		
		1st Qualifying Event Date	2nd Qualifying Event Date	3rd Qualifying Event Date	1st 30 days of retention	2nd 30 days of retention	3rd 30 days of retention
Event Description	90 day period of no SUD treatment in the 90 days prior to the 1st outpatient qualifying event date	Inpatient or Outpatient Qualification Date = T					
Outpatient Qualified Events in Time	(T-90) minus total days from 1st to 3rd outpatient qualifying event	1st Qualifying Event Date Not earlier than T-29	2nd Qualifying Event Date Not earlier than T-28	3rd Qualifying Event Date T	2 SUD visits in period greater than T but not later than T+30	2 SUD visits in period greater than T+30 but not later than T+60	2 SUD visits in period greater than T+60 but not later than T+90
Inpatient Qualified Events in Time	None required for inpatient qualification	1st and only Qualifying event T = Date of any inpatient discharge or transfer from a SUD bed-section			2 SUD visits in period greater than T but not later than T+30	2 SUD visits in period greater than T+30 but not later than T+60	2 SUD visits in period greater than T+60 but not later than T+90

- Veterans beginning new SUD treatment episode: To qualify as a New SUD Outpatient Episode, two criteria must be met:
 - A 90-day Negative SUD outpatient or inpatient treatment history (no SUD outpatient visit, telephone 545, specialty SUD inpatient admission or discharge or inpatient SUD encounters) before the date of the 1st of three qualifying SUD outpatient visits **and**
 - Three visits within 30 days to outpatient SUD clinic stops 513 SA-IND or 514 SA-Home or 519 SA/PTSD or 547 inter-SA TRT, or 560 SA GRP. Listed stops are included if paired with other stops as primary or secondary except smoking cessation 707 **OR** opioid substitution 523. SUD Telephone visits (Stop Code 545) *will NOT be used to qualify new SUD treatment episodes.*

The date of the 3rd SUD visit in 30 days is the "qualifying" date for the outpatient track. The retention period begins the next day.

Patients who accrue outpatient workload while in an inpatient SUD bed section will not "qualify" for the measure via the outpatient track. Since inpatient workload may not be

available until after discharge, the patient may be "picked up" as new and tracked for a period of time. However, upon SUD specialty inpatient discharge or transfer, the outpatient track will be dropped and the patient will be qualified in the inpatient track.

To qualify as a New SUD Inpatient Episode, a single criterion must be met:

- a discharge or transfer from SUD inpatient bed section (PTF Discharge Specialty 27 SA Res Rehab or 74 SA HI INT, 86 DOM SA with a length of stay at least 4 calendar days.

The SUD bed section discharge or transfer date is the "qualifying" date for the inpatient track. The retention period begins the next day.

- **Continuous Treatment Involvement (Retention period):** Continuous treatment involvement for at least 90 days is defined as visits on at least 2 days during every 30 day retention interval for a total of 90 days (three discrete 30 day intervals) in any of the outpatient specialty SUD clinics. The continuous SUD treatment retention period begins the day after the qualifying date and ends the 90th day from the beginning of the continuous treatment involvement retention period.
- **Telephone care:** Substance use disorder clinical care by telephone which meets the same standard as face-to-face visits (e.g. staff qualifications, time spent with the veteran, etc.) will be accepted for continuity of care for visits during the 2nd and 3rd 30-day retention intervals. Stop code 545 (telephone Substance Abuse) will be used for the measure. Telephone visits will not be used to "qualify" new veterans into the measure.
- **Admission during the retention period:** If a veteran has already qualified for the measure (from the inpatient or the outpatient tracks) and, during the retention period has an admission to or a discharge from one of the SUD inpatient bed sections listed above, and LOS
 - < 4 calendar days will have no effect on the measure.
 - At least 4 calendar days, the veteran will be dropped from the previous qualifying track. Upon discharge or transfer from the SUD bed section, he will re-qualify for the measure.

Scoring: $N/D * 100 = \text{Percent}$

Veterans seen in multiple facilities will be attributed to the facility where the last retention visit occurred in order to promote coordinated transitions between facilities.

- If the veteran is not seen in any substance abuse clinic in VHA during the 1st 30 days of the retention period, he fails the measure. The failure will be attributed to the facility where the 'qualifying' event occurred (i.e. where the 3rd visit occurred that qualified the veteran as beginning a new episode of care or where the veteran was discharged from inpatient SUD care).
- If the veteran is seen for a 1st retention visit in a substance abuse clinic during the 1st 30-day retention period but is not seen again, the patient fails the measure. The failure will be attributed to the facility where the first retention visit occurred.
- If the patient passed the first 30-day retention interval requirement but failed to meet the 2nd 30-day retention interval requirement, the patient fails the measure and the failure is attributed to the facility where the latest retention visit occurred.
- If the patient passed the first and second 30-day retention interval requirement but failed to meet the 3rd 30-day retention interval requirement, the patient fails the measure and the failure is attributed to the facility where the latest retention visit occurred.

**Independent Review of VA's Fiscal Year 2008 Performance Summary Report
To the Office of National Drug Control Policy**

Attachment A

Time frame issues: Reports include patients who have completed the retention period during the report month or quarter selected. The performance period is consistent with EPRP quarters.

