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FY 2001 Accounting of Drug Control Funds

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FY 2001 Accounting of Drug Control Funds



United States  
Department of  
Agriculture

Office of the Chief  
Financial Officer

1400 Independence  
Avenue, SW

Washington, DC  
20250

FEB - 6 2002

Mr. David J. Rivait  
Chief, Budget Branch  
Office of National Drug Control Policy  
Executive Office of the President  
Washington, D.C. 20503

Dear Mr. Rivait:

Please find enclosed an alternative report on fiscal year (FY) 2001 drug control activities at the Department of Agriculture, in accordance with the Office of National Drug Control Policy (ONDCP) Circular: Annual Accounting of Drug Control Funds.

Since the individual prior year drug control obligations for the Agricultural Research Service, the Food and Nutrition Service, and the Forest Service of \$4.8 million, \$16.1 million, and \$5.8 million, respectively, combined (\$26.7 million) are less than \$50 million, we concluded that full compliance with the ONDCP circular would constitute an unreasonable reporting burden for the Department.

We were unable to develop a cost versus benefit analysis to support this conclusion due to the absence of prescribed criteria in the ONDCP circular on what would constitute an unreasonable reporting burden. Consequently, we did not provide any information to the Inspector General other than the alternative report and no authentication is forthcoming.

If you have any questions or wish to discuss the alternative report on FY 2001 drug control activities, please call Kevin Close at (202) 720-0990.

Sincerely,

A handwritten signature in black ink that reads "Edward R. McPherson".

Edward R. McPherson  
Chief Financial Officer

Enclosure

## FY 2001 Accounting of Drug Control Funds

### UNITED STATES DEPARTMENT OF AGRICULTURE FY 2001 Drug Control Activities

(Dollars in Thousands)

	Agricultural Research Service	Food/ Nutrition Service	Forest Service	Total USDA
<b>Drug Resources by Goal:</b>				
Goal 1 - Youth Risk Perception .....	0	0	\$125	\$125
Goal 3 - Disseminate Treatment Information .....	0	\$16,093	0	16,093
Goal 5 - Break Foreign/ Domestic Sources .....	\$4,765	0	5,714	10,479
<b>Total, Resources by Goal .....</b>	<b>\$4,765</b>	<b>\$16,093</b>	<b>\$5,839</b>	<b>\$26,697</b>

**Drug Resources by Function:**

Intelligence .....	0	0	\$339	\$339
Investigations .....	0	0	4,595	4,595
Prevention .....	0	\$16,093	125	16,218
Research and Development .....	\$4,765	0	115	4,880
State and Local Assistance .....	0	0	665	665
<b>Total, Resources by Function .....</b>	<b>\$4,765</b>	<b>\$16,093</b>	<b>\$5,839</b>	<b>\$26,697</b>

**Drug Resources by Decision Unit:**

Crop Eradication Research .....	\$1,878	0	0	\$1,878
Alternatives & Narcotic Crop Substitutes .....	1,698	0	0	1,698
Estimation & Detection - Illicit Narcotic Crops .....	500	0	0	500
Narcotic Plant Chemistry .....	320	0	0	320
Herbicide and Soil Residue Research .....	369	0	0	369
Drug Assessment/Referral Activities .....	0	\$16,093	0	16,093
Detection and Monitoring .....	0	0	\$454	454
Law Enforcement Agency Support .....	0	0	5,260	5,260
Demand Reduction .....	0	0	125	125
<b>Total, Resources by Decision Unit .....</b>	<b>\$4,765</b>	<b>\$16,093</b>	<b>\$5,839</b>	<b>\$26,697</b>

**Total USDA Funding by Agency:**

	<u>FY 2001</u>
Agricultural Research Service (Goal 5) .....	\$4,765
Food and Nutrition Service (Goal 3) .....	16,093
Forest Service (Goals 1 and 5) .....	5,839
<b>TOTAL, USDA Drug Control Funding .....</b>	<b>\$26,697</b>



*Corporation for National Service*

## FY 2001 Accounting of Drug Control Funds

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Office of Inspector General  
1201 New York Avenue, NW  
Washington, DC 20525



### MEMORANDUM

DATE: January 22, 2002

TO: Jeff Page  
Budget Officer

FROM: Luise S. Jordan   
Inspector General

SUBJECT: Annual Reporting to the Office of National Drug Control Policy

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This responds to your request on January 18th for the OIG certification letter relating to expenditures of drug control funds. I am forwarding for issuance with the Corporation's submission OIG's statement on reporting under section 7 of the ONDCP's circular, dated December 17, 1999. If you have any questions, please contact Terry Bathen at ext. 446.

Attachment



## FY 2001 Accounting of Drug Control Funds

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Office of Inspector General  
1201 New York Avenue, NW  
Washington, DC 20525



January 22, 2002

Director  
Office of National Drug Control Policy

In compliance with Section 7 of the Office of National Drug Control Policy Circular, "Annual Accounting of Drug Control Funds," the Office of Inspector General for the Corporation for National and Community Service states that, because the Corporation has estimated its fiscal year 2001 expenditures for drug control efforts totaled approximately \$9.4 million, we agree that a full report as required by the Circular would be an unreasonable reporting burden.

A handwritten signature in cursive script, reading "Luise S. Jordan", is positioned above the typed name.

Luise S. Jordan  
Inspector General



# Department of Defense

# FY 2001 Accounting of Drug Control Funds



OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE  
WASHINGTON, D.C. 20301-2500

(SPECIAL OPERATIONS)  
(LOW INTENSITY CONFLICT)

Mr. Robert Eiss  
Director  
Office of Programs, Budget, Research and Evaluations  
Office of National Drug Control Policy  
750 17<sup>th</sup> Street, NW  
Washington, DC 20503

JAN 24 2002

Dear Mr. Eiss:

As the Department of Defense Deputy Assistant Secretary of Defense for Counterterrorism, I assert that the drug methodology used to calculate obligations of FY 2001 budgetary resources is reasonable and accurate. I further assert that the obligation table in TAB A was generated by the methodology as reflected in TAB B. The obligations are associated with a financial plan that properly reflects all changes made during the fiscal year, including ONDCP's approval of reprogrammings or transfers affecting drug-related resources in excess of \$5 million.

Sincerely,

André D. Hollis  
Deputy Assistant Secretary of Defense for  
Counterterrorism

Enclosures:  
As stated

EP  
DODIG

## FY 2001 Accounting of Drug Control Funds

### CENTRAL TRANSFER ACCOUNT

	<u>FY01</u>
Goal 1	28,806
Goal 2	105,818
Goal 3	73,072
Goal 4	336,694
Goal 5	<u>376,259</u>
	<b>920,647</b>

Interdiction	486,940
State and Local Assistance	269,563
Prevention	94,746
Treatment	7,131
Research and Development	50,258
	<b>920,647</b>

### OPTEMPO

Goal 2	6,577
Goal 4	106,495
Goal 5	<u>43,218</u>
	<b>156,290</b>

Interdiction	133,423
State and Local Assistance	<u>22,867</u>
	<b>156,290</b>

### TOTAL COUNTERDRUG FUNDING

	<u>FY01</u>
Goal 1	28,806
Goal 2	112,393
Goal 3	73,072
Goal 4	443,189
Goal 5	<u>419,477</u>
	<b>1,076,937</b>

Interdiction	632,372
State and Local Assistance	292,430
Prevention	94,746
Treatment	7,131
Research and Development	<u>50,258</u>
	<b>1,076,937</b>

### DRUG RESOURCES PERSONNEL SUMMARY

Total FTEs	<u>1355</u>
	<b>1355</b>

## DRUG METHODOLOGY

### Central Transfer Account

The Counterdrug Central Transfer Account (CTA) was established in PBD 678 in November 1989. Under the CTA, funds are appropriated by Congress to a single budget line, not to the Services baselines. The CTA accounts for all counterdrug resources for the Department of Defense with the exception of OPTEMPO and Active Duty MILPERS. Funds are reprogrammed from the CTA to the Services and Defense Agencies in the year of execution. The CTA allows for greater execution flexibility in the counterdrug program with the ability to realign resources to address changes in requirements. The CTA is essential to respond effectively to the dynamic nature of the drug threat.

The Office of National Drug Control Policy (ONDCP) reports within the National Drug Control Strategy the amount of funds appropriated to the counterdrug CTA. The actual obligations for the counterdrug program for a particular fiscal year differ from the amount released to the CTA since some of the DoD counterdrug effort is executed with multi-year funding.

The reprogramming process begins with reprogramming documents (DD1415 and DD1105) prepared by the Office of the Deputy Assistant Secretary of Defense for Counternarcotics and forwarded to DoD Comptroller. Funds are reprogrammed to the applicable appropriation/budget activity at the Service/Defense Agency by project (e.g., Navy's Fleet Support, Ground Based Radars, Counterdrug RDT&E). The internal reprogramming (IR) action requires no congressional notification/approval. Attachment (1) outlines the sequence of events in a normal internal reprogramming process.

The Services/Defense Agencies have their own internal accounting systems for tracking obligations of funds transferred from the counterdrug CTA. The following examples provide the process of how obligations are tracked:

- The Army Budget Office receives obligation data from the Defense Finance and Accounting System (DFAS) on a monthly basis and funds are tracked by the DFAS/Standard Army Financial Information System (STANFINS).
- The Air Force uses the USAF General Accounting & Finance System (GAFS) to track obligations. This system interfaces directly with the DFAS.
- The Navy uses the Standard Accounting and Reporting System, Field Level (STARS-FL) which provides the means of tracking allocated counterdrug funds through the life cycle of the appropriation at the activity/field level. Navy counterdrug funding is recorded under separate cost centers and sub-cost centers, with a line of accounting consisting of subhead, project units and cost codes specifically for counterdrug obligation tracking.
- The Army and Air National Guard employs a central accounting service from the DFAS to consolidate, aggregate, and report on funds as they are committed, obligated, and expended. The Army State and Federal Program Accounting Codes

## FY 2001 Accounting of Drug Control Funds

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and the Air Accounting Codes provide funds tracking mechanisms to reconcile funding at various levels of reporting and execution.

The Services/Defense Agencies provide monthly obligation reports by project code to the Office of the Deputy Assistant Secretary of Defense for Counternarcotics (CN). These individual reports are recorded on a spreadsheet and compiled into a single counterdrug obligation report. The obligation and expenditure data provided by the Services/Defense Agencies are compared against their total annual counterdrug funding for each appropriation. At the end of the year, the Services/Defense Agencies provide an end of year status report which reflects their actual obligation data, not an estimation.

The monthly obligation reports provided by the Services/Defense Agencies include obligation and expenditure data by project code, not down to the goal level. In order to comply with ONDCP's circular and provide obligation data by goal, it was necessary to use percentages based on the amount of funding allocated to each project code by goal.

### OPTEMPO

OPTEMPO includes fuel, aviation fleet and depot level maintenance. CN does not receive any funding for the Services' OPTEMPO. Congress directly appropriates funding for OPTEMPO to the Services/Defense Agencies. Each of the Services/Defense Agencies manages its own OPTEMPO account and reports to CN platform hours and obligations in support of the counterdrug mission. The following activities provide the process of how OPTEMPO obligations are tracked:

- Air Force estimates its OPTEMPO obligations by multiplying counterdrug OPTEMPO flying hours with the average cost per hour. The Reliability Management Information System (REMIS) is the official database for tracking USAF flying hours and each counterdrug mission.
- The Army derives its Flying Hour Program (FHP) OPTEMPO obligations from the major subordinate commands' reports for the previous quarter. These reports reflect flight hours converted into FHP obligation projections based on the most current FHP rates as determined by the Cost Economic Analysis Center (CEAC).
- The Navy derives OPTEMPO obligations in a manner similar to the Air Force by multiplying counterdrug OPTEMPO flying hours with the average cost per hour. The Navy uses STARS-FL as the accounting system to track OPTEMPO obligations.
- The Air National Guard OPTEMPO obligations are tracked using the REMIS system and the Consolidated Maintenance system for flying hours. The Army National Guard OPTEMPO obligations are tracked on the ARNG's 218 report using DFAS data.
- U.S. Special Operations Command derives OPTEMPO obligations for aircraft support by multiplying number of hours with the cost factor. USSOCOM derives OPTEMPO obligations for patrol coastals by estimating the number of steaming days for continuous presence and the actual number of days for each mission.

# FY 2001 Accounting of Drug Control Funds



INSPECTOR GENERAL  
DEPARTMENT OF DEFENSE  
400 ARMY NAVY DRIVE  
ARLINGTON, VIRGINIA 22202

January 31, 2002

## MEMORANDUM FOR DEPUTY ASSISTANT SECRETARY OF DEFENSE (COUNTERNARCOTICS)

SUBJECT: Independent Attestation Review of the January 24, 2002, DoD FY 2001  
Drug Control Obligations Report

We are providing this memorandum in response to Public Law 105-277, "The Office of National Drug Control Policy Reauthorization Act." The law requires the Office of the Inspector General to authenticate the DoD accounting of funds expended on the National Drug Control Program before submission of such accounting to the Director, Office of National Drug Control Policy. The Office of National Drug Control Policy (ONDCP) Circular, "Annual Accounting of Drug Control Funds," December 17, 1999, provides the policies and procedures to be used for reporting and authenticating all funds obligated by DoD on National Drug Control Program activities.

In accordance with the ONDCP Circular, the Office of the Inspector General was to review the DoD FY 2001 Drug Control Obligations Report (the FY 2001 Report) and related management assertions on drug control methodology, application methodology, and financial planning and attest to the reliability of the report. Our attestation review was conducted in accordance with the standards established by the American Institute of Certified Public Accountants.


The scope of the FY 2001 attestation review was limited. We relied on our previous audit work, performed during the FY 2000 review, regarding the methodologies used to develop the Table of Obligations (Tab A) and performed limited followup work to determine whether those methodologies had been changed. We did not perform a review of the OPTEMPO obligations as shown in Tab A because OPTEMPO funds are allocated directly to the Military Departments and not through the DoD Central Transfer Account. However, we can attest that the methodologies used to develop the Table of Obligations, as described in Tab B, do appear reasonable based on previous audit work performed during the FY 2000 attestation.

The FY 2001 Report did not include information regarding the percentage of the total DoD budget used on counterdrug programs and did not include a table of management assertions. However, these portions of the report are applicable to those Federal agencies that account for the counterdrug budget as a percentage or an estimate of the total agency budget. DoD manages its counterdrug budget through the Central Transfer Account and does not use percentages or estimates in developing budget requests or in reporting obligations. The DoD counterdrug budget is approved annually

for specific programs, and resources applied to those programs and tracked through the Central Transfer Account. The FY 2001 Report was not completed in accordance with the ONDCP Circular with regard to listing all accounting systems used and the material management control weaknesses of the accounting systems.

Because of the restrictions on the scope of our attestation review discussed in a previous paragraph and because the FY 2001 Report was manually prepared from data submitted by the Military Departments and other DoD agencies and not directly from official DoD accounting systems, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the Table of Obligations at Tab A in the FY 2001 Report. However, nothing came to our attention during our review that caused us to believe that the obligations reported were used for purposes other than the National Drug Control Program. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you. This report is intended solely for the information and use of the Deputy Assistant Secretary of Defense (Counternarcotics) and the Office of National Drug Control Policy and is not intended to be, and should not be, used by anyone other than these specified parties.

We appreciate the courtesies extended to the review staff. Questions on the review should be directed to Mr. Albert L. Putnam at (703) 604-8779 (aputnam@dodig.osd.mil) or Mr. Bernard M. Baranovsky at (703) 604-8783 (bbaranovsky@dodig.osd.mil).



Thomas F. Gimble  
Acting

Deputy Assistant Inspector General  
for Auditing

Attachment

cc: Director, Office of Programs, Budget, Research and Evaluations, ONDCP





THE  
U.S. Department of  
**EDUCATION**

# FY 2001 Accounting of Drug Control Funds



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF THE DEPUTY SECRETARY

JAN 31 2002


Mr. John P. Walters  
Director  
Office of National Drug Control Policy  
Executive Office of the President  
Washington, D.C. 20500

Dear Mr. Walters:

In accordance with Section 1704(d) of Title 21 United States Code, enclosed please find a detailed accounting of all fiscal year 2001 Department of Education drug control funds, along with the Department of Education Inspector General's authentication of this accounting, consistent with the instructions in ONDCP Circular *Annual Accounting of Drug Control Funds* dated December 17, 1999.

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

Sincerely,

  
Thomas P. Skelly  
Director, Budget Service

Enclosure # 1: *Department of Education Detailed Accounting of Fiscal Year 2001 Drug Control Funds*, dated January 28, 2002

Enclosure # 2: Authentication letter from Inspector General Lorraine Lewis, dated January 30, 2002

cc: Lorraine Lewis

400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202-4500  
www.ed.gov

Enclosure 2 is an unclassified document and contains neither recommendations nor conclusions of the Inspector General.



UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF INSPECTOR GENERAL

THE INSPECTOR GENERAL

ACN 503-C0002

Office of Inspector General's Independent Report on the U.S. Department of Education's Detailed Accounting of Fiscal Year 2001 Drug Control Funds, dated January 28, 2002.

We have reviewed the accompanying Accounting, titled *U.S. Department of Education's Detailed Accounting of Fiscal Year 2001 Drug Control Funds* and dated January 28, 2002 (the Accounting), and management's assertions contained therein. The Accounting and the assertions contained therein are the responsibility of the U.S. Department of Education's management.

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 the Accounting and the assertions contained therein. Accordingly, we do not express such an opinion.

We performed review procedures on the "Resource Summary," "Disclosures" and "Assertions" contained in the accompanying Accounting. We did not review the "Program Descriptions" contained in the accompanying Accounting. In general, our review procedures were limited to inquiries and analytical procedures appropriate for our review engagement.