EPRP Lagged Quarter	Months included in quarter = Patients completing their retention period in:	OQP Executive Briefing Book Reporting Date	Dormancy Check Range (T- days to first qualification visit date - 90)	Index Episode 1st Qualification Visit Date Range for Outpatient Qualification	Index Episode Qualification Date (T) Range	Index Episode Retention Start Date (T+1) Range	Index Episode Retention Completion Date (T+90) Range
1	Oct, Nov	First Friday February 08	03/06/07 - 05/05/07	06/04/07 - 08/30/07	07/03/07 - 09/01/07	07/04/07 - 09/02/07	10/01/07 - 11/30/07
2	Oct, Nov, Dec, Jan, Feb	First Friday May 08	03/06/07 - 08/31/07	06/04/07 - 11/29/07	07/03/07 - 12/01/07	07/04/07 - 12/02/07	10/01/07 - 02/29/08
3	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May	First Friday August 08	03/06/07 - 12/01/07	06/04/07 - 02/29/08	07/03/07 - 03/02/08	07/04/07 - 03/03/08	10/01/07 - 05/31/08
4	Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug	Mid-October 08	03/06/07 - 03/02/08	06/04/07 - 05/31/08	07/03/07 - 06/02/08	07/04/07 - 06/03/08	10/01/07 - 08/31/08

Data

- Origin: Workload generated in VistA and sent to AITC. Data submitted after the quarterly report has been collected pertaining to veteran care already reported will be updated during the following quarterly run.
- Sample size & Extraction: 100% from AITC database by OQP.

Repository: Monthly, facility, VISN, VHA and SSN specific data are available for trouble shooting and understanding local patterns retrospectively after the completion of a retention period; however this is not sufficiently close to 'real time' data to provide prospective tracking during the retention period.

Will these sources be used to contribute information for specified period/event?

	Dormant	Qualifying	Retention
SUD Clinic stops	Yes. SUD clinic stops are used to evaluate the dormant period. E.g. If the patient has SUD clinic stops, they will be considered "NOT dormant" and do not newly qualify for the measure for at least 90 more days.	Yes. SUD clinic stops will be used to qualify a veteran. For example, if a veteran has 3 visits in 30 days, he qualifies in the measure.	Yes. SUD clinic stops will be used to determine retention compliance.
Telephone stop 545	Yes. Telephone clinic stop 545 will be used to evaluate the dormant period. For example, Pt is receiving SUD 'maintenance' telephone care (545) so will 'show-up' in a search for 'dormant time' and 'count' as SUD visits, therefore the patient will not be 'dormant' if 545 visits are present.	No. 545 will NOT be used to evaluate for qualifying events. E.g. Pt has a true dormant period (no SUD workload in 90 days) then 3 telephone visits in 30 days. This workload will NOT be used to determine a 'qualifying' event. The patient will not be considered newly 'qualified' based on 545 workload.	Yes. 545 clinic stops will be used to determine retention compliance in the 2nd & 3rd period only
Inpatient	Yes. Discharge data will be	Yes. Discharge data from an inpt	Yes. If a patient was

**Independent Review of VA's Fiscal Year 2008 Performance Summary Report
To the Office of National Drug Control Policy**

Attachment A

TABLE C Events / Data Source Use During Dormancy, Qualification, and Retention Determination			
	Dormant	Qualifying	Retention
SUD Dischg w/ LOS ≥ 4 calendar days	evaluated and considered as active SUD workload when evaluating the dormant period. Therefore, if a patient has an admission or discharge during the dormant period, it will not be considered 'dormant'.	SUD bed section will be used as a qualifying event. Such a discharge will 'disconnect/drop' a veteran from any previous qualifying track AND will re-qualify a patient with a new qualifying date.	ADMITTED to a SUD Bed Section during the retention period, those data will be used to 'disconnect' him from the previous qualifying track. He will be re-qualified upon discharge or transfer from the SUD Bed sec.
Inpatient w/ SUD Encounter s1	No. SUD encounters provided on inpatients will NOT be used to evaluate for a dormant period. Therefore if a patient has received SUD consult while an inpatient (on any bed section), it will not be considered when evaluating for a dormant period. If the patient had ONLY inpatient encounters for 90 days, he will be considered as having a 'dormant' period.	No. SUD encounters provided on inpatients will NOT be used to evaluate for qualifying events	Yes. SUD encounters provided on inpatients will be used to evaluate retention compliance
Census on SUD bed section w/ LOS ≥ 4 calendar days	No. SUD census data will not be used to evaluate a dormant period (when the patient is discharged, the measure will pick-up the discharge information)	No. SUD census data will not be used to evaluate for a qualifying event (when the patient is discharged, the measure will pick-up the discharge information)	Yes (partially). SUD census data will be used to evaluate whether to 'disconnect' a vet from previous qualifying track. But it will not be used to meet retention visit requirements. The patient will be re-qualified upon discharge from the SUD Bed Section.

Independent Review of VA's Fiscal Year 2008 Performance Summary Report
To the Office of National Drug Control Policy
Attachment B



DEPARTMENT OF VETERANS AFFAIRS
Veterans Health Administration
Washington DC 20420

FEB 12 2009

In Reply Refer To: (12)

Belinda J. Finn (52)
Assistant Inspector General for Auditing
Office of Inspector General
Department of Veterans Affairs

Dear Ms. Finn:

As required by Section 7 of the Office of National Drug Control Policy (ONDCP) Circular, Drug Control Accounting, dated May 1, 2007, enclosed please find the Performance Summary Report for the Office of Research and Development, Veterans Health Administration for your authentication in accordance with the guidelines in Section 8 of the Circular.

We certify that the Office of Research and Development has established a performance measure for substance use disorder research, the methodology to generate this measure is appropriate and accurate, and the target for the performance measure is reasonable.

The Office of Research and Development achieved the performance measure target for FY 2008.

Sincerely yours,

A handwritten signature in cursive script that reads "Joel Kupersmith".

Joel Kupersmith, MD
Chief Research & Development Officer

Enclosure

**Office of Research and Development,
Department of Veterans Affairs
Fiscal Year 2008 Performance Summary Report
To the Office of National Drug Control Policy**

1. Performance Information

Performance Measure: Each fiscal year the Office of Research and Development (ORD) will have at least 10 ongoing studies directly related to substance abuse disorder: 5 ongoing studies related to alcohol abuse and 5 ongoing studies related to other substance abuse.

How the measure is used in the program: Most ORD-funded studies are investigator-initiated. Many clinicians who treat patients also perform research, so their research is targeted at diseases and disorders that they treat. Investigators will be encouraged to undertake research in this important area.

Performance results for the previous fiscal years: This is a new performance measure for ORD for FY 2008, so previous data is not available.

Comparison of the most recent fiscal year to its target: The targets for FY 2008 were exceeded. See Table 1.

Target for the current fiscal year: Although the actual values (number of studies) exceeded the target for FY 2008, we have not increased the target for FY 2009. The reason for this is that ORD's funding is anticipated to be flat line after taking into account inflation. There is wide variation in the amount of funding per project. The more expensive studies are usually multisite clinical trials. Leaving the target at its present level would allow flexibility in the types of studies that are funded.

Procedures used to ensure that the performance data is accurate, complete, and unbiased. The data is obtained from the Office of Research and Development's (ORD's) database that lists all its funded projects. A report is produced that lists all funds sent to the VA medical centers for projects on drug and alcohol dependence for the four ORD services for a given fiscal year, and the number of projects is counted.

Table 1

Measure	FY 2008 Target	FY 2008 Actual	FY 2009 Target
Number of ongoing research studies related to substance abuse disorder	5	17	5
Number of ongoing research studies related to alcohol abuse	5	38	5
Number of ongoing research studies related to both substance abuse disorder and alcohol abuse	NA	14	

2. Management Assertions

Performance reporting system is appropriate and applied.

The VA Office of Research and Development (ORD) consists of four main divisions:

Biomedical Laboratory: Supports preclinical research to understand life processes from the molecular, genomic, and physiological level in regard to diseases affecting veterans.

Clinical Science: Administers investigations, including human subject research, to determine feasibility or effectiveness of new treatments (e.g., drugs, therapy, or devices) in small clinical trials or multi-center cooperative studies, aimed at learning more about the causes of disease and developing more effective clinical care.

The Cooperative Studies Program (CSP) is a major division within Clinical Science R&D that specializes in designing, conducting, and managing national and international multi-site clinical trials and epidemiological research.

Health Services: Supports studies to identify and promote effective and efficient strategies to improve the organization, cost-effectiveness, and delivery of quality healthcare to veterans.

Rehabilitation: Develops novel approaches to restore veterans with traumatic amputation, central nervous system injuries, loss of sight and/or hearing, or other physical and cognitive impairments to full and productive lives.

Note: Although Biomedical Laboratory and Clinical Science are two different Services on paper, administratively, they are run as one.

In order for funds to be allocated to a project, they must be entered into the Research Analysis Forecasting Tool (RAFT) database.

For FY2008, the Services (Biomedical Laboratory/Clinical Science, Health Services, and Rehabilitation) entered their data into RAFT in somewhat different ways.

Biomedical Laboratory/Clinical Science Research and Development Services (BLRD and CSRD):

- Project data is submitted electronically from the field sites. Using a downloaded static copy of the project data, the BLRD/CSRD database specialist generates an Excel worksheet of all research projects that have received a potentially fundable score/ranking. The worksheet is reviewed by the scientific managers; all projects to be funded are identified with a marker; and the worksheet is returned to the database specialist. After project data is electronically uploaded to RAFT, those projects that are identified as funded on the worksheet are updated in RAFT with the appropriate funding data.
- To verify the accuracy of the data, the downloaded static copy is compared against the live data to ensure the record counts of both datasets are equal. The principal investigator and VA medical center fields are verified for accuracy. The score and percentile ranking fields of all reviewed projects are verified for completion. Prior to generating any post-review correspondence, the project data is manually reviewed by scientific managers.

Health Services Research and Development (HSR&D)

- The proposal is reviewed for scientific merit and, if the project is to be funded, the budget is reviewed by HSR&D staff, management, and the program analyst. The investigator is formally notified of the results of the review through a letter signed by the Director of HSR&D Service. When the proposal is ready for funding, another letter, signed by the Director of HSR&D Service is prepared and sent along with the proposal folder to the program analyst for formal funding of the project. The analyst manually enters the project data into defined data fields only into RAFT for electronic transfer of the dollar amounts through VHA Finance to the field for the project.

Rehabilitation Service Research and Development (RR&D)

- The proposal is reviewed for scientific merit, and if the project is to be funded, budget is reviewed by RR&D staff. The investigator is notified of the results from a signed letter from the Director of RR&D. The program analyst manually enters the project data in RAFT for electronic transfer to the VHA Finance, who transfers funds to the field.

However, starting in late 2008 (FY2009), all proposals were received electronically via the eRA Commons system. Therefore, for future fiscal years, the project funding data for all Services will all be transferred electronically to RAFT.

Preparation of the list of projects:

The BLR&D/CSR&D administrative officer extracted all funded projects for the fiscal year from RAFT and exported the data into an Excel spreadsheet. The alcohol, tobacco, and drug abuse projects were identified by reviewing the title. Any questionable projects were verified as relevant or not relevant upon review of the abstract. When we learned that smoking addiction projects should not be included, they were removed based on the title. In some cases, the title listed was the type of investigator award. For those, the title was obtained from the abstract. There were multiple rows in the spreadsheet for some projects (for example, if there were multiple researchers on the same project). When that occurred, the rows were combined so that there was just one entry (dollars allocated were summed) per project. Project start and end dates were included in the spreadsheet. If there were multiple researchers or a researcher with multiple funds for the same project (e.g., salary award plus Merit Review award), then the earliest start date and latest end date were used. Although great care is taken to provide an inclusive list of projects, our database management system does not have robust reporting capabilities, so some projects may have been omitted.