As we had noted in our fiscal year 2000 report, the U.S. Department of Education (the Department) relies upon estimates and assumptions to arrive at obligations of drug control funds. In the current Accounting's "Other Disclosures" (page 5), the Department states, "The budgetary resources in this report include 100 percent of obligations for the SDFSC [Safe and Drug-Free Schools and Communities] State Grants program and nearly all of the budgetary resources for the SDFSC National Programs. SDFSC supports drug prevention activities as well as violence prevention and school safety activities. With the exception of \$13.9 million in fiscal year 2001 SDFSC National Programs funds, the Department does not currently have data or any other means by which to identify or estimate the amount of funds under SDFSC State Grants or National Programs that support drug prevention exclusive of the funds that support violence prevention and school safety with no drug-control-related nexus."

400 MARYLAND AVE., N.W. WASHINGTON, D.C. 20202-6540

Our mission is to ensure equitability in education and to promote educational excellence throughout the nation.



## FY 2001 Accounting of Drug Control Funds

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Office of Inspector General's Independent Report on the U.S. Department of  
Education's Detailed Accounting of Fiscal Year 2001 Drug Control Funds

Page 2

Based on our review, nothing came to our attention that caused us to believe that the accompanying Accounting, and management's assertions contained therein, are not fairly stated in all material respects based on the Office of National Drug Control Policy Circular, *Annual Accounting of Drug Control Funds*, dated December 17, 1999.

This report is intended solely for the information and use of the Office of National Drug Control Policy and U.S. Department of Education, and is not intended to be and should not be used by anyone other than these specified parties.

  
for Lorraine Lewis

January 30, 2002

# DEPARTMENT OF EDUCATION



## DETAILED ACCOUNTING OF FISCAL YEAR 2001 DRUG CONTROL FUNDS

IN SUPPORT OF THE  
*NATIONAL DRUG CONTROL STRATEGY*

AS REQUIRED BY SECTION 1704(D) OF  
TITLE 21 UNITED STATES CODE

JANUARY 28, 2002

DEPARTMENT OF EDUCATION  
DETAILED ACCOUNTING OF FISCAL YEAR 2001 DRUG CONTROL FUNDS

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# FY 2001 Accounting of Drug Control Funds



## UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE DEPUTY SECRETARY

JAN 28 2002


Ms. Lorraine Lewis  
Inspector General  
Department of Education  
400 Maryland Avenue, S.W.  
Washington, DC 20202-1510

Dear Ms. Lewis:

As required by Section 1704(d) of Title 21 United States Code, enclosed please find a detailed accounting of all fiscal year 2001 Department of Education drug control funds for your authentication, in accordance with the guidelines in Office of National Drug Control Policy (ONDCP) Circular *Annual Accounting of Drug Control Funds*, dated December 17, 1999.

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 accounting of funds. As you know, ONDCP requests these documents by February 1, 2002, if possible. Please do not hesitate to contact me if you have any questions about the enclosed information.

Sincerely,

  
Thomas P. Skelly  
Director, Budget Service

400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202-1510  
www.ed.gov

1  
This document is to remain confidential and is to be disseminated only to persons in official positions throughout the Nation.

## FY 2001 Accounting of Drug Control Funds

### RESOURCE SUMMARY

	Fiscal Year 2001 Obligations (In \$ millions)
<b>Drug Resources by Goal</b>	
Goal 1	\$631.719
Total	631.719
<b>Drug Resources by Function</b>	
Prevention	631.719
Total	631.719
<b>Drug Resources by Decision Unit</b>	
Office of Elementary and Secondary Education	
Safe and Drug-Free Schools and Communities	
-SDFSC State Grants	436,878 <sup>1</sup>
-SDFSC National Programs	190,856
Subtotal, OESE	627,734
Program Administration	3,985
Total	631.719

<sup>1</sup> Includes \$0.505 million in deobligations (recovery) of funds that were originally obligated in fiscal year 2000. Of this amount, \$0.212 million was reobligated in October 2001 of fiscal year 2002; the remaining \$0.303 million is pending reobligation in fiscal year 2002.

### PROGRAM DESCRIPTIONS

The programs funded under the Safe and Drug-Free Schools and Communities (SDFSC) Act comprise the only Department of Education programs included in the national drug control budget. The SDFSC program is administered by the Department's Office of Elementary and Secondary Education (OESE) and provides funding for research-based approaches to drug and violence prevention that support the *National Drug Control Strategy*. Safe and Drug-Free Schools and Communities is the Federal Government's largest drug prevention program, and the only Federal program that provides direct support to schools for efforts designed to prevent school violence.

The SDFSC Act was recently reauthorized as part of the No Child Left Behind Act education reform bill (H.R. 1) that President Bush signed into law on January 8, 2002. While there are some changes to the SDFSC program under the new law, the changes take effect beginning with the obligation of fiscal year 2002 funds, and do not affect the fiscal year 2001 obligations of funds under the program. Therefore the program descriptions, disclosures, and assertions in this report are based on the program as the SDFSC Act was in effect during fiscal year 2001.

Under the SDFSC Act, funds are appropriated directly for State Grants and for National Programs. Under the SDFSC Act as it was in effect during fiscal year 2001, State Grant funds were allocated to States and Territories, half on the basis of school-aged population and half on the basis of State shares of Federal "Education for the Disadvantaged" funding for the previous year under Title I of the Elementary and Secondary Education Act. Governors received 20 percent, and State educational agencies (SEAs) 80 percent, of each State's allocation. SEAs were required to subgrant at least 91 percent of their allocations to local educational



agencies (LEAs); these subgrants were based on enrollment (70 percent) and high need (30 percent). SEAs determined the criteria for selecting high-need LEAs and were required to target their high-need funds on no more than 10 percent or 5 of their LEAs, whichever was greater.

Drug and violence prevention activities authorized under the statute included developing instructional materials, counseling services, professional development programs for school personnel, students, law enforcement officials, judicial officials, or community leaders; implementing conflict resolution, peer mediation, and mentoring programs; implementing character education programs and community service projects; establishing safe zones of passage; and acquiring and installing metal detectors and hiring security personnel. No more than 20 percent of an LEA's grant award was permitted to be used to support safe zones of passage, security personnel, and the purchase or operation of metal detectors. Activities most frequently funded by LEAs included staff training; student instruction; curriculum development/acquisition; and student assistance programs, including counseling, mentoring, and identification and referral services. At least 10 percent of each Governor's grant award was required to be used to fund law enforcement education partnerships that implement prevention activities such as drug-abuse resistance education (DARE) programming.

SDFSC National Programs is a broad discretionary authority that permits the Secretary to carry out, in accordance with national needs, programs designed to promote drug-free, safe, and orderly learning environments for students at all educational levels, from preschool through the postsecondary level. In fiscal year 2001 these programs included, for example, supporting local educational agencies and communities in developing and implementing comprehensive programs to create safe, disciplined, and drug-free learning environments and promote healthy childhood development; recruiting, hiring, and training program coordinators to assist school districts in implementing high-quality, effective, research-based drug and violence prevention programs; demonstration projects; developing and disseminating drug and violence prevention and education materials and information; programs for students who have been suspended or expelled from their regular education program, and services and activities to reduce the need for suspension and expulsion in maintaining classroom order and discipline; financial and technical assistance to institutions of higher education for model drug prevention and campus safety programs for students attending such institutions; and evaluations of the effectiveness of drug and violence prevention programs. These programs are often carried out jointly with other Federal agencies.

### DISCLOSURES

#### Drug Methodology

##### Program Funds

For purposes of scoring the Department's drug control budget, this accounting submission includes 100 percent of Safe and Drug-Free Schools and Communities State Grants and all but \$12.9 million of SDFSC National Programs funds obligated in fiscal year 2001. This estimation is based on the following assumptions and facts: (1) a variety of violence prevention activities funded under the SDFSC Act can significantly support drug prevention; (2) most SDFSC funds support activities that jointly address drug prevention and violence prevention, or for which grantees have the flexibility to allocate their resources between drug prevention and violence prevention; and (3) the Department cannot identify the amount of all SDFSC funds that support

drug prevention, exclusive of the funds that support school safety and violence prevention efforts that reasonably have no drug control-related nexus. The \$13.9 million in National Programs funds that are excluded from the Department's drug control budget represent those obligations for specific SDFSC activities the Department can identify that exclusively support school safety and violence prevention efforts and that reasonably have no drug control-related nexus.

### Program Administration Funds

The Department's drug control budget also includes an estimate of the program administration costs associated with the staff who administer the Safe and Drug-Free Schools and Communities program. These staff administer grant competitions; compete contracts; monitor existing grants and contracts; disseminate anti-drug materials; provide technical assistance to States, school districts, and other recipients of drug control funds; implement joint agreements with other Federal agencies for improved coordination in demand reduction activities; coordinate the Department's program evaluations and data collections; perform program and budget analysis; and provide legal counsel on the implementation of these programs.

The Department estimates that 32 full-time-equivalent (FTE) staff perform the above administrative functions for the SDFSC program under Goal 1 of the *National Drug Control Strategy*. This is based on 30 FTE staff assigned directly to the Safe and Drug-Free Schools program (organizational code ESN) in the Office of Elementary and Secondary Education (OESE), plus 2 additional FTE staff throughout the Department who also provide administrative support for these programs. The 2001 obligations of program administration costs corresponding to these 32 FTE are estimated to be \$3,985,000. This estimate is based on the following methodology:

- Pay for Safe and Drug-Free Staff/FTE (\$2,504,000). Derived from actual FY 2001 obligations in the Department's accounting system showing personnel compensation and benefits costs for organization ESN including overtime and awards.
- Pay for Other FTE (\$175,000). Derived from calculations using FY 2001 average salary for the OESE, excluding the costs for Safe and Drug-Free FTE, multiplied by the FTE associated with portions of staff time (FTE) of a number of other OESE and Department staff.
- Non-pay for Safe and Drug-Free Staff/FTE (\$25,000). Derived from actual FY 2001 obligations in the Department's accounting system for travel, contracts, and supplies.
- Non-pay for Other FTE (\$30,000). Derived from calculations using OESE total non-pay minus Safe and Drug-Free non-pay, divided by number of FTE (excluding Safe and Drug-Free FTE) for a "per FTE" cost, multiplied by other OESE and Department FTE.
- Non-pay for Department Overhead Costs (\$1,251,000). Derived from calculations combining all Department overhead costs for rent, phones, ADP equipment, network operations, etc. in the Program Administration account divided by the FTE usage attributable to the Program Administration account for a "per FTE" cost for overhead expenses, multiplied by total OESE Safe and Drug-Free and other FTE.

Note: Under the Drug Resources by Goal and Drug Resources by function break-out in the resource summary on page 1 of this report, all program administration costs identified above are combined with the obligations of Safe and Drug-Free Schools and Communities program funds to calculate the total Goal 1 dollars and total prevention dollars.

### **Methodological Modifications**

The Department has not made any modifications since fiscal year 2000 in the methodology used for estimating its drug control budgetary resources.

### **Material Weaknesses or Other Findings**

The Department does not have any material weaknesses to disclose that affect the presentation of fiscal year 2001 drug-related obligations in this report. All other known weaknesses that affect the presentation of drug-related obligations in this report are explained in the drug methodology description above, and in the disclosures below.

### **Reprogrammings or Transfers**

There were no reprogrammings or transfers of drug-related budgetary resources in the Department of Education in fiscal year 2001.

### **Other Disclosures**

The Department acknowledges that the methodology described above is imprecise for identifying fiscal year 2001 obligations of drug control funds, because the methodology is based in part on estimates and assumptions. While it is based on management's best estimates and assumptions, actual obligations and expenditures may differ. Most significant among these estimates and assumptions are the following:

- The budgetary resources in this report include 100 percent of obligations for the SDFSC State Grants program and nearly all of the budgetary resources for the SDFSC National Programs. SDFSC supports drug prevention activities as well as violence prevention and school safety activities. With the exception of \$13.9 million in fiscal year 2001 SDFSC National Programs funds, the Department does not currently have data or any other means by which to identify or estimate the amount of funds under SDFSC State Grants or National Programs that support drug prevention exclusive of the funds that support violence prevention and school safety with no drug-control-related nexus. To collect such data would be prohibitively expensive for the Department and impose significant new burdens on program grantees. Furthermore, collecting such data would require the Department and, in turn, SDFSC grantees, to make many arbitrary judgments about whether or not the many varied activities funded constitute drug prevention or are at least significantly drug-related. Consequently the data, if collected, would be of questionable quality, and the expense and burden to collect the data could not be justified.
- It should also be noted that a small portion of the Safe and Drug-Free Schools and Communities funds included in the resource summary of this report (approximately \$7 million, or 1.1 percent of total fiscal year 2001 SDFSC reported drug control obligations) supports alcohol and other drug prevention programs for students enrolled in institutions of higher education. For college students served by such programs who are

21 years of age or older, alcohol is a legal drug and the alcohol prevention component of the program falls outside the scope of the *National Drug Control Strategy*. However, the Department does not have data or any other means by which to estimate for exclusion from the Department's drug control obligations the amount of funds under these programs that support alcohol prevention for legal age students.

- The estimates of program administration costs associated with the staff who administer the Department's drug control programs are based – in part – on average administrative costs per full-time-equivalent (FTE) staff, rather than based entirely on the administrative costs of individual staff who are assigned to those programs. The reasons for this are: (1) not all of the staff assigned to these programs are assigned to them on a full-time basis, and the FTE figures are themselves partly estimated by management based on workload; and (2) the Department's accounting system does not track obligations for individual staff time devoted to specific activities or functions.

## ASSERTIONS

### Drug Methodology

The methodology used to calculate the fiscal year 2001 obligations of drug control funds presented in this report is reasonably accurate, based on the following ONDCP criteria:

#### Data

Workload and other statistical information supports the drug methodology. These data are clearly identified and the most recently available, and the source of those data and their current connection to drug control obligations are well documented.

#### Other Estimation Methods

Where professional judgement or other estimation methods are used as part of the drug methodology, the association between these assumptions and the drug control obligations being estimated is thoroughly explained and documented.

#### Completeness

All activities conducted by the Department that have a drug control-related nexus are reflected in the methodology. (While the Department conducts programs that are not reflected in the methodology and that may have an indirect or potential impact on preventing drug use by youth, all programs conducted by the Department whose primary purpose is to control drugs have been included. Funding for programs not reflected in the methodology that may have a possible impact on drug control would not be a substantial function of the programs, and difficult, if not impossible, to ascertain.)

#### Financial Systems

Financial systems supporting the drug methodology yield data that fairly present, in all material respects, aggregate obligations from which the drug-related obligation estimates are derived.

## Application of Methodology

The methodology disclosed in the narrative of this report was, indeed, the actual methodology used to generate the fiscal year 2001 obligations of drug control funds presented in the resource summary table on page 2.

## Financial Plan – Including Reprogrammings or Transfers

There were no reprogrammings or transfers of Department of Education drug control funds in fiscal year 2001; therefore, the required assertion that the data presented in this report properly reflect changes in drug control budgetary resources resulting from reprogrammings or transfers of funds is not applicable.



# FY 2001 Accounting of Drug Control Funds




DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

SEP 26 2002

**TO:** Madeline Mocko  
Director  
Office of Legislative Affairs and Budget  
Administration for Children and Families

**FROM:** Dennis J. Duquette   
Deputy Inspector General  
for Audit Services

**SUBJECT:** Office of Inspector General's Report on the Administration for Children and Families' Assertions Concerning Annual Accounting of Drug Control Funds, dated May 3, 2002 (CIN: A-03-02-00374)

The purpose of this report is to provide you the results of our attestation review of the Administration for Children and Families' (ACF) report regarding its Fiscal Year (FY) 2001 drug control funds. Our attestation 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 the assertions of management contained in its report; accordingly, we do not express such an opinion. We reviewed the attached report entitled, *Administration for Children and Families' Assertions Concerning Annual Accounting of Drug Control Funds*, dated May 3, 2002. This report is the responsibility of ACF's management and was prepared by ACF under the authority of 21 U.S.C. Section 1704(d) and as required by the *Office of National Drug Control Policy (ONDCP) Circular: Annual Accounting of Drug Control Funds*, dated December 17, 1999.

## ACF'S REPORT

On May 3, 2002, ACF submitted its report, including information on FY 2001 drug control obligations totaling approximately \$83 million, to the Office of the Assistant Secretary for Budget, Technology and Finance (OASBTF). The OASBTF forwarded this report by e-mail to the Office of Inspector General (OIG) on May 14, 2002. We performed review procedures on this report that were limited to inquiries and analytical procedures appropriate to an attestation review. We noted that ACF:

- used professional judgment to estimate resources obligated for drug control in both the Abandoned Infants Assistance and Head Start programs, with no documented support so that the data could be independently reproduced; and

## FY 2001 Accounting of Drug Control Funds

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Page 2 – Madeline Mocher

- used percentages from several years ago to estimate the FY 2001 obligations for the Community-Based Family Resource Centers and the Runaway and Homeless Youth programs without updating the percentages or confirming their continued validity, in accordance with the ONDCP Circular.

The ACF should have thoroughly explained and documented the derivation of the information in its report since it relied on professional judgment and dated percentages.

### **IG'S CONCLUSION**

Except for the items discussed above, nothing came to our attention that caused us to believe that management's assertions are not fairly stated, in all material respects.

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

Attachment

cc: George Strader  
Deputy Chief Financial Officer  
Department of Health and Human Services



# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF HEALTH & HUMAN SERVICES

ADMINISTRATION FOR CHILDREN AND FAMILIES  
370 L Entom Promenade, S.W.  
Washington, D.C. 20447

DATE: MAY - 3 2002

TO: Director, Office of Programs, Budget, Research and Evaluation  
Office of National Drug Control Policy

THROUGH: George Strader  
Deputy Chief Financial Officer  
Department of Health and Human Services

FROM: Madeline Macko, Director   
Office of Legislative Affairs and Budget  
Administration for Children and Families

SUBJECT: Assertions Concerning Annual Accounting of Drug Control Funds

In accordance with the requirements of the Office of National Drug Control Policy Circular "Annual Accounting of Drug Control Funds," the Administration for Children and Families (ACF) is submitting the attached table (Tab A) highlighting our prior-year drug control obligations data. Also, appropriate disclosures and assertions regarding that data are included as follows:

## Drug Methodology

### Disclosures:

On June 18, 2001, ACF requested a change in drug methodology. This request was a result of finding reported in the Inspector General's report concerning ACF's FY 2000 Annual Accounting of Drug Control Funds. In the report, the Inspector General indicated that the methodologies used for estimating obligations under the Abandoned Infants Assistance (AIA) program and the Head Start program needed to be revised to reflect a more realistic estimate of drug control activities. ONDCP approved the proposed methodology change for the AIA and Head Start programs on August 28, 2001.