Explanations for not meeting performance targets are reasonable.

Not applicable. The targets were met.

Methodology to establish performance targets is reasonable and applied.

VA Research and Development focuses on research on the special healthcare needs of veterans and strives to balance the discovery of new knowledge and the application of these discoveries to veterans' healthcare. VA Research and Development's mission is to "discover knowledge and create innovations that advance the health and care of veterans and the Nation." ORD supports preclinical, clinical, health services, and rehabilitation research. This research ranges from studies relevant to our aging veterans (e.g., cancer, heart disease, Alzheimer's disease) to those relevant to younger veterans returning from

the current conflicts (e.g., PTSD, spinal cord injury). The targets were set at that level to allow flexibility in the projects funded in terms of both subject (e.g., cancer, addiction, heart disease) and type (e.g., preclinical, clinical trials).

Adequate performance measures exist for all significant drug control activities.
Since many of the projects do not involve direct interaction with patients, the measure looks at the number of projects rather than specific activities.

ONDCP Circular: Drug Control Accounting

May 1, 2007

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Annual Accounting and Authentication of Drug Control Funds and Related Performance

1. **Purpose.** This circular provides the polices and procedures to be used by National Drug Control Program agencies in conducting a detailed accounting and authentication of all funds expended on National Drug Control Program activities and the performance measures, targets, and results associated with those activities.
2. **Rescission.** This circular rescinds and replaces the ONDCP Circular, *Annual Accounting of Drug Control Funds*, dated April 18, 2003.
3. **Authority.**
 - a. 21 U.S.C. § 1704(d) provides: "The Director [ONDCP] shall –

(A) require the National Drug Control Program agencies to submit to the Director not later than February 1 of each year a detailed accounting of all funds expended by the agencies for National Drug Control Program activities during the previous fiscal year, and require such accounting to be authenticated by the Inspector General of each agency prior to submission to the Director; and

(B) submit to Congress not later than April 1 of each year the information submitted to the Director under subparagraph (A)."
 - b. 21 U.S.C. § 1703(d)(7) authorizes the Director of National Drug Control Policy to "... monitor implementation of the National Drug Control Program, including – (A) conducting program and performance audits and evaluations; and (B) requesting assistance of the Inspector General of the relevant agency in such audits and evaluations ..."
4. **Definitions.** As used in this circular, key terms related to the National Drug Control Program and budget are defined in Section 4 of the ONDCP Circular, *Budget Formulation*, dated May 1, 2007. These terms include: *National Drug Control Program*, *National Drug Control*

Drug Control Accounting

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Independent Review of VA's Fiscal Year 2008 Performance Summary Report
To the Office of National Drug Control Policy

Attachment C

Program agency, Bureau, Drug Methodology, Drug Control Functions, and Budget Decision Units. Further, Reprogrammings and Fund Control Notices referenced in Section 6 of this circular are defined in Section 6 and Section 8 of the ONDCP Circular, *Budget Execution*, dated May 1, 2007.

5. **Coverage.** The provisions of this circular apply to all National Drug Control Program agencies.

6. **Detailed Accounting Submission.** The Chief Financial Officer (CFO) of each agency, or other accountable senior level senior executive, shall prepare a Detailed Accounting Submission to the Director, ONDCP. For agencies with no bureaus, this submission shall be a single report, as defined by this section. For agencies with bureaus, the Detailed Accounting Submission shall consist of reports, as defined by this section, from the agency's bureaus. The CFO of each bureau, or accountable senior level executive, shall prepare reports. Each report must include (a) a table highlighting prior year drug control obligations data, and (b) a narrative section making assertions regarding the prior year obligations data. Report elements are further detailed below:

a. **Table of Prior Year Drug Control Obligations** – For the most recently completed fiscal year, each report shall include a table of obligations of drug control budgetary resources appropriated and available during the year being reported.¹ Such table shall present obligations by Drug Control Function and Budget Decision Unit, as these categories are displayed for the agency or bureau in the *National Drug Control Strategy Budget Summary*. Further, this table shall be accompanied by the following disclosures:

(1) **Drug Methodology** – The drug methodology shall be specified in a separate exhibit. For obligations calculated pursuant to a drug methodology, this presentation shall include sufficient detail to explain fully the derivation of all obligations data presented in the table.

(a) **Obligations by Drug Control Function** – All bureaus employ a drug methodology to report obligations by Drug Control Function.

(b) **Obligations by Budget Decision Unit** – For certain multi-mission bureaus – Customs and Border Protection (CBP), Coast Guard, Immigration and Customs Enforcement (ICE), Indian Health Service (IHS), Bureau of Indian Affairs (BLA), and the Veterans Health Administration (VHA) – obligations reported by Budget Decision Unit shall be calculated pursuant to an approved drug methodology. For

¹Consistent with reporting requirements of the ONDCP Circular, *Budget Formulation*, dated May 1, 2007, resources received from the following accounts are excluded from obligation estimates: (1) ONDCP – High Intensity Drug Trafficking Areas (HIDTA) and (2) DOI – Organized Crime Drug Enforcement Task Force Program. Obligations against these resources shall be excluded from the table required by this section but shall be reported on a consolidated basis by these bureaus. Generally, to prevent double-counting agencies should not report obligations against budget resources received as a reimbursement. An agency that is the source of the budget authority for such reimbursements shall be the reporting entry under this circular.

all other bureaus, drug control obligations reported by Budget Decision Unit shall represent 100 percent of the actual obligations of the bureau for those Budget Decision Units, as they are defined for the National Drug Control Budget. (See Attachment B of the ONDCP Circular, *Budget Formulation*, dated May 1, 2007.)

- (2) **Methodology Modifications** – Consistent with ONDCP's prior approval, if the drug methodology has been modified from the previous year, then the changes, their purpose, and the quantitative differences in the amount(s) reported using the new method versus the amount(s) that would have been reported under the old method shall be disclosed.²
 - (3) **Material Weaknesses or Other Findings** – Any material weakness or other findings by independent sources, or other known weaknesses, including those identified in the Agency's Annual Statement of Assurance, which may affect the presentation of prior year drug-related obligations data, shall be highlighted. This may be accomplished by either providing a brief written summary, or by referencing and attaching relevant portions of existing assurance reports. For each material weakness or other finding, corrective actions currently underway or contemplated shall be identified.
 - (4) **Reprogrammings or Transfers** – All prior year reprogrammings or transfers that affected drug-related budgetary resources shall be identified; for each such reprogramming or transfer, the effect on drug-related obligations reported in the table required by this section also shall be identified.
 - (5) **Other Disclosures** – Agencies may make such other disclosures as they feel are necessary to clarify any issues regarding the data reported under this circular.
- b. **Assertions** – At a minimum, each report shall include a narrative section where the following assertions are made regarding the obligation data presented in the table required by Section 6a:
- (1) **Obligations by Budget Decision Unit** – With the exception of the multi-mission bureaus noted in Section 6a(1)(b), reports under this section shall include an assertion that obligations reported by budget decision unit are the actual obligations from the bureau's accounting system of record for these Budget Decision Units.
 - (2) **Drug Methodology** – An assertion shall be made regarding the reasonableness and accuracy of the drug methodology used to calculate obligations of prior year budgetary resources by function for all bureaus and by budget decision unit for the CBP, Coast Guard, ICE, IHS, BIA, and VHA. The criteria associated with this assertion are as follows:

²For changes that did not receive prior approval, the agency or bureau shall submit such changes to ONDCP for approval under separate cover.

- (a) **Data** – If workload or other statistical information supports the drug methodology, then the source of these data and the current connection to drug control obligations should be well documented. If these data are periodically collected, then the data used in the drug methodology must be clearly identified and will be the most recently available.
- (b) **Other Estimation Methods** – If professional judgment or other estimation methods are used as part of the drug methodology, then the association between these assumptions and the drug control obligations being estimated must be thoroughly explained and documented. These assumptions should be subjected to periodic review, in order to confirm their continued validity.
- (c) **Financial Systems** – Financial systems supporting the drug methodology should yield data that fairly present, in all material respects, aggregate obligations from which drug-related obligation estimates are derived.
- (3) **Application of Drug Methodology** – Each report shall include an assertion that the drug methodology disclosed in this section was the actual methodology used to generate the table required by Section 6a. Calculations must be sufficiently well documented to independently reproduce these data. Calculations should also provide a means to ensure consistency of data between reporting years.
- (4) **Reprogrammings or Transfers** – Further, each report shall include an assertion that the data presented are associated with obligations against a financial plan that, if revised during the fiscal year, properly reflects those changes, including ONDCP's approval of reprogrammings or transfers affecting drug-related resources in excess of \$1 million.
- (5) **Fund Control Notices** – Each report shall also include an assertion that the data presented are associated with obligations against a financial plan that fully complied with all Fund Control Notices issued by the Director under 21 U.S.C. § 1703(f) and Section 8 of the ONDCP Circular. *Budget Execution*.

7. **Performance Summary Report.** The CFO, or other accountable senior level senior executive, of each agency for which a Detailed Accounting Submission is required, shall provide a Performance Summary Report to the Director of National Drug Control Policy. Each report must include performance-related information for National Drug Control Program activities, and the official is required to make certain assertions regarding that information. The required elements of the report are detailed below.

- a. **Performance Reporting.** The agency's Performance Summary Report must include each of the following components:

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- (1) **Performance Measures** – The report must describe the performance measures used by the agency to assess the National Drug Control Program activities it carried out in the most recently completed fiscal year and provide a clear justification for why those measures are appropriate for the associated National Drug Control Program activities. The performance report must explain how the measures: reflect the purpose of the program; contribute to the National Drug Control Strategy; and are used in the management of the program. The description must include sufficient detail to permit non-experts to understand what is being measured and why it is relevant to those activities.
 - (2) **Prior Years Performance Targets and Results** – For each performance measure, the report must provide actual performance information for the previous four fiscal years and compare the results of the most recent fiscal year with the projected (target) levels of performance established in the agency's annual performance budget for that year. If any performance target for the most recently completed fiscal year was not met, the report must explain why that target was not met and describe the agency's plans and schedules for meeting future targets. Alternatively, if the agency has concluded it is not possible to achieve the established target with available resources, the report should include recommendations concerning revising or eliminating the target.
 - (3) **Current Year Performance Targets** – Each report must specify the performance targets established for National Drug Control Program activities in the agency's performance budget for the current fiscal year and describe the methodology used to establish those targets.
 - (4) **Quality of Performance Data** – The agency must state the procedures used to ensure the performance data described in this report are accurate, complete, and unbiased in presentation and substance.
- (b) **Assertions** – Each report shall include a letter in which an accountable agency official makes the following assertions are made regarding the information presented in Section 7a:
- (1) **Performance reporting system is appropriate and applied** – The agency has a system to capture performance information accurately and that system was properly applied to generate the performance data.
 - (2) **Explanations for not meeting performance targets are reasonable** – An assertion shall be made regarding the reasonableness of any explanation offered for failing to meet a performance target and for any recommendations concerning plans and schedules for meeting future targets or for revising or eliminating performance targets.

- (3) Methodology to establish performance targets is reasonable and applied – An assertion that the methodology described above to establish performance targets for the current year is reasonable given past performance and available resources.
- (4) Adequate performance measures exist for all significant drug control activities - Each Report shall include an assertion that the agency has established at least one acceptable performance measure for each Drug Control Decision Unit identified in reports required by section 6a(1)(A) for which a significant amount of obligations (\$1,000,000 or 50 percent of the agency drug budget, whichever is less) were incurred in the previous fiscal year. Each performance measure must consider the intended purpose of the National Drug Control Program activity.