Obligations of prior-year drug control budgetary resources are calculated as follows:

ACF programs are not targeted specifically on drug use and abuse, drug prevention, or drug treatment. Such activities are a part of several comprehensive service programs, however using professional judgment we estimated the resources obligated to ACF programs for drug control purposes. We neither estimate funds for drug control purposes in our programs nor do we require our grantees to expend a certain minimum of grant funds for drug control purposes.

## FY 2001 Accounting of Drug Control Funds

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Page 2

However, our grantees serve populations that have drug abuse treatment needs. In certain circumstances, our grantees may use Federal grant funds to provide social services, counseling services, or non-medical drug abuse treatment services to drug abusers who are otherwise eligible for the services of a particular program. We do not collect any statistical data on the amounts that our grantees spend on drug abuse treatment services, nor do we collect data on the numbers of individuals served. Therefore, our estimates had to be based on a general knowledge of the prevalence of drug abuse problems in the populations we serve and on a knowledge of the nature of the specific services that our grantees may offer to children and families. Our use of financial systems to develop the accounting was limited to verification of the overall prior-year obligations in these programs. As mentioned above, our financial system does not contain any data about what portion of the grant funds awarded to a grantee were actually used for drug abuse prevention/treatment.

Actual FY 2001 obligations were obtained from the accounting system. However, the percentages used to calculate specific drug control obligations were based on the professional judgment of program officials and ONDCP consultants in response to ONDCP's initial request for drug control information several years ago.

The Catalog of Federal Domestic Assistance (CFDA) was used to review the stated objective of each ACE program to determine whether such program funds could be used for drug control purposes. If such a determination appeared to be reasonable, the established percentage was applied to total program obligations to arrive at FY 2001 "drug control" obligations. The programs are discussed below:

- **Abandoned Infants Program:** CFDA objective: "To prevent the abandonment of infants and young children including the provision of services; to identify and address their needs, especially those who have been infected with the human immunodeficiency virus (HIV) or who have been perinatally exposed to the virus or a dangerous drug." Drug Control Percentage: New Methodology: 52 percent
- **Community-Based Family Resource Centers:** CFDA objective: "To assist States to develop and implement, or expand and enhance, a comprehensive, statewide system of community-based family resource and support programs." Drug Control Percentage: Existing Methodology: 20 percent
- **Head Start Program:** CFDA objective: "To provide comprehensive health, educational, nutritional, social and other services primarily to economically disadvantaged preschool children, including Indian children in federally-recognized reservations, and children of migratory workers and their families, and to involve parents in activities with their children so that the children will attain overall social competence." Drug Control Percentage: New Methodology: 1 percent of the portion of the Head Start appropriation related to salaries and benefits for local grantee staff (approximately 60 per cent of the appropriation)

## FY 2001 Accounting of Drug Control Funds

Page 3

- Runaway and Homeless Youth Program: has three major CFDA objectives:
  - Basic Centers: "provide services dealing with the immediate needs (temporary shelter, food, clothing, counseling, and related services) of runaway and homeless youth and their families, in a manner which is outside the law enforcement system, the child welfare system, the mental health system, and the juvenile justice system"
  - Transitional Living for Homeless Youth: "provide resources to assist older homeless youth (age 16-21) in making a successful transition toward a productive adulthood and self-sufficiency"
  - Education and Prevention Grants to Reduce Sexual Abuse of Runaway and Homeless Youth: "provide education and prevention services to runaway, homeless and street youth that have been subjected to or at risk of sexual exploitation or abuse."

Drug Control Percentage: Existing Methodology: 20 percent

I assert that this methodology produced reasonable, accurate and complete estimates of the obligations of drug control resources for my organization. Financial systems used to develop the accounting report fairly present, in all material aspects, aggregate obligations from which drug-related obligation estimates are derived. Assumptions and estimation methods are subject to periodic review.

### Application of Methodology

I assert that the process described above and the percentages previously established and applied to prior-year drug control obligations data reporting were the same percentages used to calculate the amounts reflected in the attached accounting report except for the AIA and Head Start programs where ONDCP approved the revised percentages.

### Financial Plan

I assert that the obligation data presented in this accounting report are associated with a financial plan that properly reflects any changes that occurred during the fiscal year. There were no reprogrammings or transfers in excess of \$5 million that affected drug-related resources during the fiscal year.

If you have any questions or comments regarding this submission, please contact Yvonne Bing of my staff at (202) 401-5725.

Attachments:

# FY 2001 Accounting of Drug Control Funds

TAB-A

## ADMINISTRATION FOR CHILDREN AND FAMILIES

### I. RESOURCE SUMMARY

(Budget Authority in Millions)

	FY 2001 <u>Enacted</u>	FY 2002 <u>Enacted</u>	FY 2003 <u>Request</u>
<b>Drug Resources by Goal</b>			
Goal 1 - Educate and enable America's Youth to reject illegal drugs as well as alcohol and tobacco.	\$66,417	\$72,921	\$73,966
Goal 2 - Reduce health and social cost to the public of illegal drug use.	<u>16,556</u>	<u>16,689</u>	<u>16,691</u>
Total	\$82,973	\$89,610	\$90,657
<b>Drug Resources by Function</b>			
Prevention	66,417	72,921	73,966
Treatment	<u>16,556</u>	<u>16,689</u>	<u>16,691</u>
Total	\$82,973	\$89,610	\$90,657
<b>Drug Resources by Decision Unit</b>			
Abandoned Infants Program	9,989	10,006	10,008
Community-Based Resource Centers	6,567	6,683	6,683
Head Start Program	49,595	52,301	53,340
Runaway and Homeless Youth Programs	<u>16,824</u>	<u>20,620</u>	<u>20,626</u>
Total	\$82,977	\$89,610	\$90,657
<b>Drug Resources Personnel Summary</b>			
Total FTEs (direct only)	1.0	1.0	1.0
<b>Information</b>			
Total Agency Budget	\$43,240.9	\$44,786.4	\$46,966.3
Drug Percentage	0.2%	0.2%	0.2%

## FY 2001 Accounting of Drug Control Funds

### II. METHODOLOGY

Administration for Children and Families (ACF) programs are not targeted specifically on drug use and abuse, drug prevention, or drug treatment. Such activities, however, are a part of several comprehensive service programs. The amount counted as drug-related is determined as follows:

Program	Methodology
Abandoned Infants Program	82 percent of the total appropriation
Community-Based Family Resource Centers	20 percent of the total appropriation
Runaway and Homeless Youth Programs	20 percent of the total appropriation
Head Start Program	One percent of the portion of the Head Start appropriation related to salaries and benefits for local HS grantee staff (approximately 80 percent of the total).

### III. PROGRAM SUMMARY

ACF is responsible for programs that promote the economic and social well being of families, children, individuals, and communities. Drug use and abuse are barriers to ACF performance measurement goals of providing healthy development, safety, and well being of children and youth. ACF's overall strategy is to combat drug use and abuse by focusing efforts on hard-to-reach and at-risk populations in the context of the broad, comprehensive service programs. Our target populations are:

#### Youth

Adolescent populations, such as runaway and homeless youth and school-age children and youth in areas of significant poverty, juvenile delinquency, and crime.

#### Families and Children

Families and children in crisis, often due to child abuse and neglect associated with substance abuse, is an ACF priority. Abandoned infants of substance abusing or HIV/AIDS infected parents; and parents and children provided assistance under the Head Start program (which can include drug abuse prevention and treatment referrals), are all ACF priorities.

The Head Start program and the Runaway and Homeless Youth programs include prevention activities. The AIA program and the CFRS program include treatment activities.

## FY 2001 Accounting of Drug Control Funds

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### IV. BUDGET SUMMARY

#### 2002 Program

The FY 2002 appropriation contains an estimated \$72.9 million for prevention activities and an estimated \$16.7 million for treatment activities.

#### 2003 Request

The total drug control request for prevention activities for FY 2003 is \$74.0 million, a net increase of \$1 million over FY 2002. The FY 2003 request maintains existing Head Start services and enrollment levels, with additional funding to primarily offset inflationary increases and maintain competitive salaries for teachers. The total drug control request for treatment activities for FY 2003 is \$16.7 million, the same as the FY 2002 base.

### V. PROGRAM ACCOMPLISHMENTS

- AIA projects have found that initiating or maintaining substance abuse treatment was perhaps the most important indicator for gaining custody of one's child. For example, the Coordinated Intervention for Women and Children program at the Yale Child Study Center in New Haven, Connecticut found that those parents who participated in substance abuse treatment within the first six months were approximately twice as likely to have their children in their own care at termination (75% vs. 36%), one-third as likely to have their child placed in foster care (11% vs. 32%) and twice likely to have their child returned to them from foster care.
- In FY 2001, eighteen Head Start agencies throughout the country were selected to participate in the "Free to Grow" national demonstration program. This program, funded by the Robert Wood Johnson Foundation, is designed to develop and implement research-based substance abuse prevention models that will strengthen both the families and the communities of Head Start children. The participating Head Start programs will develop and implement approaches designed to reduce Head Start children's vulnerability to substance abuse and other high risk behaviors as these children grow older. Participating programs will be required to establish partnerships with local community agencies, including schools, law enforcement, substance abuse and prevention programs, prevention coalitions, municipal officials and others. Each program will be funded for approximately \$200,000 over a four-year period.

# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

SEP 30 2002

**TO:** John C. Tibbe  
Chief, Budget Branch  
Centers for Disease Control and Prevention

**FROM:** Dennis J. Duquette *Duquette*  
Deputy Inspector General  
for Audit Services

**SUBJECT:** Office of Inspector General's Report on the Centers for Disease Control and Prevention's Assertions Concerning Annual Accounting of Drug Control Funds (CIN: A-03-02-00379)

The purpose of this report is to provide you the results of our review of the Centers for Disease Control and Prevention's (CDC) report regarding its Fiscal Year (FY) 2001 drug control funds. 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 the assertions of management contained in its report; accordingly, we do not express such an opinion. We reviewed the attached report entitled, *Centers for Disease Control and Prevention's Assertions Concerning Annual Accounting of Drug Control Funds*, (undated). This report is the responsibility of CDC's management and was prepared by CDC under the authority of 21 U.S.C. Section 1704(d) and as required by the *Office of National Drug Control Policy (ONDCP) Circular: Annual Accounting of Drug Control Funds*, dated December 17, 1999.

## CDC'S REPORT

On May 23, 2002, CDC submitted its "Annual Accounting Report," including information on its prior year drug control obligations totaling approximately \$247.1 million, to the Office of the Assistant Secretary for Budget, Technology and Finance who forwarded the report by e-mail to the Office of Inspector General (OIG). We performed prescribed review procedures on CDC's report and found that it does not contain, as required by the ONDCP Circular, all required assertions concerning the reasonableness and accuracy of the methodology used, including sufficient details to enable us to attest to the obligations data presented in its table of FY 2001 drug control obligations. Also, CDC's report did not contain the required signature and date.

## OIG'S CONCLUSION

Except for the problems cited above, nothing came to our attention that caused us to believe the management's assertions are not fairly stated, in all material respects.

## FY 2001 Accounting of Drug Control Funds

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Page 2 - John C. Tibbs

This report is intended solely for the information and use of the Congress, ONDCP and CDC, and is not intended to be, and should not be, used by anyone other than these specific parties. If you have questions or comments, contact me or have your staff call Stephen Virbitaky, Regional Inspector General for Audit Services, at (215) 816-4470.

Attachment:

cc: George Strader  
Deputy Chief Financial Officer  
Department of Health and Human Services



## FY 2001 Accounting of Drug Control Funds

**MEMORANDUM TO:** Director, Office of Programs, Budget, Research and Evaluation  
Office of National Drug Control Policy

**THROUGH:** George Strader  
Deputy Chief Financial Officer  
Department of Health and Human Services

**FROM:** John C. Tibbs  
Chief, Budget Branch  
Center for Disease Control and Prevention

**SUBJECT:** Assertions Concerning Annual Accounting of Drug Control Funds

In accordance with the requirements of the Office of National Drug Control Policy Circular Annual Accounting of Drug Control Funds, the following assertions are made regarding the attached annual accounting of drug control funds:

### Drug Methodology

Strategy Goal	Drug Function	Budget Decision Unit	FY 2001
Goal 1	Prevention	Tobacco Use	\$102,898,000
Goal 2	Prevention	HIV/AIDS Drug Counseling	\$144,259,104
<b>Total Obligations</b>			<b>\$247,157,104</b>

Obligations of prior year drug control budgetary resources are calculated as follows:

#### **Goal 1: Educate and Enable America's Youth to Reject Illegal Drugs as well as Alcohol and Tobacco**

The Centers for Disease Control and Prevention (CDC) provides national leadership for a comprehensive, broad-based approach to reducing tobacco use. A variety of federal, state, and local government agencies, professional and voluntary organizations, and academic institutions have joined together to advance this comprehensive approach which involves: 1) Preventing young people from starting to smoke; 2) Eliminating exposure to secondhand smoke; 3) Promoting quitting; and 4) Identifying and eliminating disparities in tobacco use among different population groups.

The Office on Smoking and Health's financial data is collected and reviewed on a fiscal year basis. Budget estimates are calculated and projected on workload estimates. The source of these estimates are past and current workload analysis and project funding estimates, which are based on past and current project costs, such as grants and contracts and operating costs and operating costs. The past fiscal year operating expenditures are used as a base when projecting the operating costs for the current fiscal year. Also, a review is made of the past fiscal year grants, cooperative agreements and contracts for continuation commitments for the present fiscal year. The accounting planning stage also includes personnel cost estimates which include salaries and benefits of present staff and any planned position salaries, which may be needed during the fiscal year, to accomplish the mission CDC's tobacco use prevention and control program. The CDC accounting system is used to track these funds using established object classes, common accounting numbers (CANs), and alternate and project codes.

The Center uses the CDC Financial Reporting System, the Financial Management Office (FMO) Accounting System, the Integrated Resource Management System (IRMS), the Center financial reports and excel spreadsheets to review year-to-date obligations on a monthly basis. In FY 2001, approximately 75% of tobacco use prevention and control funds were used for awards through the cooperative agreement mechanism. These awards were made to state-based tobacco use prevention and control programs and national organizations. Also, approximately 10% of the budget is used for contracts, such as the Surgeon General's Report on Tobacco, conference support, statistical support, surveys, and information dissemination. Each month the actual obligations for operating costs and awards are reviewed through the

## FY 2001 Accounting of Drug Control Funds

CDC financial systems with the Center's financial tracking systems for awardees. Any discrepancies or errors that deviate from the proposed spending plan are adjusted monthly.

Funding documents submitted by the Center are reviewed by the Financial Management Office and approved by the Procurement and Grants Office. After this approval process, the award is made. After the obligation, the Center reviews the obligations against the actual documents submitted to detect any errors.

### Application of Methodology

I assure that the drug methodology described in the preceding section was the actual methodology used to generate the amounts reflected in this accounting report.

### Financial Plan

I assure that the obligation data presented in this accounting report are associated with a financial plan that properly reflects any changes that occurred during the fiscal year. No reprogramming or transfers have occurred.

### **Goal 3: Reduce Health and Social Costs of Illegal Drug Use to the Public**

CDC provides HIV prevention funding to state and local health departments and education agencies, CBOs, minority based organizations, national organizations, universities, and hospitals targeted to populations at high risk for HIV, including injecting drug users (IDUs). A portion of health department funding supports HIV counseling and testing, including partnership notification activities for those infected with HIV, including injecting drug users. CDC also directly funds community based organizations (CBOs) for HIV/AIDS prevention activities.

In the early 1990's, CDC implemented HIV prevention community planning throughout the United States. This process allows HIV prevention community groups, using surveillance data, to distribute HIV/AIDS prevention resources to address the specific HIV/AIDS prevention needs of their communities. The decision on the amount of the funding awarded to each state was formerly determined exclusively by CDC, based upon need documented in each state's grant applications. With the implementation of the HIV prevention community planning process, input on how HIV prevention resources (including those targeting drug users) are distributed within a particular State or community is now solicited by the Health Department from the HIV prevention community planning council located in each State. Community planning groups are responsible for developing comprehensive HIV prevention plans with the Health Department that are directly responsive to the epidemics in their jurisdictions.

The amount of CDC HIV funding targeting intravenous drug users is identified through CDC's HIV ancillary reporting system. This ancillary reporting system is a "bottom-up" system in which the CDC project officer(s) and/or principal investigator(s) report target information for each project on an annual basis. Information provided by State and local health departments as a part of their HIV prevention cooperative agreement applications, surveillance data, census information, and information on the profile of the HIV/AIDS epidemic serves as resources for completing the ancillary reporting system.

Funding documents submitted by the Center are reviewed by the Financial Management Office and approved by the Procurement and Grants Office. After this approval process, the award is made. This program utilizes several CDC accounting reporting systems including TOPs, SAIEF, and IRIS and excel spreadsheets to track year-to-date obligations and disbursements. The obligations are not tracked in the accounting system as ONDCR, but as a part of the total HIV/AIDS funding.

### Application of Methodology

I assure that the drug methodology described in the preceding section was the actual methodology used to generate the amounts reflected in this accounting report.

## FY 2001 Accounting of Drug Control Funds

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### **Financial Plan**

I assert the obligation data presented in this accounting report are associated with a financial plan that properly reflects any changes that occurred during the fiscal year. No reprogramming or transfers have occurred.

# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

SEP 26 2002

**TO:** A. Michelle Snyder  
Chief Financial Officer  
Centers for Medicare & Medicaid Services

**FROM:** Dennis J. Duquette *Duquette*  
Deputy Inspector General  
for Audit Services

**SUBJECT:** Office of Inspector General's Report on the Centers for Medicare & Medicaid Services Concerning Annual Accounting of Drug Control Funds, dated May 6, 2002 (CIN: A-03-02-00375)

The purpose of this report is to provide you the results of our attestation review of the Centers for Medicare & Medicaid Services (CMS) report regarding its Fiscal Year (FY) 2001 drug control funds. Our attestation 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 contained in its report; accordingly, we do not express such an opinion. We reviewed the attached report entitled, *Assertions Concerning Annual Accounting of Drug Control Funds*, dated May 6, 2002. This report is the responsibility of CMS' management and was prepared by CMS under the authority of 21 U.S.C. Section 1704(d) and as required by the *Office of National Drug Control Policy (ONDCP) Circular: Annual Accounting of Drug Control Funds*, dated December 17, 1999.

## CMS' REPORT

In its report dated May 6, 2002, CMS identified prior year drug control obligations totaling \$500 million. We performed review procedures on methodology, assertions, table of prior year drug control estimates, and derivation of estimates of Medicare and Medicaid spending for drug abuse treatment. In general, our review procedures were limited to inquiries and analytical procedures appropriate for our attestation review.

We identified problems with the data that CMS provided that would negatively impact the accuracy of outlays for drug abuse spending, several of which are acknowledged in CMS' submission. Specifically, the accuracy of CMS' actuarial estimates is limited by several factors such as how to use data related open to preparing actuarial estimates, dated materials used as sources for preparing estimates, and estimates projected to FY 2001 from surveys performed in the 1980s using a growth rate for spending that is comparable to that of Medicare and Medicaid programs at large. We believe the following additional factors may negatively impact the accuracy of CMS' estimates:

## FY 2001 Accounting of Drug Control Funds

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Page 2 – A. Michelle Snyder

- The estimation methods were not fully explained and documented in the submission:
  - The estimate of drug abuse treatment expenses related to Medicaid was not explained.
  - The basis for an annual growth factor related to estimating drug abuse treatment expenses related to Medicare Part A was not fully explained.
- The estimates did not cover all of CMS' programs. Specifically, there was no estimate of Medicare Part B drug abuse treatment expenses.
- The CMS had not indicated whether its estimates were subjected to any periodic review in order to confirm their validity.

In its report regarding FY 2000 drug control funds, CMS stated that it was revising the drug methodology. In its current report, CMS stated that it has lowered the priority of making revisions because CMS expects that its programs will no longer be included in the ONDCP annual accounting beginning in FY 2002.

### **DIG'S CONCLUSION**

Except for the problems cited above, nothing came to our attention that caused us to believe that management's assertions are not fairly stated, in all material respects.

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

Attachment

- George Strader  
Deputy Chief Financial Officer  
Department of Health and Human Services

# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF HEALTH & HUMAN SERVICES

CENTERS FOR MEDICARE &  
MEDICAID SERVICES

## Memorandum

**DATE:** MAY 6 2002

**TO:** Director  
Office of Programs, Budget, Research and Evaluation  
Office of National Drug Control Policy

**THROUGH:** Deputy Chief Financial Officer  
Department of Health and Human Services

**FROM:** Chief Financial Officer  
Centers for Medicare & Medicaid Services

**SUBJECT:** Assertions Concerning Annual Accounting of Drug Control Funds

In accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular "Annual Accounting of Drug Control Funds," the following assertions are made regarding the attached annual accounting of drug control funds. These amounts reflect estimates of entitlement monies for providing drug abuse treatment care benefits to eligible Medicare Part A and Medicaid patients. Medicare Part B drug abuse treatment estimates cannot be developed because procedure codes do not permit identification of drug-related claims.

### Drug Methodology

Estimates of obligations of prior year drug control budgetary resources are calculated as follows:

a. Medicaid

Medicaid drug abuse treatment expenditures have been estimated using the results of survey data. Only direct treatment costs have been estimated, to the exclusion of costs associated with the treatment of drug-related conditions.

b. Medicare Part A

Medicare Part A drug abuse estimates are based on an analysis of Medicare data conducted by the National Institutes of Health.

## FY 2001 Accounting of Drug Control Funds

Page 2 - Director, Office of Programs, Budget, Research and Evaluation  
Office of National Drug Control Policy

### c. Medicare Part B

Medicare Part B drug abuse treatment estimates cannot be developed at this time, because procedure codes do not permit identification of drug-related claims.

Medicare and Medicaid data are not recorded by categories which would enable CMS to report actual obligations or outlays for drug abuse spending. Therefore, I assert that the amounts in this accounting report are estimates only. Because of the unavailability of these data, CMS has prepared actuarial estimates using reports and studies produced outside CMS. The accuracy of these actuarial estimates is limited by several factors. Among these factors: assumptions have been made about how to use the data in the external reports; the sources for the original benchmarking of the estimates are now dated; and the original estimates have been projected forward using a growth rate which assumes that drug abuse spending grows at a rate somewhat comparable to the growth rate of the Medicare and Medicaid programs at large.

### Application of the Methodology

I assert that the drug methodology described in the preceding section was the actual methodology used by the CMS Office of the Actuary to generate the CMS drug control estimates of obligations. Additional information concerning the estimating methodology is reflected in the attached "Derivation of Estimates of Medicare and Medicaid Spending for Drug Abuse Treatment."

### Financial Plan

I assert that the estimates of obligations presented in this drug abuse report are not reflected against a financial plan because the CMS financial system does not capture drug abuse obligation data.

### Proposed Changes in Methodology

As a result of previous audits of the data, CMS had planned to revise its methodology and include more up-to-date data. Because of the time required to revise the methodology and obtain ONDCP review and approval before employing the revised methodology, the FY 2001 data, as reported, reflect CMS's long-standing calculation. Further, CMS has lowered the priority of making this revision because it is expected that CMS programs will no longer be included in the ONDCP annual accounting beginning in FY 2002.

  
A. Michelle Snyder

### 2 Attachments

1. Derivation of Spending Estimates
2. FY 2001 Drug Control Estimates

## Derivation of Estimates of Medicare and Medicaid Spending for Drug Abuse Treatment

CMS does not collect data which could be used directly to measure spending associated with drug abuse under the Medicare or Medicaid programs. Hence estimates have been made using studies of claims and various survey data as explained further below. The original estimates were generated in 1989 and have been trended forward since that time. The estimates represent direct treatment costs and do not include costs of treating drug-associated medical conditions.

It is important to keep in mind that these estimates have been produced primarily for inclusion in DHHS inter-agency "cross-cutting" expenditure tables and are meant to represent only rough estimates of drug abuse treatment costs included in the Medicare and Medicaid budget baseline.

**Medicare.** Medicare drug abuse spending estimates for Part A were developed from the Medicare Provider Analysis and Review (MEDPAR) files using DRGs associated with alcohol/drug abuse. The proportion of the resulting costs associated with drug abuse, *per se*, was estimated using data from the 1987 National Drug and Alcoholism Treatment Unit Survey (NDATUS), conducted jointly by the National Institute on Drug Abuse (NIDA) and the National Institute on Alcohol Abuse and Alcoholism (NIAAA). This resulted in an estimated 9,000 Medicare beneficiaries receiving drug treatment in hospitals at a cost of about \$40 million. Costs for Part B were not developed, since procedure codes did not permit identification of drug-related costs.

**Medicaid.** Several sources of data and information were used in doing the original estimates of Medicaid drug abuse spending. On the hospital side, estimated spending was developed from work done at Research Triangle Institute using data from the 1983 National Hospital Discharge Survey. Specifically, that survey showed an estimated 20,000 drug-related hospital discharges of Medicaid enrollees with an estimated cost (1989 dollars) of about \$100 million.

For non-hospital costs, the NDATUS data above were employed in conjunction with data from the 1988 National Household Survey on Drug Abuse conducted by NIDA, taking into consideration the fact that Medicaid costs in non-hospital-based facilities are limited by the current exclusion from coverage of most individuals in institutions for mental disease (IMD). Here, age, sex and race-specific rates of illicit drug use from the NIDA survey were applied to estimations of Medicaid enrollees, yielding an estimated 1.2 million illicit drug users on Medicaid. (Note: The NIDA survey included rates for three categories of drug use: ever used, used in past year, and used in past month. The Medicaid calculations were made using the "used in past month" rates.)

It is difficult to estimate how many of these users might seek non-hospital treatment in the course of a year. The NDATUS survey reported total annual clients funded by public third-party payors (including Medicaid, but also others such as CHAMPUS) of about 300,000 and total funding of about \$140 million. Medicaid is likely to comprise a major portion of these figures. A not unreasonable range, considering the 1.2 million user estimate above and the IMD exclusion, might be about one-half to two-thirds, implying Medicaid costs in a rough range of



## FY 2001 Accounting of Drug Control Funds

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\$50 million-\$100 million. There may be some overlap between these costs and the hospital costs above since some of the clients surveyed received treatment in units associated with hospitals, but elimination of this overlap would probably still result in costs in this rough range, since the number of hospital-based treatment units in the survey appears to be relatively small.

Thus, then, from the limited information available, the estimate of FY 1989 spending from Federal and State funds is about \$150-\$200 million for treatment of drug abuse, with somewhat over half spent in hospital settings and the rest in specialized drug treatment facilities. The IMD exclusion limits Medicaid costs in these (latter facilities). Because the annual accounting deals with Federal spending, the mid-point of total expenditures was multiplied by the Federal share of slightly more than 57 percent to produce the \$100 million, rounded to tens of millions, in the base year.

**Trending Forward.** As described above, benchmarks were set for Medicare and Medicaid. In 1991, the Office of the Actuary released—possibly for the first time—a stream of drug abuse treatment estimates back to FY 1981 and forward to FY 1997. This benchmark stream was rounded to tens of millions, but the unrounded base appears to have been increased 12 percent annually. In recent years, as needed for the completion of this exhibit, estimates were developed for years after FY 1997.

The Medicare estimate stream was significantly revised in 1996 and included the years FY 1993 through FY 2003. This re-estimate simply reduced the previous Medicare stream, i.e., FY 1993 was re-based to \$40 million, the same amount as the base year of 1989, after which the annual growth factor was reapplied. The Part A estimate of \$100 million for FY 2001 comes from this FY 1996 re-estimate.

The Medicaid estimate for FY 2001 resulted from the trending forward of the original benchmark series, which reflected an annual 12-percent growth rate. During the past decade, annual growth in the Medicaid program has varied, being both more and less than 12 percent.

In summary, the Medicaid expenditure amount for FY 2001 was derived from trending forward a benchmark estimate for 1989 of \$175 million (mid-point of the \$150-\$200 million range), of which \$100 million would be the Federal share. In the Medicare program, 1989 drug abuse treatment expenditures under Part A were estimated to be about \$40 million. The earlier Medicare estimate stream was significantly revised in 1996. Because of data limitations, Part B estimates have not been developed.

Office of the Actuary  
CMS  
5/1/2002

**CMS Drug Abuse Treatment**

**Table of Prior Year Drug Control Estimates**

*(Dollars in Millions)*

Goal 2: Reduce health and social costs to the public of illegal drug use.	FY 2001 Estimate
<b>Total</b>	<b>\$500.0</b>

<b>Drug Resources by Function</b>	
Treatment	\$500.0
<b>Total</b>	<b>\$500.0</b>

<b>Drug Resources by Decision Unit</b>	
Medicaid (Federal Share)	\$400.0
Medicare (Part A)	100.0
<b>Total</b>	<b>\$500.0</b>

<b>Drug Resources by Personnel Summary</b>	
<b>Total FTE</b>	<b>0</b>

## FY 2001 Accounting of Drug Control Funds




DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20501

SEP 26 2002

**TO:** Jon Nelson  
Chief Financial Officer  
Health Resources and Services Administration

**FROM:** Dennis J. Duquette   
Deputy Inspector General  
for Audit Services

**SUBJECT:** Office of Inspector General's Review on the Health Resources and Services Administration's Report on Fiscal Year 2001 Annual Accounting of Drug Control Funds, dated August 20, 2002 (CIN: A-03-02-00380)

The purpose of this report is to provide you the results of our attestation review of the attached Health Resources and Services Administration's (HRSA) report entitled, *Fiscal Year (FY) 2001 Annual Accounting of Drug Control Funds*, dated August 20, 2002. This report was the responsibility of HRSA's management, and was prepared by HRSA under the authority of 21 U.S.C. Section 1704(d) and as required by the *Office of National Drug Control Policy (ONDCP) Circular: Annual Accounting of Drug Control Funds*, dated December 17, 1999. We found that HRSA's report met the alternative reporting requirements in the ONDCP Circular.

Because HRSA's prior year drug-control obligations were less than \$50 million, Section 7 of the ONDCP Circular gave HRSA the option of submitting an alternative report that listed prior year drug control obligations (Section 5a), accompanied by a statement asserting that to provide a full report as outlined in the ONDCP Circular would be an unreasonable burden. The HRSA submitted the alternative report for FY 2001. We confirmed that HRSA's drug-control obligations for FY 2001 were less than \$50 million, and attest that full compliance with the reporting requirements in the ONDCP Circular would constitute an unreasonable reporting burden for HRSA.

This report is intended solely for the information and use of the Congress, ONDCP, and HRSA, and is not intended to be, and should not be, used by anyone other than these specific parties. If you have questions or comments, contact me or have your staff call Stephen Yehliksy, Regional Inspector General for Audit Services, at (215) 861-8470.

Attachment

cc: George Strader  
Deputy Chief Financial Officer  
Department of Health and Human Services

# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF HEALTH & HUMAN SERVICES

Health Resources and Services  
Administration

Rockville, MD 20850

AUG 20 2002

MEMORANDUM TO: Robert Eiss  
Director, Office of Planning and Budget  
Office of National Drug Control Policy

THROUGH: George Strader  
Deputy Chief Financial Officer  
Department of Health and Human Services

FROM: Chief Financial Officer  
Health Resources and Services Administration

SUBJECT: FY 2001 Annual Accounting of Drug Control Funds

Enclosed is the FY 2001 alternative report of drug-related obligations for the Health Resources and Services Administration (HRSA) as outlined in Section 7 ("Unreasonable Burden") of the Office of National Drug Control Policy Circular, Annual Accounting of Drug Control Funds dated December 17, 1999. Since HRSA's prior year drug-related obligations are less than \$50 million, it is my judgment that to provide a full report as outlined in the circular would be an unreasonable reporting burden to HRSA. Given the small size of these obligations, the indirect nature of the contribution of these obligations to the drug control effort, and the lack of better reporting data, I am providing this alternative.

  
Ann Nelson

Enclosure

# FY 2001 Accounting of Drug Control Funds

46 20 202

## Health Resources and Services Administration Annual Accounting of Drug Control Funds May 15, 2002 (Revised)

### Prior Year Drug Control Obligations

Strategy Goal 1 – Reduce health and social costs to the public of illegal drug use  
Drug Function – Prevention  
Budget Decision Unit – Health Resources and Services Administration  
Ryan White CARE Act  
(dollars=000's)

	<u>FY 2001 Appropriation</u>	<u>FY 2001 Estimated Obligations</u>	<u>FY 2001 Reported Obligations</u>
Part A (Title I)	\$604,169	\$43,549	\$42,605
Part B (Title II)	<u>321,969</u>	<u>1,236</u>	<u>2,556</u>
Total	\$926,138	\$45,785	\$45,161

# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health  
Bethesda, Maryland 20892  
www.nih.gov

DATE: May 17, 2001  
TO: George Sandoz  
Deputy Chief Financial Officer  
FROM: Deputy Director for Management/Chief Financial Officer  
National Institutes of Health  
SUBJECT: Response to Annual Accounting of Drug Control Funds

This is in response to your request for the annual accounting of drug control funds. The NIH reports our programs as part of our Operating Division's efforts to combat drug abuse. The National Institute on Drug Abuse (NIDA) reports its entire budget as a drug control program. The National Institute on Alcohol Abuse and Alcoholism (NIAAA) reports a portfolio of activities that address alcohol prevention, treatment, or epidemiological issues involving under-age youth. Although other NIH Institutes or Centers (ICs) may support research that addresses drug or alcohol abuse, the drug or alcohol abuse component of this research is usually secondary to the research activities that represent the focus of the IC's research mission and, therefore, we are reporting only on those funds expended by NIDA and NIAAA as a part of our drug control program.

Attachment 1 is a table of FY 2001 obligations for National Drug Control Program activities for NIDA and NIAAA. Attachments 2 and 3 reflect the narrative sections for each Institute respectively and make assertions regarding the data. Neither NIDA nor NIAAA modified their methodologies from the previous year.

A year ago the Office of Inspector General stated that it could not attest to the reliability of NIH assertions for several reasons including the fact that NIH did not disclose material weaknesses concerning its financial system and processes and good financial management oversight that were identified in the NIH FY 2000 financial statement audit. The FY 2001 Chief Financial Officer Act audit notes that NIH has made progress in correcting both deficiencies. Although weaknesses still exist, it is our opinion that these should not impact on NIH's annual accounting of drug control funds because the weaknesses do not relate to law scientific projects are covered and, therefore, selected for inclusion in the attached report.

If you have any questions or need additional information, please call William Gillen on 301-496-3462.