The criteria associated with these assertions are as follows:

- (a) Data – If workload, participant, or other quantitative information supports these assertions, the sources of these data should be well documented. If these data are periodically collected, the data used in the report must be clearly identified and will be the most recently available.
- (b) Other Estimation Methods – If professional judgment or other estimation methods are used to make these assertions, the objectivity and strength of these estimation methods must be thoroughly explained and documented. These estimation methods should be subjected to periodic review to confirm their continued validity.
- (c) Reporting Systems – Reporting systems supporting the assertions should be current, reliable, and an integral part of the agency's budget and management processes.

8. **Inspector General Authentication.** Each report defined in Sections 6 and 7 shall be provided to the agency's Inspector General (IG) for the purpose of expressing a conclusion about the reliability of each assertion made in the report. ONDCP anticipates that this engagement will be an attestation review, consistent with the *Statements for Standards of Attestation Engagements*, promulgated by the American Institute of Certified Public Accountants.

9. **Unreasonable Burden.** Unless a detailed report, as specified in Section 6, is specifically requested by ONDCP, an agency or bureau included in the National Drug Control Budget with prior year drug-related obligations of less than \$50 million may submit through its CFO, or its accountable senior level executive, an alternative report to ONDCP, consisting of only the table highlighted in Section 6a., omitting all other disclosures. Such a report will be accompanied by statements from the CFO, or accountable senior level executive, and the agency IG attesting that full compliance with this Circular would constitute an unreasonable reporting burden. In those instances, obligations reported under this section will be considered as constituting the statutorily required detailed accounting, unless ONDCP notifies the agency that greater detail is required.

Independent Review of VA's Fiscal Year 2008 Performance Summary Report
To the Office of National Drug Control Policy

Attachment C

10. **Point of Contact and Due Dates.** Each agency CFO, or accountable senior level executive, shall transmit a Detailed Accounting Submission, consisting of the report(s) defined in Sections 6 and 7, along with the IG's authentication(s) defined in Section 8, to the attention of the Associate Director for Performance and Budget, Office of National Drug Control Policy, Washington, DC 20503. Detailed Accounting Submissions, with the accompanying IG authentication(s), are due to ONDCP by February 1 of each year. Agency management must submit reports to their Office of Inspector General (OIG) in sufficient time to allow for review and IG authentication under Section 8 of this Circular. ONDCP recommends a 31 December due date for agencies to provide their respective OIG with the required reports and information.

John P. Walters
Director

Drug Control Accounting

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Report Distribution

VA Distribution

Office of the Secretary
Veterans Health Administration
Office of General Counsel
Chief Patient Care Services Officer, Veterans Health Administration
Chief Quality and Performance Officer, Veteran Health Administration
Chief Research and Development Officer, Veterans Health Administration
Chief Financial Officer, Veterans Health Administration
Deputy Chief Officer, Patient Care Services, Veterans Health Administration
Deputy Chief, Patient Care Services, Officer for Mental Health, Veterans Health Administration
Director, Management Review Service, Veterans Health Administration
Director of Performance Management, Veterans Health Administration

Non-VA Distribution

House Committee on Veterans' Affairs
House Appropriations Subcommittee on Military Construction, Veterans Affairs,
and Related Agencies
House Committee on Oversight and Government Reform
Senate Committee on Veterans' Affairs
Senate Appropriations Subcommittee on Military Construction, Veterans Affairs,
and Related Agencies
Senate Committee on Homeland Security and Governmental Affairs
Government Accountability Office
Office of Management and Budget
Office of National Drug Control Policy

Tab J



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF NATIONAL DRUG CONTROL POLICY
Washington, D.C. 20503

ONDCP Circular: Drug Control Accounting

May 1, 2007

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Annual Accounting and Authentication of Drug Control Funds and Related Performance

1. **Purpose.** This circular provides the policies and procedures to be used by National Drug Control Program agencies in conducting a detailed accounting and authentication of all funds expended on National Drug Control Program activities and the performance measures, targets, and results associated with those activities.
2. **Rescission.** This circular rescinds and replaces the ONDCP Circular, *Annual Accounting of Drug Control Funds*, dated April 18, 2003.
3. **Authority.**
 - a. 21 U.S.C. § 1704(d) provides: “The Director [ONDCP] shall –
 - (A) require the National Drug Control Program agencies to submit to the Director not later than February 1 of each year a detailed accounting of all funds expended by the agencies for National Drug Control Program activities during the previous fiscal year, and require such accounting to be authenticated by the Inspector General of each agency prior to submission to the Director; and
 - (B) submit to Congress not later than April 1 of each year the information submitted to the Director under subparagraph (A).”
 - b. 21 U.S.C. § 1703(d)(7) authorizes the Director of National Drug Control Policy to “... monitor implementation of the National Drug Control Program, including – (A) conducting program and performance audits and evaluations; and (B) requesting assistance of the Inspector General of the relevant agency in such audits and evaluations ...”
4. **Definitions.** As used in this circular, key terms related to the National Drug Control Program and budget are defined in Section 4 of the ONDCP Circular, *Budget Formulation*, dated May 1, 2007. These terms include: *National Drug Control Program*, *National Drug Control Program*

agency, Bureau, Drug Methodology, Drug Control Functions, and Budget Decision Units. Further, Reprogrammings and Fund Control Notices referenced in Section 6 of this circular are defined in Section 6 and Section 8 of the ONDCP Circular, *Budget Execution*, dated May 1, 2007.

5. **Coverage.** The provisions of this circular apply to all National Drug Control Program agencies.

6. **Detailed Accounting Submission.** The Chief Financial Officer (CFO) of each agency, or other accountable senior level executive, shall prepare a Detailed Accounting Submission to the Director, ONDCP. For agencies with no bureaus, this submission shall be a single report, as defined by this section. For agencies with bureaus, the Detailed Accounting Submission shall consist of reports, as defined by this section, from the agency's bureaus. The CFO of each bureau, or accountable senior level executive, shall prepare reports. Each report must include (a) a table highlighting prior year drug control obligations data, and (b) a narrative section making assertions regarding the prior year obligations data. Report elements are further detailed below:

a. **Table of Prior Year Drug Control Obligations** – For the most recently completed fiscal year, each report shall include a table of obligations of drug control budgetary resources appropriated and available during the year being reported.¹ Such table shall present obligations by Drug Control Function and Budget Decision Unit, as these categories are displayed for the agency or bureau in the *National Drug Control Strategy Budget Summary*. Further, this table shall be accompanied by the following disclosures:

(1) **Drug Methodology** – The drug methodology shall be specified in a separate exhibit. For obligations calculated pursuant to a drug methodology, this presentation shall include sufficient detail to explain fully the derivation of all obligations data presented in the table.

(a) **Obligations by Drug Control Function** – All bureaus employ a drug methodology to report obligations by Drug Control Function.

(b) **Obligations by Budget Decision Unit** – For certain multi-mission bureaus – Customs and Border Protection (CBP), Coast Guard, Immigration and Customs Enforcement (ICE), Indian Health Service (IHS), Bureau of Indian Affairs (BIA), and the Veterans Health Administration (VHA) – obligations reported by Budget

¹Consistent with reporting requirements of the ONDCP Circular, *Budget Formulation*, dated May 1, 2007, resources received from the following accounts are excluded from obligation estimates: (1) ONDCP – High Intensity Drug Trafficking Areas (HIDTA) and (2) DOJ – Organized Crime Drug Enforcement Task Force Program. Obligations against these resources shall be excluded from the table required by this section but shall be reported on a consolidated basis by these bureaus. Generally, to prevent double-counting agencies should not report obligations against budget resources received as a reimbursement. An agency that is the source of the budget authority for such reimbursements shall be the reporting entity under this circular.

Decision Unit shall be calculated pursuant to an approved drug methodology. For all other bureaus, drug control obligations reported by Budget Decision Unit shall represent 100 percent of the actual obligations of the bureau for those Budget Decision Units, as they are defined for the National Drug Control Budget. (See Attachment B of the ONDCP Circular, *Budget Formulation*, dated May 1, 2007.)

- (2) **Methodology Modifications** – Consistent with ONDCP’s prior approval, if the drug methodology has been modified from the previous year, then the changes, their purpose, and the quantitative differences in the amount(s) reported using the new method versus the amount(s) that would have been reported under the old method shall be disclosed.²
 - (3) **Material Weaknesses or Other Findings** – Any material weakness or other findings by independent sources, or other known weaknesses, including those identified in the Agency’s Annual Statement of Assurance, which may affect the presentation of prior year drug-related obligations data, shall be highlighted. This may be accomplished by either providing a brief written summary, or by referencing and attaching relevant portions of existing assurance reports. For each material weakness or other finding, corrective actions currently underway or contemplated shall be identified.
 - (4) **Reprogrammings or Transfers** – All prior year reprogrammings or transfers that affected drug-related budgetary resources shall be identified; for each such reprogramming or transfer, the effect on drug-related obligations reported in the table required by this section also shall be identified.
 - (5) **Other Disclosures** – Agencies may make such other disclosures as they feel are necessary to clarify any issues regarding the data reported under this circular.
- b. **Assertions** – At a minimum, each report shall include a narrative section where the following assertions are made regarding the obligation data presented in the table required by Section 6a:
- (1) **Obligations by Budget Decision Unit** – With the exception of the multi-mission bureaus noted in Section 6a(1)(b), reports under this section shall include an assertion that obligations reported by budget decision unit are the actual obligations from the bureau’s accounting system of record for these Budget Decision Units.
 - (2) **Drug Methodology** – An assertion shall be made regarding the reasonableness and accuracy of the drug methodology used to calculate obligations of prior year budgetary resources by function for all bureaus and by budget decision unit for the

²For changes that did not receive prior approval, the agency or bureau shall submit such changes to ONDCP for approval under separate cover.

CBP, Coast Guard, ICE, IHS, BIA, and VHA. The criteria associated with this assertion are as follows:

- (a) **Data** – If workload or other statistical information supports the drug methodology, then the source of these data and the current connection to drug control obligations should be well documented. If these data are periodically collected, then the data used in the drug methodology must be clearly identified and will be the most recently available.
 - (b) **Other Estimation Methods** – If professional judgment or other estimation methods are used as part of the drug methodology, then the association between these assumptions and the drug control obligations being estimated must be thoroughly explained and documented. These assumptions should be subjected to periodic review, in order to confirm their continued validity.
 - (c) **Financial Systems** – Financial systems supporting the drug methodology should yield data that fairly present, in all material respects, aggregate obligations from which drug-related obligation estimates are derived.
- (3) **Application of Drug Methodology** – Each report shall include an assertion that the drug methodology disclosed in this section was the actual methodology used to generate the table required by Section 6a. Calculations must be sufficiently well documented to independently reproduce these data. Calculations should also provide a means to ensure consistency of data between reporting years.
- (4) **Reprogrammings or Transfers** – Further, each report shall include an assertion that the data presented are associated with obligations against a financial plan that, if revised during the fiscal year, properly reflects those changes, including ONDCP's approval of reprogrammings or transfers affecting drug-related resources in excess of \$1 million.
- (5) **Fund Control Notices** – Each report shall also include an assertion that the data presented are associated with obligations against a financial plan that fully complied with all Fund Control Notices issued by the Director under 21 U.S.C. § 1703(f) and Section 8 of the ONDCP Circular, *Budget Execution*.