Charles E. Lester, Jr.

cc: [redacted]

## FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

National Institutes of Health  
National Institute on Drug Abuse  
Bethesda, Maryland 20892

May 15, 2002

**MEMORANDUM TO:** Director, Office of Programs, Budget, Research and Evaluation  
Office of National Drug Control Policy

**THROUGH:** George Struder  
Deputy Chief Financial Officer  
Department of Health and Human Services

**FROM:** Donna Jones *Donna M. Jones*  
Chief Financial Officer  
National Institute on Drug Abuse

**SUBJECT:** Assertions Concerning Annual Accounting of Drug Control Funds

In accordance with the requirements of the Office of National Drug Control Policy Circular "Annual Accounting of Drug Control Funds," we make the following assertions regarding the attached annual accounting of drug control funds:

### Drug Methodology

Obligations of prior year drug control budgetary resources were calculated as follows:

FY 2001 actual obligations were determined by identifying NIDA support for projects that address drug prevention and treatment. Projects for inclusion in the ONDCP budget are identified from the NIDA coding system and database known as the "NEPS" system (NIDA Extramural Project System). Data are entered into this system by program staff. NIDA does not need to make any assumptions or estimates to isolate its total drug control projects as the total appropriation is drug control.

As the supporter of more than 85% of the world's research on drug abuse and addiction, the National Institute on Drug Abuse (NIDA) provides a strong science base for our Nation's efforts to reduce the abuse of drugs and their consequences. NIDA's comprehensive research portfolio addresses a broad range of drug abuse and addiction issues, ranging from the support of fundamental neurobiology to clinic-based research. As our Nation looks for science-based approaches to enhance its prevention and treatment efforts, NIDA's broad portfolio and its continuing efforts to work with other Agencies and NIH Institutes on a variety of transdisciplinary issues will provide the tools necessary to move these efforts forward. Research serves as the cornerstone of NIDA's efforts to disseminate research information and educate health professionals and the

## FY 2001 Accounting of Drug Control Funds

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public, especially our Nation's youth, about the factors influencing drug use, its consequences, and about science-based and tested treatment and prevention techniques. These research and dissemination efforts to develop, test, and disseminate information on the bases of addiction, its consequences, and enhanced therapeutic techniques support the ONDCP Goal 3 (treatment). Efforts to enhance the science base and disseminate information on the factors that inhibit and facilitate drug use and its progression to addiction and other health consequences, and on science-based approaches for prevention interventions support the ONDCP Goal 1 (prevention).

NIDA obligations are allocated between prevention and treatment research based on the professional judgment of scientific program officials on specific grant and contract projects. These scientists review the grant application, project purpose and methodology, and/or progress report to determine whether the project meets NIDA's criteria for categorization as prevention or as treatment research. Projects are coded and entered into the NEPS system prior to funding.

The total of \$790,185 million does not reconcile to the FY 2001 Congressional Justification because this amount reflects the actual obligations and excludes comparable adjustments. Full Time Equivalents were reported based on data provided by the Department Program Support Center.

NIDA has included a real transfer of \$9.5 million from ONDCP. The following other real transfers were included in NIDA's FY 2001 obligations: \$163 thousand to the Office of Human Research Protection and \$148 thousand to other DHHS agencies through the Secretary's one percent transfer authority.

### Application of Methodology

I assert that the drug methodology described in the preceding section was the actual methodology used to generate the amounts reflected in this accounting report. NIDA has not modified its drug methodology from the previous year.

### Financial Plan

I assert that the obligation data presented in this accounting report are associated with a financial plan that properly reflects any changes (including reprogrammings or transfers in excess of \$5 million) that occurred during the fiscal year.

### Assertion

I assert that this methodology produced reasonable, accurate, and complete obligations of drug control resources for my organization. Financial systems used to develop the accounting report fairly present, in all material aspects, aggregate obligations from which drug-related obligation estimates are derived. Assumptions and estimation methods are subject to periodic review.



## FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service  
National Institutes of Health

MAY 15 2002

National Institute on Alcohol  
Abuse and Alcoholism  
6000 Executive Boulevard  
Bethesda, MD 20892-7003

<http://www.niaaa.nih.gov>

**MEMORANDUM TO:** Director, Office of Programs, Budget, Research and Evaluation,  
Office of National Drug Control Policy

**THROUGH:** George Strader  
Deputy Chief Financial Officer  
Department of Health and Human Services

**FROM:** Chief Financial Officer  
National Institute on Alcohol Abuse and Alcoholism

**SUBJECT:** Assertions Concerning Annual Accounting of Drug Control Funds

In accordance with the requirements of the Office of National Drug Control Policy Circular "Annual Accounting of Drug Control Funds," the following assertions are made regarding the attached annual accounting of drug control funds:

### Drug Methodology

Obligations of prior year drug control budgetary resources are calculated as follows:

The FY 2001 obligations were determined by identifying NIAAA support for projects that address alcohol prevention, treatment, or epidemiological issues involving under-age youth.

Projects that meet specific criteria for fiscal year, project title, key words, special population focus and age, and program class code are identified and individual project costs are analyzed and summarized for inclusion in the ONDCP budget. The reporting office relies on the accuracy of the NIAAA coding system and database known as the "SMART" system (Scientific Management and Reporting Tool). Data is entered into this system by program staff. The reporting office also attempts to verify the coding data by comparing Institute data to information from other sources such as the NIH Computer Retrieval of Information on Scientific Projects (CRISP), which includes indexing terms for most NIAAA projects. Discrepancies between the information in CRISP and coding information provided by NIAAA staffs are resolved by the scientific staff person who manages the project. Their professional judgement is involved in deciding whether or not and to what extent a project is relevant to the topic. The summary statement, project abstract, project methodology, and/or progress report are reviewed to determine if the intent of the project is to address alcohol prevention, treatment, or epidemiological issues involving under-age youth. Some cases are clearer than others are and the final decision rests with the scientific staff person who manages the project. The NIAAA

## FY 2001 Accounting of Drug Control Funds

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includes the full cost of relevant projects unless there is a clear rationale for allocating a portion of the project costs.

For example, NIAAA center awards support discrete subprojects. The costs for center subprojects that develop or implement an intervention would be included in the ONDCP budget, while costs for subprojects addressing basic research issues would not be included.

Science topic, population and other data for NIAAA grants, contracts, and intramural projects are maintained at the individual project level in the Institute's SMART coding system and database. SMART also includes administrative and funding data for grant-supported projects. These data are downloaded from the NIH IMPAC enterprise system. One of the IMPAC data fields, current fiscal year funding, is fed from the NIH accounting system to IMPAC for each grant-supported project managed by NIAAA. These data were corrected in SMART to exclude reimbursements from other entities. Information for projects not captured in Institute IMPAC downloads (contracts, interagency agreements, intramural research and NIAAA-supported projects administered by other organizations) are added to the SMART database. Funding information flows from the NIH accounting system via IMPAC to the SMART database, not from SMART to the accounting system or NIH audited financial statements. SMART is not an accounting system and has not been reviewed by an accountant or auditor.

Administrative and scientific information included in the database includes:

Project titles, science area relevance codes and population data, such as human subjects' age, that make it possible to identify projects which examine under-age youth alcoholism and alcohol abuse issues.

Scientific relevance coding may involve some professional judgment as to the focus and probable outcomes of a study on youth. For example, a program officer might assume that a study looking at effects of parental drinking has implications regarding children's drinking behaviors and attitudes or might determine that epidemiological studies, which include underage youth, can inform our research on youthful drinking. On the other hand, basic studies such as those looking at the neurobiological effects on adolescents of underage drinking would not be included in these estimates because the link to under-age drinking behaviors is further removed from clinical application. The NIAAA makes this distinction very clearly by excluding projects administered by our Division of Basic Research and those conducted in the intramural research program. Program class codes make those distinctions possible.

Program class codes, which are assigned by Institute or NIH scientists, yield information about relevance to broader science areas, for example, the drug functions of prevention and treatment, and basic versus applied research focuses. Accordingly, NIAAA obligations by drug function were determined by summarizing the projects according to program class code. Projects administered by the Institute's Prevention Research Branch, and the Division of Biometry and Epidemiology, were included in the prevention functional area. Also included were prevention related components of the Institute's research centers. Projects administered by the Institute's Treatment Research Branch and Health Services Research Office were included in the treatment functional category. Projects administered in other Institute offices were assigned to one of the other functional category as appropriate.

## FY 2001 Accounting of Drug Control Funds

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Program class codes also specify the staff person and Division and Branch affiliation for each project. This information makes it possible to estimate staff level of effort and costs by correlating workload (number and types of projects managed) with payroll and other costs recorded in the accounting system. Because staff does not keep track of time spent on each project, staff level of effort is estimated by comparing ONDCP projects managed to their total portfolio and prorating staff salary and other costs accordingly.

Activity codes allow us to generate program statistics such as the number, costs and types of pertinent ONDCP projects awarded each year. Individual project level data are analyzed/summarized/cross walked to various project characteristics (program class, population studied, research topic) to produce goal, functional and other resource calculations. Project costs are derived from and consistent with accounting data for each fiscal year.

All of the FY 2001 NIAAA ONDCP obligations, \$39.034 million, were allocated to Goal 1 because the Institute's research mission is to support and highlight research, including the development of scientific information to inform alcohol prevention programs that target young Americans. NIAAA-supported research also involves developing research-based principles upon which alcohol prevention programs can be based.

### Application of Methodology

I assert that the drug methodology described in the preceding section was the actual methodology used to generate the amounts reflected in this accounting report.

### Methodology Modification

The NIAAA drug methodology was not modified from the previous year.

### Financial Plan

I assert that the obligation data presented in this accounting report are associated with a financial plan that properly reflects any changes (including reprogrammings or transfers in excess of \$5 million) that occurred during the fiscal year.

The following real transfers were included in NIAAA's FY 2001 obligations: \$71 thousand to DHHS for the Office of Human Research Protection; \$63 thousand to other DHHS agencies through the Secretary's one percent transfer authority. These transfers did not affect drug-related obligations.

## FY 2001 Accounting of Drug Control Funds

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### Assertion

I assert that this methodology produced reasonable, accurate, and complete obligations of drug control resources for my organization. Financial systems used to develop the accounting report fairly present, in all material aspects, aggregate obligations from which drug-related obligation estimates are derived. Assumptions and estimation methods are subjected to periodic review.

  
Edward Linchao  
Budget Officer, NIAAA

  
Stephen Long  
Executive Officer, NIAAA

# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

OFF 26 2002

**TO:** Charles E. Lesarz, Jr.  
Deputy Director for Management/Chief Financial Officer  
National Institutes of Health

**FROM:** Dennis J. Duquette *Duquette*  
Deputy Inspector General  
for Audit Services

**SUBJECT:** Office of Inspector General's Report on the National Institutes of Health's  
Assertions Concerning Annual Accounting of Drug Control Funds, dated May 17,  
2002 (CTN: A-03-02-00378)

The purpose of this report is to provide you the results of our attestation review of the National Institutes of Health's (NIH) annual accounting report regarding its Fiscal Year 2001 drug control funds. Our attestation 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 the assertions of management contained in its report; accordingly, we do not express such an opinion. We reviewed the attached NIH report entitled, *Assertions Concerning Annual Accounting of Drug Control Funds*, dated May 17, 2002. This report is the responsibility of NIH's management and was prepared by NIH under the authority of 21 U.S.C. Section 1704(d) and as required by the *Office of National Drug Control Policy (ONDCP) Circular: Annual Accounting of Drug Control Funds*, dated December 17, 1999.

## NIH's REPORT

In its report dated May 17, 2002, NIH identified prior year drug control obligations totaling approximately \$829.2 million for two of its institutes - the National Institute on Drug Abuse and the National Institute on Alcohol Abuse and Alcoholism - as part of the agency's efforts to combat drug abuse. The NIH submitted the report to the Office of the Assistant Secretary for Budget, Technology and Finance, which forwarded this report by e-mail to the Office of Inspector General (OIG).

We performed review procedures on NIH's table of prior year obligations, required disclosures, and required assertions. In general, our review procedures were limited to inquiries and analytical procedures appropriate for our attestation review.

## FY 2001 Accounting of Drug Control Funds

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Page 2 - Charles E. Leasure, Jr.

### **OIG's CONCLUSION**

Based on our review, nothing came to our attention that caused us to believe that management's assertions are not fairly stated, in all material respects.

This report is intended solely for the information and use of the Congress, ONDCP, and NIH, and is not intended to be, and should not be, used by anyone other than these specific parties. If you have questions or comments, contact me or have your staff call Stephen Vrbitsky, Regional Inspector General for Audit Services, at (215) 816-4470.

Attachment

cc: George Strader  
Deputy Chief Financial Officer  
Department of Health and Human Services

## FY 2001 Accounting of Drug Control Funds

### National Institutes of Health FY 2001 Actual Obligations (Dollars in Thousands)

#### I. Resource Summary

Drug Resources by Goal:	NIDA	NIAAA	Total
Goal 1 Research and Development	\$323,186	\$39,034	\$362,220
Goal 3 Research and Development	466,999	0	466,999
<b>Total</b>	<b>790,185</b>	<b>39,034</b>	<b>829,219</b>
<b>Drug Resources by Function:</b>			
Prevention	323,186	30,323	353,509
Treatment	466,999	6,711	475,710
<b>Total</b>	<b>790,185</b>	<b>39,034</b>	<b>829,219</b>
<b>Drug Resources by Decision Unit:</b>			
Alcohol Research		39,034	39,034
Demand Reduction	790,185		790,185
<b>Drug Resources Personnel Summary:</b>			
FTEs	370	2	372

# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20001

SEP 30 2002

**TO:** Duane Jennotté  
Acting Chief Financial Officer  
Indian Health Service

**FROM:** Dennis J. Duquette *DJ Duquette*  
Deputy Inspector General  
for Audit Services

**SUBJECT:** Office of Inspector General's Report on the Indian Health Service's Assertion Concerning Annual Accounting of Drug Control Funds, dated May 9, 2002 (CIN: A-03-02-00376)

The purpose of this report is to provide you the results of our review of the Indian Health Service's (IHS) annual accounting report regarding its Fiscal Year 2001 drug control funds. 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 the assertions of management contained in the report; accordingly, we do not express such an opinion. We reviewed the attached IHS report entitled, *Assertions Concerning Annual Accounting of Drug Control Funds*, dated May 9, 2002. This report is the responsibility of IHS' management and was prepared by IHS under the authority of 21 U.S.C. Section 1704(d) and as required by the *Office of National Drug Control Policy (ONDCP) Circular: Annual Accounting of Drug Control Funds*, dated December 17, 1999.

## IHS' REPORT

In its report IHS presented information showing prior year drug control obligations totaling about \$60 million. We performed prescribed review procedures on the assertions in the drug control report. We noted that IHS asserted that the methodology used to report drug obligations was reasonable, accurate, and complete; however, IHS did not have sufficiently well documented support for the drug obligations data to enable us to attest to this assertion.

## OIG'S CONCLUSION

Except for the problems cited above, nothing came to our attention that caused us to believe that management's assertions are not fairly stated, in all material respects.



## FY 2001 Accounting of Drug Control Funds

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Page 2 - Duane Jesiotte

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

### Attachment

- o George Strader  
Deputy Chief Financial Officer  
Department of Health and Human Services

# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service

MAY 09 2002

Indian Health Service  
Rockville MD 20857

TO: Director, Office of Programs, Budget,  
Research and Evaluation  
Office of National Drug Control Policy

THROUGH: Deputy Chief Financial Officer  
Department of Health and Human Services

FROM: Acting Chief Financial Officer  
Indian Health Service

SUBJECT: Assertions Concerning Annual Accounting of Drug  
Control funds

In accordance with requirements of the Office of National Drug Control Policy Circular "Annual Accounting of Drug Control Funds," we make the following assertions regarding the attached annual accounting of drug control funds:

### Drug Methodology

We calculated obligations of prior year drug control budgetary resources as follows:

In preparing the Agency's drug control budget, the Indian Health Service (IHS) includes the appropriation for Alcohol and Substance Abuse, excluding the amount designated as Adult Treatment, and the portion of the Urban Indian Health appropriation that is provided for alcohol and substance abuse prevention and treatment.

Those items identified as primarily treatment activities include: Regional Treatment Centers, Community Rehabilitation/Aftercare, Gila River, Contract Health Services, Navajo Rehabilitation Program, Urban Clinical Services, and Expand Urban Programs. The prevention activities include Community Education and Training, and Wellness Beyond Abstinence (see attachment).

## FY 2001 Accounting of Drug Control Funds

Page 7 - Director, Office of Programs, Budget, Research & Evaluation, Office of National Drug Control Policy

Nearly 100 percent of these funds are administered by Tribes under self-determination agreements, and they have wide latitude to set objectives and design programs that most effectively address their local needs. Tribes are not required to report accounting data in the detail required by the Circular, and it would be an unreasonable reporting burden if the IHS required the Tribes to provide the information.

I assert that this methodology produced reasonable, accurate, and complete obligations of drug control resources for my organization. Financial systems, which we used to develop the accounting report present fairly, in all material aspects, aggregate obligations from which we derived drug-related obligation estimates. We subject the assumptions and estimation methods to periodic review.

### Application of Methodology

I assert that the drug methodology we described in the preceding section was the actual methodology we used to generate the amounts reflected in this accounting report.

### Financial Plan

I assert that the obligation data we presented in this accounting report is associated with a financial plan that properly reflects any changes (including reprogrammings or transfers in excess of \$5 million) that occurred during the fiscal year.

If further information is needed, please contact Mr. Lovell Sopper, Director, Division of Financial Management (301) 443-1270.

  
for Duane Jeanotte

Attachment

## FY 2001 Accounting of Drug Control Funds

### INDIAN HEALTH SERVICE (Budget Authority in Thousands)

3. RESOURCE SUMMARY

	FY 2001 Enclosed
<u>Drug Resources by Goal</u>	
Goal 1	7,592
Goal 3	52,260
<u>Subtotal</u>	<u>59,852</u>
<u>Drug Resources by Function</u>	
Corrections	
Drug Treatment	52,260
Drug Prevention	7,592
Intelligence	
Interdiction	
International	
Investigations	
Prosecution	
Research & Development (Indicate Associated Drug Function)	
State & Local Assistance	
<u>Subtotal</u>	<u>59,852</u>
<u>Drug Resources by Decision Unit</u>	
Alcohol and Substance Abuse	56,465
Urban Indian Health	3,387
<u>Subtotal</u>	<u>59,852</u>
<u>Drug Resources Personnel Summary</u>	
Total FTE (direct only)	110
<u>Information</u>	
Total Agency Budget	17,626,766
Drug Percentage	.33

## FY 2001 Accounting of Drug Control Funds

### II. METHODOLOGY

In preparing the Agency's drug control budget, the Indian Health Service (IHS) includes the appropriation for Alcohol and Substance Abuse, excluding the amount designated as Adult Treatment, and the portion of the Urban Indian Health appropriation that is provided for alcohol and substance abuse prevention and treatment.

Those items identified as primarily treatment activities include: Regional Treatment Centers, Community Rehabilitation/Aftercare, Gila River, Contract Health Services, Navajo Rehabilitation Program, Urban Clinical Services, and Expand Urban Programs. The prevention activities include Community Education and Training, and Wellness Beyond Abstinence.

### III. PROGRAM SUMMARY

The IHS provides comprehensive health services to American Indians and Alaska Natives (AI/AN) while also providing the opportunity for maximum tribal involvement in developing and managing these programs. Tribes operate approximately 95 percent of alcohol and drug abuse programs under self-determination agreements. This allows tribes wide latitude to set objectives and design programs. Accordingly, while all programs are engaged in activities that are aligned with the national drug control strategies to some degree, the IHS cannot direct programs to meet Federal objectives, targets, and measures. In general, the IHS-funded drug control activities fall under Scale 1 and 3 of the national drug control strategy.

Goal 1: Educate and enable America's youth to reject illegal drugs as well as the use of alcohol and tobacco.

- \* As part of its broad mandate to provide health care services, the IHS supports substance abuse treatment and prevention services. The Alcohol and Substance Abuse Program within the IHS administers anti-drug abuse activities. In addition to the development of curative, preventative and rehabilitative services, these activities include the following:
  - Software development, coordination, and other software integration for measuring the substance abuse and underage alcohol problems among AI/AN;
  - Programmatic evaluation and research toward developing effective prevention and treatment services;

## FY 2001 Accounting of Drug Control Funds

- National leadership that focuses on youth treatment, community education, and prevention services for high-risk youth;
- Services for developmentally disabled individuals.

Many community programs are committed to the Goal 1 objectives, but will not monitor the specific targets and measures identified in the Office of National Drug Control Policy's performance measures. Some examples of community efforts that are geared towards Goal 1 are:

- The Chemical Dependency Management Information System (CDMIS) is currently being used. This alcohol and substance abuse software is presently being converted into an integrated Behavioral Health software package that includes Alcohol and Substance Abuse, Mental Health, Social Services, and related programs. All the Areas of the Indian Health Service, including Tribes and Urban programs are participating in this project.
- The Evaluation of the Adolescent Regional Treatment Centers (RTC) and the Evaluation of the Effectiveness of the Indian Health Service Sponsored Alcohol and Substance Abuse Aftercare/Continuing Care Program.

### Goal 3: Reduce health and social costs of illegal drug use to the public.

- IHS' operations support the Federal drug control priorities by working to ensure continued access to effective treatment programs for those who are in need of treatment services. In addition, IHS supports prevention and education programs that target youth to reduce their use of illicit drugs, alcohol, and tobacco products. For instance, the Indian Health Care Improvement Act Amendments have identified funds for use by Urban Indian health clinics to provide treatment, rehabilitation, and education services for Indian youth with substance abuse problems. A Memorandum of Agreement has been established between SAMHSA and IHS to coordinate activities in this regard. Urban Indians will continue to be addressed in the course of present drug control activity within IHS.
- IHS goals and objectives are also consistent with the Federal drug control priorities by focusing on community awareness, primary and secondary prevention strategies, collaboration, and services for special population groups. The Public Health Service Plan to Reduce the Demand for Illicit Drugs (June

## FY 2001 Accounting of Drug Control Funds

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1989) requires the IHS to expand its efforts in treating intravenous drug abusers in specialty clinics and treating other drug abusing youth in federally funded health centers and programs for the homeless. New initiatives will continue to focus on the needs of alcohol and substance abusers who have a history of sexual abuse and on a redesigned community mobilization effort that will provide innovative treatment and prevention modules targeting communities that have high rates of alcoholism and drug abuse.

# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF HEALTH & HUMAN SERVICES

Office of Inspector General

Washington, D.C. 20201

SEP 26 2002

**TO:** Daryl W. Kade  
Chief Financial Officer  
Substance Abuse and Mental Health Services Administration

**FROM:** Dennis J. Duquette *Duquette*  
Deputy Inspector General  
for Audit Services

**SUBJECT:** Office of Inspector General's Report on the Substance Abuse and Mental Health Services Administration's Assertions Concerning Annual Accounting of Drug Control Funds, dated June 3, 2002 (CIN: A-03-02-00377)

The purpose of this report is to provide you the results of our attestation review of the Substance Abuse and Mental Health Services Administration's (SAMHSA) report regarding its Fiscal Year 2001 drug control funds. Our attestation 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 the assertions of management contained in its report; accordingly, we do not express such an opinion. We reviewed the attached report entitled, *Substance Abuse and Mental Health Services Administration's Assertions Concerning Annual Accounting of Drug Control Funds*, dated June 3, 2002. This report is the responsibility of SAMHSA's management and was prepared by SAMHSA under the authority of 21 U.S.C. Section 1704(d) and as required by the *Office of National Drug Control Policy (ONDCP) Circular: Annual Accounting of Drug Control Funds*, dated December 17, 1999.

## SAMHSA'S REPORT

In its report, SAMHSA reported prior year drug control obligations totaling \$1.65 billion. We performed review procedures on SAMHSA's table of prior year obligations, required disclosures and required assertions. In general, our review procedures were limited to inquiries and analytical procedures appropriate for our attestation review.

## OIG'S CONCLUSION

Based on our review, nothing came to our attention that caused us to believe that management's assertions are not fairly stated, in all material respects.

This report is intended solely for the information and use of the Congress, ONDCP, and SAMHSA, and is not intended to be, and should not be, used by anyone other than these specific



## FY 2001 Accounting of Drug Control Funds

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Page 2 – Daryl W. Kade

parties. If you have questions or comments, contact me or have your staff call Stephen Virebitaky, Regional Inspector General for Audit Services, at (215) 861-4470.

Attachment

cc: George Strader  
Deputy Chief Financial Officer  
Department of Health and Human Services

# FY 2001 Accounting of Drug Control Funds



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

JUN 3 2002

**MEMORANDUM TO:** Director, Office of Programs, Budget, Research and Evaluation  
Office of National Drug Control Policy

**THROUGH:** Deputy Chief Financial Officer  
Department of Health and Human Services

**FROM:** Associate Administrator for Policy and Program Coordination  
Substance Abuse and Mental Health Services Administration

**SUBJECT:** Assertions Concerning Annual Accounting of Drug Control Funds

In accordance with the requirements of the Office of National Drug Control Policy Circular "Annual Accounting of Drug Control Funds," the following assertions are made regarding the attached annual accounting of drug control funds. To more accurately meet the requirements of this Circular, actual FY 2001 expenditures have been extracted from accounting report B332, Object Class Report by Allowance, provided by the Program Support Center (PSC) Core Accounting System, DHHS. SAMHSA had no reportable transfers or reprogrammings in FY 2001. There were no material weaknesses identified in this program by SAMHSA or outside sources in 2001.

## Drug Methodology

Actual obligations of prior year drug control budgetary resources are derived as follows:

All funds supporting Programs of Regional and National Significance (PRNS) for SAMHSA's Center for Substance Abuse Prevention (CSAP) and Center for Substance Abuse Treatment (CSAT) are considered to be 100% drug-related and are included in their entirety. Actual obligations have been extracted from accounting report B332, Object Class Report by Allowance, PSC, as certified by SAMHSA Chief Financial Officer (CFO).

Funding for the Substance Abuse Prevention and Treatment Block Grant (SAPTBG), which is administered by the CSAT, is considered drug-related to the extent that these funds are used by the States/Territories for prevention and treatment of the use of illegal drugs, prevention and treatment of alcohol-related drug use, including underage alcohol use, and are used by SAMHSA for technical assistance, data collection, and program evaluation. Actual SAPTBG obligations have been extracted from accounting report B332, Object Class Report by Allowance, PSC. SAMHSA employs a methodology to further estimate and distribute drug related expenses funded by the SAPTBG that is consistent with the earmarks which had been required by Public

## FY 2001 Accounting of Drug Control Funds

Page 2 - Director, Office of Programs, Budget, Research and Evaluation  
Office of National Drug Control Policy

Law 102-321, the ADAMHA Reorganization Act. SAMHSA scores 71.07% of the SAPT Block Grant for drug and drug-related activities. (See attached detailed explanation of the scoring of SAPTBG obligations, Attachment A.)

All funding for SAMHSA's Office of Applied Studies (OAS) substance abuse surveys/data collection activities funded with resources from the SAPTBG set-aside, is considered to be 100% drug-related, and is included in its entirety, in the prevention budget. Actual obligations have been extracted from accounting report B332, Object Class Report by Allowance, PSC, as certified by SAMHSA CFO.

Funding for Program Management activities is considered drug-related to the extent that funds are used to support the operations of the CSAP, CSAT, and OAS. Actual obligations have been extracted from accounting report B332, Object Class Report by Allowance, PSC, as certified by SAMHSA CFO.

I assert that this methodology produced reasonable, accurate, and complete obligations of drug control activities for my organization. Financial systems used to develop the accounting report fairly present, in all material aspects, aggregate data from which drug-related expenditures have been derived. All assumptions and estimation methods are subjected to periodic review.

### Application of Methodology

I assert that the drug methodology described in the preceding section was the actual methodology used to generate the amounts in this accounting report.

### Financial Plan

I assert that the actual obligation figures presented in this accounting report are associated with a financial plan that properly reflects all changes that occurred during the fiscal year.



Daryl W. Kade

Attachment - Annual Accounting of Drug Control Funds, FY 2001 Actual Obligations

## FY 2001 Accounting of Drug Control Funds

### SUBSTANCE ABUSE AND MENTAL HEALTH SERVICES ADMINISTRATION Annual Accounting of Drug Control Funds FY 2001 Actual Obligations

(Dollars in millions)

Goal 1 .....		\$481.6
Goal 2 .....		<u>1,168.6</u>
<b>Total</b> .....		<b>\$1,650.2</b>

#### Drug Resources by Function

Prevention .....		481.6
Treatment .....		<u>1,168.6</u>
<b>Total</b> .....		<b>\$1,650.2</b>

#### Drug Resources by Decision Unit

Programs of Regional and National Significance .....		430.7
<i>Substance Abuse Prevention (Non-add)</i> .....		(174.9)
<i>Substance Abuse Treatment (Non-add)</i> .....		(235.8)
Substance Abuse Block Grant .....		1,183.3
<i>Prevention (Non-add)</i> .....		(230.7)
<i>Treatment (Non-add)</i> .....		(902.9)
<i>Office of Applied Studies (Non-add)</i> .....		(49.7)
Program Management .....		<u>36.3</u>
<b>Total</b> .....		<b>\$1,650.2</b>

#### Drug Resources Personnel Summary

Positions:		
Direct .....		312
FTE:		
Direct .....		312
Total SAMHSA Budget .....		\$2,956.3
Drug Percentage .....		55.8%

## FY 2001 Accounting of Drug Control Funds

### Scoring of the Substance Abuse Prevention and Treatment Block Grant (SAPTBG) FY 2001 Actual Obligations:

In FY 2001, Public Law 102-321 (the ADAMHA Reorganization Act) was used as the operative guidance for scoring of block grant funding. In P.L. 102-321, there are several mandatory allocations:

- 5% of the Block Grant is required to be used for the SAMHSA set-aside which supports data collection, technical assistance, the national data center, and program evaluation; of this amount, 20% must be used for prevention-related set-aside activities. The remaining 95% of the Block Grant is distributed to the States (and Territories).
- Of the amount allocated to the States and Territories,
  - 35% must be used for alcohol prevention and treatment activities; and,
  - 35% must be used for other drug prevention and treatment activities.
  - The remaining 30% is to be used at State discretion, either for alcohol alone, for drugs alone, or split between alcohol and drug programs. Absent detailed accounting and direct reporting by the States/Territories of actual use of the annual funding received, SAMHSA's methodology for scoring SAPTBG obligations for budget forecasting and accounting purposes assumes that the discretionary amount is split evenly, with 15% directed to alcohol programs and 15% directed to drug programs. In total, of the 95% of the block grant distributed to the States and territories for direct services, half (47.5%) is scored for alcohol, and half (47.5%) is scored for drugs.
- In addition, other mandatory requirements of the law state that, of the above alcohol and drug distribution, at least 20% must be used for prevention activities. This is not separate and distinct, but included within the alcohol and drug abuse amounts.
- Finally, the law also says that up to 5% of the State's allocation may be used for State administration. SAMHSA assumes that these funds are distributed in the same proportion as the services funding.
- The following table illustrates how the Substance Abuse Prevention and Treatment Block Grant FY 2001 Actual Obligations were distributed by SAMHSA for the Annual Accounting of Drug Control Funds report.

## FY 2001 Accounting of Drug Control Funds

<u>Percent of Total Block Grant Obligations</u>		<u>FY 2001 Actual Obligations (\$1,664,941,422)</u>	
Set-aside (Total) *		4.997%	\$83,191,422
Prevention:	0.642	\$10,681,697	
Data Coll (Prev)	2.984	49,679,118	
Treatment:	<u>1.371</u>	<u>22,830,607</u>	
Sub-Total:	4.997	83,191,422	
† Does not include \$58,578 in lapsed Set-aside funds.			
Drug (Total)		47.5%	\$790,875,000
Prevention:	9.5	158,175,000	
Treatment:	35.625	593,156,250	
State admin:	<u>2.375</u>	<u>39,543,750</u>	
Sub-Total:	47.5	790,875,000	
Alcohol (Total)		47.5%	\$790,875,000
Alcohol only:	27.49	457,708,500	
Co-morbid use:	13.535	225,357,750	
Under age 21:	4.1	68,265,000	
State admin:	<u>2.375</u>	<u>39,543,750</u>	
Sub-Total:	47.5	790,875,000	
<b>TOTALS:</b>		<b>99.997%</b>	<b>\$1,664,941,422</b>
			<b>\$1,664,941,422</b>

- The additional alcohol distribution that SAMHSA uses for budget purposes are:

- Of the 47.50% alcohol portion from the total Substance Abuse Block Grant dollars available for distribution to the State:

- a. 27.49% is for alcohol only for persons over 21 years of age.
- b. 13.535% is for co-morbid (drug and alcohol use).
- c. 4.1% is for illegal use of alcohol by persons under age 21.
- d. 2.375% is for State administration.

- Development of the above percentages grew out of joint discussions with ONDCP and SAMHSA staff early in the history of SAMHSA. Inasmuch as the mandates in the SAPT Block Grant from that time remain operational for this reporting period, and to maintain consistency of data from year to year, these percentages have remained unchanged.

- SAMHSA assumes that the 20% prevention and 80% treatment provision applies to each of these alcohol program components.

## FY 2001 Accounting of Drug Control Funds

- If one sums the percentages that apply only to "drug abuse," including the co-morbid alcohol and drug use and illegal alcohol use by persons under age 21, the result will be 71.07% as illustrated below:

SAMHSA Set-aside	5.00%
Drug (Total)	47.50%
Alcohol	
Co-morbid	13.535%
Under age 21	4.1%
State administration for co-morbid and underage use	<u>0.935%</u>
<b>TOTAL</b>	<b>71.07% (or, 71.1%)</b>

– It is this percentage, 71.1%, that is often included in various SAMHSA funding-related documents and presentations to express the amount of the SAPT Block Grant that is scored for drug control programs. This percentage is reflected in the data for SAMHSA's Annual Accounting of Drug Control Funds wherever SAPTBG funding is referenced. It is different than the percentage or amount of the SAPTBG that is identified for drug abuse treatment services, which uses additional scoring criteria.



**U.S. Department of Housing  
And Urban Development**



# FY 2001 Accounting of Drug Control Funds

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U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20510-6100

March 26, 2002

John P. Walters  
Director  
Office of National Drug Control Policy  
Executive Office of the President  
Washington, DC 20560

Dear Mr. Walters:

In accordance with Section 1704(d) of Title 21 United States Code, enclosed is the detailed accounting of all fiscal year 2001 Department of Housing and Urban Development (HUD) drug control funds, along with HUD Office of Inspector General's authentication of this accounting. This authentication is consistent with the instructions in ONDCP Circular *Annual Accounting of Drug Control Funds* dated December 17, 1999.

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

Sincerely,

David M. Gibbons  
Director  
Office of Budget

Enclosure

# FY 2001 Accounting of Drug Control Funds



U.S. Department of Housing and Urban Development  
**Office of Inspector General**  
451 7<sup>th</sup> St., SW  
Washington, DC 20410

JAN 31 2002

Mr. John P. Walters  
Director  
Office of National Drug Control Policy  
Executive Office of the President  
Washington, D.C. 20503

Dear Mr. Walters,

In accordance with Section 7 of ONDCP Circular: Annual Accounting of Drug Control Funds, dated December 17, 1999, the Office of Inspector General (OIG), Department of Housing and Urban Development, is submitting an alternative report on our drug-related obligations. This is because our fiscal year 2001 obligations were only \$21.1 million - well below the \$50 million threshold for a detailed report.

This report provides information on our fiscal year 2001 drug control funds. The OIG received these funds from the Department of Housing and Urban Development's Drug Elimination Grant Program and used them to support the Operation Safe Home Program. We are submitting this report separately from the Department since we are reporting on the use of drug funds allocated to OIG.

If you have any questions, please contact Mr. Nicholas B. Kofke, Assistant Inspector General for Management and Policy at 202-706-0614, ext 8162.