7. Performance Summary Report. The CFO, or other accountable senior level senior executive, of each agency for which a Detailed Accounting Submission is required, shall provide a Performance Summary Report to the Director of National Drug Control Policy. Each report must include performance-related information for National Drug Control Program activities, and the official is required to make certain assertions regarding that information. The required elements of the report are detailed below.

a. **Performance Reporting-** The agency's Performance Summary Report must include each of the following components:

(1) **Performance Measures** – The report must describe the performance measures used by the agency to assess the National Drug Control Program activities it carried out in the most recently completed fiscal year and provide a clear justification for why those measures are appropriate for the associated National Drug Control Program activities. The performance report must explain how the measures: reflect the purpose of the program; contribute to the National Drug Control Strategy; and are used in the management of the program. The description must include sufficient detail to permit non-experts to understand what is being measured and why it is relevant to those activities.

(2) **Prior Years Performance Targets and Results** – For each performance measure, the report must provide actual performance information for the previous four fiscal years and compare the results of the most recent fiscal year with the projected (target) levels of performance established in the agency's annual performance budget for that year. If any performance target for the most recently completed fiscal year was not met, the report must explain why that target was not met and describe the agency's plans and schedules for meeting future targets. Alternatively, if the agency has concluded it is not possible to achieve the established target with available resources, the report should include recommendations concerning revising or eliminating the target.

(3) **Current Year Performance Targets** – Each report must specify the performance targets established for National Drug Control Program activities in the agency's performance budget for the current fiscal year and describe the methodology used to establish those targets.

(4) **Quality of Performance Data** – The agency must state the procedures used to ensure the performance data described in this report are accurate, complete, and unbiased in presentation and substance.

(b) **Assertions** – Each report shall include a letter in which an accountable agency official makes the following assertions are made regarding the information presented in Section 7a:

(1) **Performance reporting system is appropriate and applied** – The agency has a system to capture performance information accurately and that system was properly applied to generate the performance data.

(2) **Explanations for not meeting performance targets are reasonable** – An assertion shall be made regarding the reasonableness of any explanation offered for failing to meet a performance target and for any recommendations concerning plans and

schedules for meeting future targets or for revising or eliminating performance targets.

- (3) **Methodology to establish performance targets is reasonable and applied** – An assertion that the methodology described above to establish performance targets for the current year is reasonable given past performance and available resources.
- (4) **Adequate performance measures exist for all significant drug control activities** - Each Report shall include an assertion that the agency has established at least one acceptable performance measure for each Drug Control Decision Unit identified in reports required by section 6a(1)(A) for which a significant amount of obligations (\$1,000,000 or 50 percent of the agency drug budget, whichever is less) were incurred in the previous fiscal year. Each performance measure must consider the intended purpose of the National Drug Control Program activity.

The criteria associated with these assertions are as follows:

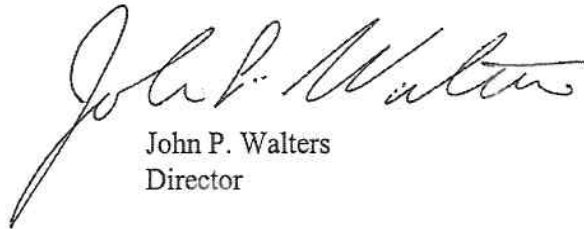
- (a) **Data** – If workload, participant, or other quantitative information supports these assertions, the sources of these data should be well documented. If these data are periodically collected, the data used in the report must be clearly identified and will be the most recently available.
- (b) **Other Estimation Methods** – If professional judgment or other estimation methods are used to make these assertions, the objectivity and strength of these estimation methods must be thoroughly explained and documented. These estimation methods should be subjected to periodic review to confirm their continued validity.
- (c) **Reporting Systems** – Reporting systems supporting the assertions should be current, reliable, and an integral part of the agency's budget and management processes.

8. **Inspector General Authentication.** Each report defined in Sections 6 and 7 shall be provided to the agency's Inspector General (IG) for the purpose of expressing a conclusion about the reliability of each assertion made in the report. ONDCP anticipates that this engagement will be an attestation review, consistent with the *Statements for Standards of Attestation Engagements*, promulgated by the American Institute of Certified Public Accountants.

9. **Unreasonable Burden.** Unless a detailed report, as specified in Section 6, is specifically requested by ONDCP, an agency or bureau included in the National Drug Control Budget with prior year drug-related obligations of less than \$50 million may submit through its CFO, or its accountable senior level executive, an alternative report to ONDCP, consisting of only the table highlighted in Section 6a., omitting all other disclosures. Such a report will be accompanied by statements from the CFO, or accountable senior level executive, and the agency IG attesting that full compliance with this Circular would constitute an unreasonable reporting burden. In those

instances, obligations reported under this section will be considered as constituting the statutorily required detailed accounting, unless ONDCP notifies the agency that greater detail is required.

10. Point of Contact and Due Dates. Each agency CFO, or accountable senior level executive, shall transmit a Detailed Accounting Submission, consisting of the report(s) defined in Sections 6 and 7, along with the IG's authentication(s) defined in Section 8, to the attention of the Associate Director for Performance and Budget, Office of National Drug Control Policy, Washington, DC 20503. Detailed Accounting Submissions, with the accompanying IG authentication(s), are due to ONDCP by February 1 of each year. Agency management must submit reports to their Office of Inspector General (OIG) in sufficient time to allow for review and IG authentication under Section 8 of this Circular. ONDCP recommends a 31 December due date for agencies to provide their respective OIG with the required reports and information.



John P. Walters
Director