Sincerely,

  
Michael P. Stephens  
Deputy Inspector General

Enclosure

**OFFICE OF INSPECTOR GENERAL**

**DEPARTMENT OF HOUSING AND URBAN  
DEVELOPMENT**



**ACCOUNTING OF FISCAL YEAR 2001 DRUG  
CONTROL FUNDS**

**IN SUPPORT OF THE  
NATIONAL DRUG CONTROL STRATEGY**

**AS REQUIRED BY SECTION 1704(D) OF  
TITLE 21 UNITED STATES CODE**

*January 28, 2001*

# FY 2001 Accounting of Drug Control Funds

## Office of Inspector General Accounting of Fiscal Year 2001 Drug Control Funds

	FY 2001 Actual Obligations in Millions
<b>Drug Resources by Goal:</b>	
GOAL 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence.	\$1.1
<b>Drug Resources by Function:</b>	
Investigations	0.0
State and Local Assistance	\$1.1

### PROGRAM DESCRIPTION

Goal 2 of the National Drug Strategy calls for increasing the safety of America's citizens by substantially reducing drug related crime and violence. As part of Operation Safe Home, the HUD OIG has been combating violent crime in public and assisted housing since 1994. Our goals are reductions in crime rates and safer environments.

Our efforts to combat violent crime in public and assisted housing are undertaken in coordination with various federal, state, and local law enforcement task forces. In addition to law enforcement personnel from states, counties, cities and housing authorities, the following federal agencies are primary partners in Operation Safe Home: the Federal Bureau of Investigation, the Drug Enforcement Administration, the Bureau of Alcohol, Tobacco, and Firearms, the U.S. Customs Service, the U.S. Marshals Service, the U.S. Postal Inspection Service, the U.S. Secret Service, the Immigration and Naturalization Service, the Internal Revenue Service and the Department of Justice.

About \$10 million of these funds were used to fund the salaries and operating budgets of HUD law enforcement agents in carrying out our violent crime activities (surveillance, undercover operations, drug raids, coordination with other Federal law enforcement agencies, etc.). The remaining funds, \$11.1 million, were used to support local law enforcement activities within HUD housing projects and the task force activities mentioned above.

## FY 2001 Accounting of Drug Control Funds

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Office of Inspector General's Independent Accountant's Report on the U.S. Department of Housing and Urban Development's Submission of Detailed Accounting of FY 2001 Drug Control Funds, dated January 17, 2002, revised February 14, 2002

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We have reviewed the accompanying report from the U.S. Department of Housing and Urban Development, entitled *Submission of Detailed Accounting of FY 2001 Drug Control Funds*. This Submission includes a Detailed Accounting of Fiscal Year 2001 Drug Control Funds from the Office of Housing covering the Drug Elimination Grant (DEG) and New Approaches Anti-Drug Grant (NAAD) programs, and the Office of Public and Indian Housing covering the Drug Elimination Program (DEP). The DEG and NAAD programs provide funds to privately owned multifamily assisted housing owners to support their anti-drug and anti-crime efforts. The DEP provides funds to public housing authorities and Tribally Designated housing entities to support their anti-drug and anti-crime efforts. The Submissions prepared by the Office of Housing and Public and Indian Housing were the responsibility of Department of Housing and Urban Development's management. They were prepared under the authority of 21 U.S.C. 1704(d), which also requires a review by the Inspector General. Not included is a separate Submission of the Detailed Accounting of Drug Funds on the Operation Safe Homes program prepared by the Office of Inspector General. We were precluded by the standards cited below from reviewing the Detailed Accounting prepared by the Office of Inspector General due to a lack of independence. The Office of Inspector General will submit this Detailed Accounting report separately from the Department of Housing and Urban Development's Submission.

Our review was conducted in accordance with the attestation standards, *Statement for Standards of Attestation Engagements*, established by the American Institute of Certified Public Accountants. The objective of a review is to provide negative assurance on the basis of the work performed as to whether any information came to our attention to indicate that management's assertions are not presented in material respects based on the criteria stated in the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*, dated December 17, 1999. A review is substantially less in scope than an examination. The objective of an examination would be the expression of an opinion. Accordingly, we do not express such an opinion.

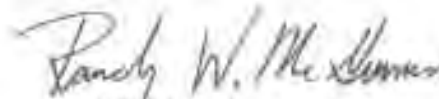
We performed review procedures on the Submission of Detailed Accounting of FY 2001 Drug Control Funds, for the purpose of expressing a conclusion about the reliability of such information made in the Submission. We did not review "Program Descriptions." In general, our review procedures were limited to inquiries and analytical procedures appropriate for an attestation review engagement.

## FY 2001 Accounting of Drug Control Funds

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Based on our review, nothing came to our attention that caused us to believe that the accompanying U.S. Department of Housing and Development's *Submission of Detailed Accounting of FY 2001 Drug Control Funds*, dated January 17, 2002, and revised February 14, 2002, is not presented in all material respects based on the ONDCP Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999. Our review identified issues that were not significant enough to affect our conclusion as reported above. These matters were discussed with appropriate Department of Housing and Urban Development officials.

This report is solely intended for the use of the U.S. Congress, Office of National Drug Control Policy, and the Department of Housing and Urban Development.



Randy W. McGinnis  
Director, Financial Audits Division

March 13, 2002

**DEPARTMENT OF HOUSING AND URBAN  
DEVELOPMENT**

OFFICE OF PUBLIC AND INDIAN HOUSING  
OFFICE OF PUBLIC AND ASSISTED HOUSING DELIVERY  
COMMUNITY SAFETY AND CONSERVATION DIVISION

**DETAILED ACCOUNTING OF FISCAL YEAR 2001 DRUG  
CONTROL FUNDS**

**IN SUPPORT OF THE  
*NATIONAL DRUG CONTROL STRATEGY***

**AS REQUIRED BY SECTION 1704(D) OF  
TITLE 21 UNITED STATES CODE**

**FEBRUARY 14, 2002**

# FY 2001 Accounting of Drug Control Funds

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Department of U.S. Housing and Urban Development  
Detailed Accounting of Fiscal Year 2001 Drug Control Funds

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## OFFICE OF PUBLIC AND ASSISTED HOUSING DELIVERY COMMUNITY SAFETY AND CONSERVATION DIVISION

### DETAILED ACCOUNTING OF FISCAL YEAR 2001 DRUG CONTROL FUNDS

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# FY 2001 Accounting of Drug Control Funds

## Department of Housing and Urban Development Detailed Accounting of Fiscal Year 2001 Drug Control Funds

### RESOURCE SUMMARY

	FY 2001 Actual Obligations in millions (\$)
<b>Drug Resources by Goal:</b>	
Goal 1: Educate and enable America's Youth to reject legal drugs, alcohol and tobacco.	\$ 138.7
Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence.	\$ 147.7
Goal 3: Reduce health and social costs to public of illegal drug use.	\$ 3.8
Goal 4: Shield America's air, land and sea.	-
Goal 5: Break foreign and domestic drug sources of supply.	-
<b>Total</b>	<b>\$290.2</b>

### Drug Resources by Function:

Corrections	-
Intelligence	-
Inspection	-
International	-
Investigations	\$0.4
Prevention	\$138.7
Prosecution	-
Research & Development	-
State & Local Assistance	\$147.3
Treatment	\$3.8
<b>Total</b>	<b>\$290.2</b>

### PROGRAM DESCRIPTION

The Public and Indian Housing Drug Diversion Program (PHDEP) provided funds in 2001 to public housing authorities and Tribally Designated Housing Entities to support their anti-drug and anti-crime efforts. Grantees used these resources to fight crime by increasing police coverage and security and by providing residents with alternatives to crime and violence. A description of the above anti-drug and anti-crime efforts according to each goal follows.

Goal 1 of the National Drug Control Strategy is to educate and enable America's youth to reject legal drugs as well as alcohol and tobacco.

# FY 2001 Accounting of Drug Control Funds

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## Department of Housing and Urban Development Detailed Accounting of Fiscal Year 2001 Drug Control Funds

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- In 2001, the PHDEP program allocated funding on a formula basis to local agencies with severe drug-related problems and with a long-term strategy to reduce crime.
- Housing authorities administered programs ranging from youth initiatives such as peer mentors and leaders in community action planning to substance abuse education and other social programs.
- Housing authorities utilized PHDEP funding to establish educational opportunities such as computer learning centers enabling residents to pursue educational, vocational and economic goals.

Goal 2 of the National Drug Control Policy is to increase the safety of America's citizens by substantially reducing drug-related crime and violence.

- Often with a concentration of crime in and around public housing, staff and residents used PHDEP resources to increase police coverage and security as well as to provide alternate activities to residents.

Goal 3 of the National Drug Control Strategy is to reduce health and social costs to the public of illegal drug use.

- The Public Housing Drug Elimination Program provided grants to housing authorities for the support of substance abuse and dependency treatment programs. Eligible uses of funds included sobriety maintenance, substance-free maintenance support groups, substance abuse counseling, referral treatment services and short or long range structured aftercare.
- Drug Elimination Grants were used to provide services designed for youth and/or adult drug abusers and recovering addicts including care, specialized family and parental counseling, parenting classes or other supportive services such as domestic or youth violence counseling. Also included local substance abuse/treatment agencies, HIV-related agencies, mental health and public health programs.

## DISCLOSURES

### Methodology

- HUD used the latest statistical information available from the Public Housing Drug Elimination Program (PHDEP) National Summary to calculate the drug-related financial statistics. Figures included in this report reflect information derived from the fiscal year 2000 LOCCS and from fiscal year 2001 LOCCS as of February 8, 2002. These figures represent money obligated in fiscal year 2001.
- The funding data includes a breakdown of PHDEP funding by budget line item. The budget line items reflect a compilation of the summary of expenses listed on PHDEP grant applications received from all PHDEP eligible housing authorities. Since HUD's accounting system cannot quantify its obligation by posts and

# FY 2001 Accounting of Drug Control Funds

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## Department of U.S. Housing and Urban Development Detailed Accounting of Fiscal Year 2001 Drug Control Funds

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functions. HUD then applied the percentages from the LOCCS data to the obligation amount of \$290,252,075 to arrive at an estimate of the amount obligated to each eligible expense category. HUD matched these expense categories and their associated funding amounts to ONDCF goals and objectives listed on the Performance Measure of Effectiveness.

- The LOCCS BLI funding data includes line item for Other Program Costs. Since this line item includes expenses that may be related to each PHDEP function, the total amount for each program function includes a percentage from the total amount of Other Program Costs.
- This report reflects budget line items in LOCCS for FY 2000 and FY 2001 PHDEP Grants. It is possible that carryover from the 1998, 1999, 1997, 1996 and prior years could also be expended in FY 2001.

### Investigations

- Eligible housing authorities dedicated 2.2 percent of the total amount of PHDEP funds or \$6,379,607 of the \$290,252,075 obligated for fiscal year 2001 for investigations of drug-related crime occurrences in and around the housing authorities.

### Prevention

- HUD maintains that 100 percent of the funding allocated to the four budget line items, voluntary tenant patrols, physical improvements, drug prevention, and drug intervention, support the prevention accounting submission.
- In fiscal year 2001, housing authorities allocated 2.90 percent of the total PHDEP funding on physical improvements. PHDEP grantees devoted 1.34 percent of the total PHDEP funding to voluntary tenant patrols.
- Housing authorities allocated 40.66 percent of the total PHDEP funding amount to drug prevention programs and 2.2 percent of the total PHDEP funding amount to drug intervention.
- The above budget line items accounted for 47.81 percent of PHDEP funding or \$138,774,464 of the \$290,252,075 obligated for fiscal year 2001.

### State and Local Assistance

- PHDEP grantees used 33.99 percent of the total PHDEP funding amount to fund supplemental law enforcement services in order to improve the housing authority's ability to combat drug-related crime.
- In addition, housing authorities used 14.71 percent of the total PHDEP funding to employ security officers that can perform safety and security services above and beyond those already performed by local law enforcement.
- Together these budget line items accounted for 48.69 percent of PHDEP funding or \$141,830,028 of the \$290,252,075 obligated to PHDEP grants.

# FY 2001 Accounting of Drug Control Funds

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Department of U.S. Housing and Urban Development  
Detailed Accounting of Fiscal Year 2001 Drug Control Funds

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## Drug Treatment

- The drug treatment budget line item allowed housing authorities to use PHDEP money for drug treatment activities in their housing communities. It accounted for 1.3 percent of the total amount of PHDEP funds or \$3,707,076 (the \$290,252,075 obligated to the Public Housing Drug Elimination Program).

## Other Program Costs

- HUD classified expenses incurred by housing authorities that support implementation of the PHDEP, but do not provide direct services, as another program expenses budget line item.
- Under this budget line item, housing authorities funded PHDEP expenses such as tasks necessary to comply with program regulations and with the financial and audit controls of PHDEP funds.
- In this report, a proportion of the total budget line item amount for Other Program Costs is included in each of the program functions.

## Methodological Modifications

- HUD has not made any modifications to the methodology used to determine any of its drug-related financial statistics in 2001.

## Material Weaknesses or Other Findings

- Reports submitted from PHDEP grant recipients factor into the calculation of drug-related obligations included in this report. HUD believes these reports to be the most accurate representation of how housing authorities actually spend PHDEP grants. Beginning July 1, 1999 all grantees under the PHDEP were required to submit their semi-annual performance reports electronically using a new Internet-based system. The new system allows for the standardized collection of performance and measurement of progress towards reaching established goals for their drug elimination program.
- The Federal Register required housing authorities to comply with funding and evaluation standards. Each grantee must also demonstrate that it has a fully operational system for monitoring and evaluating its grant-funded activities.
- The monitoring and evaluating system must include quantitative evidence of the number of persons and units served, types of services provided, and the impact of such services on the persons served. The system also provides evidence of the impact of grant-funded activities on the public housing or other housing, the community and the surrounding neighborhood.

# FY 2001 Accounting of Drug Control Funds

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Department of U.S. Housing and Urban Development  
Detailed Accounting of Fiscal Year 2001 Drug Control Funds

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## Reprogramming or Transfers

- There was no reprogramming or transfer of drug elimination funds in fiscal year 2001.

## Other Disclosures

- In order to more accurately portray activities funded under this budget line item of other expenses, HUD listed the drug treatment line item and the other expenses line item separately in this report.

## ASSERTIONS

### Methodology

#### Data

- This report fully reveals the sources for all data used as well as clearly explains the methods utilized to obtain all financial statistics from the data.

#### Other Estimation Methods

- HUD allows its agencies, with prior approval, to deviate from the projected budget line item activities included in their PHDEP plans. Based on professional and program knowledge, HUD estimated the funding differences between PHDEP planned programs and PHDEP actual programs.

#### Completeness

- HUD allocated all drug-related funding through Drug Elimination Grants to qualifying housing authorities. The drug methodology and program description describe drug elimination program activities in their entirety.

#### Financial Systems

- Financial systems supporting the drug methodology yield data that fairly present, in all material respects, aggregate obligations from which the drug-related obligation estimates are derived.

### Application of Methodology

- The methodology disclosed in section II accurately and completely describes the actual methodology used to determine the fiscal year 2001 drug-related financial statistics included in section I of this report.

### Financial Plan - including Reprogramming or Transfers

- All of the obligations included in this report represent estimates based on PHDEP plans submitted by qualifying housing authorities.

## FY 2001 Accounting of Drug Control Funds

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Department of U.S. Housing and Urban Development  
Detailed Accounting of Fiscal Year 2001 Drug Control Funds

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- The HUD accounting system does not allow for a breakdown of PHDEP funding by expense categories. As such, the obligation amounts may change as a result of housing authorities deviating slightly from their PHDEP plans. However, HUD believes these modifications do not exceed \$5 million.

**DEPARTMENT OF HOUSING AND URBAN  
DEVELOPMENT**

**OFFICE OF HOUSING  
OFFICE OF MULTIFAMILY HOUSING PROGRAMS**



**DETAILED ACCOUNTING OF FISCAL YEAR 2001 DRUG  
CONTROL FUNDS**

**IN SUPPORT OF THE  
*NATIONAL DRUG CONTROL STRATEGY***

**AS REQUIRED BY SECTION 1704(D) OF  
TITLE 21 UNITED STATES CODE**

**JANUARY 17, 2002**

# FY 2001 Accounting of Drug Control Funds

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Department of U.S. Housing and Urban Development  
Detailed Accounting of Fiscal Year 2001 Drug Control Funds

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**DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT**  
**OFFICE OF HOUSING**  
**OFFICE OF MULTIFAMILY HOUSING PROGRAMS**  
**DETAILED ACCOUNTING OF FISCAL YEAR 2001 DRUG CONTROL FUNDS**

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# FY 2001 Accounting of Drug Control Funds

Department of U.S. Housing and Urban Development  
Detailed Accounting of Fiscal Year 2001 Drug Control Funds

## RESOURCE SUMMARY

Drug Resources by Goal:	FY 2001 Actual Obligations in millions (\$)
Goal 1: Educate and enable America's Youth to reject illegal drugs, alcohol and tobacco.	9.59
Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence.	33.88
Goal 3: Reduce health and social costs to public of illegal drug use.	1
Goal 4: Shield America's air, land and sea.	-
Goal 5: Break foreign and domestic drug sources of supply.	-
<b>Total</b>	<b>45.5</b>
Drug Resources by Function:	
Corrections	-
Intelligence	-
Interdiction	-
International investigations	.76
Prevention	32.98
Prosecution	0.75
Research & Development	-
State & Local Assistance	18.12
Treatment	.98
Other Program Expenses	1.3
<b>Total</b>	<b>\$ 45.5</b>

## PROGRAM DESCRIPTION

The Department of Housing and Urban Development (HUD) is committed to reducing illegal drug use and drug related crime. The Multifamily Housing Drug Elimination Grant (DEG) and New Approach Anti-Drug Grant (NAAD) programs have been authorized since 1988 and 1997 respectively. These programs provide funds to privately-owned multifamily-sited housing owners to support their anti-drug and anti-crime efforts. Grantees use these resources to fight crime by increasing police coverage and security and by providing residents with alternatives to crime and violence. In particular, they

# FY 2001 Accounting of Drug Control Funds

## Department of U.S. Housing and Urban Development Detailed Accounting of Fiscal Year 2001 Drug Control Funds

have used their grant funding to employ security personnel and investigators; to contract with private security services; to reimburse local law enforcement agencies for above-baseline services; to establish volunteer resident patrols; to implement physical improvements to enhance security; and to establish and operate drug prevention, intervention, and treatment programs. A description of the above anti-drug and anti-crime efforts follows.

Eligible program costs of the Multifamily Housing's drug elimination grants are as follows:

DEG	NAAD
Physical Improvements to Enhance Security	Increased Law Enforcement
Drug Prevention	Security Services
Drug Intervention	Investigation/Prosecution
Drug Treatment	Capital Improvements to Enhance Security
Other Program Costs	Other Program Costs

Goal 1 of the National Drug Control Strategy is to educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco. The DEG and NAAD programs award funding on a competitive basis to housing developments with severe drug-related problems and with a long-term strategy to reduce crime. The DEG calls for a comprehensive prevention approach that addresses individual residents and their relationship to families, peers, and communities. To this end, the program allows housing owners and managers to administer programs ranging from youth initiatives to substance abuse education and other social programs.

Youth Initiatives recognize youth as an essential resource in solving community problems. Their enlistment can, in itself, be good prevention programming. Youth participate as coaches in recreational programs, peer monitors and leaders in community solution action planning. Related initiatives emphasize training, education, recreation, career planning, employment, substance abuse education and prevention. Youth programming both provides the opportunities, skills, and information needed for youth to make appropriate lifestyle choices and offers a deterrent to drug-related gang activity.

DEG prevention activities extend beyond youth programs. Owners and managers use grant funding to establish educational opportunities such as computer learning centers enabling residents to pursue educational, vocational, and economic goals. DEG funds also support the dissemination of information pertaining to drug prevention programs, employment opportunities, and substance abuse counseling.

# FY 2001 Accounting of Drug Control Funds

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Department of U.S. Housing and Urban Development  
Detailed Accounting of Fiscal Year 2001 Drug Control Funds

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Goal 2 of the National Drug Control Policy is to increase the safety of America's citizens by substantially reducing drug-related crime and violence. The NAAD and DEG grant programs are designed to meet the needs defined by this goal. Program activities concentrate on fighting crime in and around assisted housing. Staff and residents use their resources to increase police coverage and security.

Eligible activities of the NAAD program include reimbursing local law enforcement for additional services, security contracts, investigators, and capital improvements to enhance security.

The DEG program also supports Goal 2 by allowing housing owners to devote grant funding to voluntary tenant patrol activities and to physical improvements to enhance security.

HUD believes that the successful elimination of drug-related crime requires both the commitment and the participation of residents. Voluntary tenant patrols allow residents to participate directly in their housing community's crime prevention effort.

Physical or capital improvements aim to enhance security in housing communities. These improvements include the following items designed to discourage drug-related crime:

- installation of fences, lighting systems, or surveillance equipment,
- landscaping, and
- reconfiguration of common areas.

Goal 3 of the National Drug Control Strategy is to reduce health and social costs to the public resulting from illegal drug use. The DEG provides grants to housing owners for substance abuse and dependency intervention and treatment programs. Funds awarded can be directed to substance-free maintenance support groups, substance abuse counseling, referral treatment services and short or long range structured aftercare. Additionally, Drug Elimination Grants are used to provide services designed for youth and/or adult drug abusers and recovering addicts, including prenatal and postpartum care, specialized family and parental counseling, parenting classes, and domestic or youth violence counseling. Referral programs, family/youth counseling, and educational, vocational, and employment counseling qualify as eligible activities. Furthermore, grant funding can be distributed for the coordination of services from and to appropriate local substance abuse/treatment agencies, HIV-related agencies, mental health and public health programs.

# FY 2001 Accounting of Drug Control Funds

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Department of U.S. Housing and Urban Development  
Detailed Accounting of Fiscal Year 2001 Drug Control Funds

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## DISCLOSURES

### Drug Methodology

HUD used the latest statistical information available from HUD's Line of Credit Control System (LOCCS) and Program Accounting System (PAS) to calculate the drug-related financial statistics. Figures included in this report reflect funds obligated during FY 2001. LOCCS includes a breakdown of grant funding by budget line item. These budget line items reflect a compilation of anticipated program costs indicated on grantees' budgets. HUD's accounting system cannot quantify its obligation by goals and functions. HUD designated appropriate budget line items to each goal and function according to the actual obligation of \$45,535,798 reported to the Treasury in fiscal year 2001. This enabled HUD to arrive at an estimate of the amount obligated to each eligible expense category. HUD matched these expense categories and their associated funding amounts to ONDCP goals and objectives listed on the Performance Measure of Effectiveness.

### Investigations/Prosecution

NAAD grantees can choose to allocate NAAD funds to employ investigators who investigate drug-related crime occurrences in and around the housing developments included in their grant. They may also use funds to provide additional support, particularly, community-based support, to the local Prosecutor's Office.

Eligible housing owners dedicated 3.40 percent of the combined DEG and NAAD grant amount or \$1,550,338 of the \$45,535,798 obligated in fiscal year 2001.

### Prevention

HUD maintains that 100 percent of the grant funding allocated to the budget line items of physical or capital improvements, drug prevention programs, and support and training of tenant patrols sustain the prevention accounting submission.

- Funds allocated to the physical or capital improvement budget line items focus on eliminating drug-related crime by enhancing security around the exterior of housing communities. Housing owners spent 32.56 percent or \$14,819,862 of the total combined DEG and NAAD funding on physical or capital improvements.
- Grantees administer comprehensive drug prevention programs that range from youth initiatives, such as youth sports programs, peer mentors, and training in substance abuse education and other social programs which help to deter illegal drug use and crime by addressing underlying causes. Housing owners allocated 18.65 percent or \$8,494,491 of the total combined DEG and NAAD funding amount to drug prevention programs.

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Page 6

# FY 2001 Accounting of Drug Control Funds

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## Department of U.S. Housing and Urban Development Detailed Accounting of Fiscal Year 2001 Drug Control Funds

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- DEG money dedicated to voluntary tenant patrols focuses on crime prevention, particularly drug-related crimes, through the active involvement and commitment of residents. Support and training of tenant patrols account for .54 percent or \$244,810 of the total combined DEG and NAAD funding amount.

The above budget line items account for 51.74 percent of combined DEG and NAAD funding or \$23,569,153 of the \$45,535,798 obligated for fiscal year 2001 grants.

### State and Local Assistance

Two budget line items, security and law enforcement, account for the amount shown under the resource summary in section I of this report. NAAD grantees used 35.67 percent or \$15,332,848 of the total combined DEG and NAAD funding amount to fund supplemental law enforcement services in order to improve the housing development/ and surrounding neighborhood's ability to combat drug-related crime. In addition, housing owners used 6.12 percent or \$2,788,788 of the total combined funding to employ security officers that can perform safety and security services above and beyond those already performed by local law enforcement. Together these budget line items account for 39.79 percent of total combined DEG and NAAD funding or \$18,121,636 of the \$45,535,798 obligated in FY 2001.

### Drug Treatment

The drug intervention and treatment budget line items which allow housing owners and managers to use DEG money for drug intervention and treatment activities in their housing communities correlates directly to this accounting submission. It accounts for 2.17 percent of the total combined grant funds or \$987,776 of the \$45,535,798 obligated.

### Other Program Expenses

HUD classifies expenses incurred by housing owners that support implementation of the DEG and NAAD, but do not provide direct services, as an other program expense budget line item. Under this budget line item, grantees fund grant expenses such as tasks necessary to comply with program regulations and with the financial and audit controls of grant funds. To this end, housing owners may use grant funding to purchase computers and other necessary office materials. Grantees can also utilize funds under this budget line item for related staff training and development or conferences. This budget line item does not include administrative costs incurred by HUD for the DEG or NAAD programs. Grantees anticipated spending 2.5 percent of the total combined grant amount or \$1,138,687 of the \$45,535,798 obligated to these grants in FY 2001.

# FY 2001 Accounting of Drug Control Funds

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Department of U.S. Housing and Urban Development  
Detailed Accounting of Fiscal Year 2001 Drug Control Funds

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## Methodological Modifications

HUD has not made any modifications to the methodology used to determine any of its drug-related financial statistics in 2001.

## Material Weaknesses or Other Findings

As stated in an earlier section of this report, reports obtained from HUD's LOCCS and PAS systems determine the calculation of drug-related obligations included in this report. HUD believes these reports to be the most accurate representation of how housing owners and managers actually spend DEG and NAAD grants.

## Reprogramming or Transfers

There was no reprogramming or transfer of drug elimination grant funds in fiscal year 2001.

## Other Disclosures

This report does not reflect Public Housing Drug Elimination Grants or Operation Safe Home program information.

## **ASSERTIONS**

### Drug Methodology

#### Data

This report fully reveals the sources for all data used as well as clearly explains the methods utilized to obtain all financial statistics from the data.

#### Other Estimation Methods

HUD allows its agencies, with prior approval, to deviate from the projected budget line item activities included in their grants' plans. Based on professional and program knowledge, HUD estimated the funding differences between planned programs and actual expenses.

# FY 2001 Accounting of Drug Control Funds

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Department of U.S. Housing and Urban Development  
Detailed Accounting of Fiscal Year 2001 Drug Control Funds

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## Completeness

HUD allocates all drug-related funding through Drug Elimination Grants to qualifying housing owners. The drug methodology and program description describe drug elimination program activities in their entirety.

## Financial Systems

Financial systems supporting the drug methodology yield data that fairly present, in all material respects, aggregate obligations from which the drug-related obligation estimates are derived.

## Application of Methodology

The methodology discussed in section II accurately and completely describes the actual methodology used to determine the fiscal year 2001 drug-related financial statistics included in section I of this report.

## Financial Plan - Including Reprogrammings or Transfers

All of the obligations included in this report represent estimates based on DEG and NAAD plans submitted by qualifying housing owners. There was no reprogramming or transfer of funds in fiscal year 2001.

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## **U.S. Department of the Interior**



# FY 2001 Accounting of Drug Control Funds



## United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, D.C. 20240

JUN 24 2002

Mr. David J. Rivlin  
Chief, Budget Branch  
Executive Office of the President  
Office of National Drug Control Policy  
Washington, D.C. 20503

Dear Mr. Rivlin:

In accordance with the Office of National Drug Control Policy (ONDCP) Circular titled *Annual Accounting of Drug Control Funds*, I am pleased to enclose FY 2001 annual reports for the National Park Service, U.S. Fish and Wildlife Service, Bureau of Land Management, and the Bureau of Indian Affairs.

The Department's certification of the FY 2001 National Drug Control Program obligations is based on the respective certifications provided by the Chief Financial Officers in the four bureaus identified above.

The annual Drug Control Program obligations in the four identified bureaus fall well below the \$50 million threshold for full reporting, as identified in the ONDCP Circular. Accordingly, the Department's Inspector General and I have concluded that compliance with the full reporting requirements described in the ONDCP Circular would constitute an unreasonable burden for the Department. In accordance with the ONDCP Circular, the reported statement to this office is provided in the enclosure.

If you wish to further discuss our FY 2001 submission, please feel free to contact Ted Wronka, Deputy Director of Financial Management, at (202) 208-4701.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Schuyler Office".

R. Schuyler Office  
Deputy Chief Financial Officer

(Attachment(s))

## FY 2001 Accounting of Drug Control Funds

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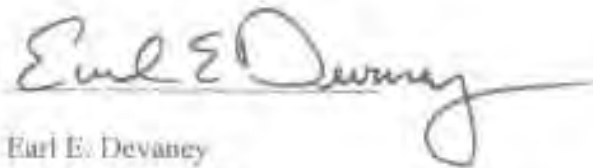
Department of the Interior  
Supporting Statement Required by  
Section 7 of  
ONDCP Circular: Annual Accounting of Drug Control Funds

*The Undersigned have reviewed the ONDCP Circular and  
have concluded that compliance with the Full  
Annual Reporting Requirement would constitute an  
unreasonable burden for the Department of the Interior.*

*This 21<sup>st</sup> day of June, 2002*



R. Schuyler Leshier  
Deputy Chief Financial Officer



Earl E. Devaney  
Inspector General

# FY 2001 Accounting of Drug Control Funds



## United States Department of the Interior

BUREAU OF LAND MANAGEMENT  
Washington, D.C. 20240  
<http://www.blm.gov>

In Reply Refer To:  
1080 (880)

JUN 21 2002

### MEMORANDUM

To: Director, Office of Budget  
Department of the Interior

From: Robert E. Doyle, Jr. *Tom Walker*  
Chief Financial Officer

Subject: Certification of the Bureau of Land Management's (BLM) National Drug Control Program Obligations for Fiscal Year (FY) 2001

In response to your e-mail request of June 10, 2002, attached please find the BLM's completed Accounting Table of obligations incurred to FY 2001 for its portion of the National Drug Control Program. The BLM has established a special project code "DRUG" to use with its Management Information System, which allows us to track all drug-related expenditures. The BLM's Accounting Table summarizes these obligations. Since the BLM uses only one code to record all of its Drug Program expenditures, the agency cannot verify its expenditures by function, as requested. However, estimates of expenditures for each applicable function have been identified.

I certify that the information provided in the attached table accurately reflects the total obligations incurred by the BLM for the National Drug Control Program in FY 2001.

If you have any questions, please contact Larry Hanna, BLM Budget Officer, at (202) 451-3145.

Attachments

# FY 2001 Accounting of Drug Control Funds

**DEPARTMENT OF THE INTERIOR  
FY 2001 Annual Accounting of Drug Control Funds  
For the Office of National Drug Control Policy (ONDCP)**

**FY2001 Obligations in Thousands**

<b>Bureau/Bureau of Land Management</b>	<b>FY 2001 Actual</b>
<b>I. Drug Resources by Strategic Goal</b>	
Goal #1: Maximize and enable America's yield in ocean floor areas as well as streams and rivers	
Goal #2: Increase the safety of America's citizens by substantially reducing drug related crime and violence	
Goal #3: Reduce health and social costs to the public of illegal drug use	
Goal #4: Shield Americans at, land, and sea borders from the drug threat	
Goal #5: Break foreign and domestic sources of supply	
<b>Total Resources by Goal</b>	<b>\$ 4,699</b>
<b>II. Drug Resources by Function (see attached listing)</b>	
Corrections	
Intelligence	\$ 179
Inspection	\$ 107
International	
Investigations	\$ 3,739
Prevention	
Prosecution	
Research and Development	
State and Local	\$ 594
Treatment	
<b>Total Resources by Function</b>	<b>\$ 4,699</b>
<b>III. Drug Resource by Budget Decision Unit (assigned to each bureau)</b>	
BUM - Resource Protection & Law Enforcement	\$ 3,171
BUM - Other Benefiting Subactivities	\$ 1,590
BUM - General Administration	\$ 338
<b>Total by Decision Unit</b>	<b>\$ 4,699</b>

(Note: The totals of all three categories will be equal to one another)

# FY 2001 Accounting of Drug Control Funds



## United States Department of the Interior

NATIONAL PARK SERVICE  
1049 C Street, N.W.  
Washington, D.C. 20240

MEMORANDUM

DATE: (2002)

JUN 19 2002

MEMORANDUM

TO: Director of Budget  
Department of the Interior

FROM: *for* E. Bruce Sheadler  
Chief Financial Officer

*James A. Glanville*  
**James A. Glanville**

SUBJECT: Certification of the National Park Service's National Drug Control Program  
Obligations for Fiscal Year 2001

In response to your request dated June 10, 2002, we have provided a table showing the National Park Service's (NPS) obligations incurred in Fiscal Year 2001 for our portion of the National Drug Control Program. The NPS has established a series of Primary Work Elements (PWE) as part of our accounting process to capture drug-related expenditures. These PWE correspond to the NPS functional budget structure rather than the various categories established for reported drug-related expenditures. Therefore, while the total obligations are correct at the total level, the NPS cannot certify its expenditures by the function and goal requested. However, estimates of expenditures for each applicable function and goal are provided.

I certify that the information provided in the attached table accurately reflects the total obligations incurred by the NPS for the National Drug Control Program in FY 2001.

If you have any questions, please contact James Glanville, Budget Officer (202) 208-4280 or Kim Mueller, Budget Analyst (202) 278-7474.

Attachment

# FY 2001 Accounting of Drug Control Funds

June 16, 2002

FY 2001 Annual Accounting of Drug Control Funds  
For the Office of National Drug Control Policy (ONDCP)  
(Obligations in millions)

		FY 2001
I.	Drug Resources by Strategic Goal	<u>Actual</u>
	Goal 1	0.124
	Goal 2	0.552
	Goal 3	0.221
	Goal 4	1.081
	Goal 5	4.624
	<b>Total Resources by Goal</b>	<b>6.902</b>
II.	Drug Resources by Function	
	Intelligence	1.180
	Investigation	4.970
	Prosecution	0.202
	Prevention	0.341
	<b>Total Resources by Function</b>	<b>6.902</b>
III.	Drug Resources by Budget Decision Unit	
	Fund Management	6.750
	External Administrative Costs	0.152
	<b>Total Resources by Decision Unit</b>	<b>6.902</b>

Note: Total amounts expended is approximately \$700,000 less than in FY00. This is due to a shift in efforts during the end of Fiscal Year 2001 as a result of the September 11<sup>th</sup> terrorist attacks.

# FY 2001 Accounting of Drug Control Funds



## United States Department of the Interior

OFFICE OF THE SECRETARY  
Washington, D.C. 20240



June 21, 2002

### Memorandum

To: Office of Financial Management  
ATTN: Ted Woronka

From: Debbie L. Clark  
Chief Financial Officer

A handwritten signature in black ink, appearing to read "Debbie L. Clark".

Subject: ONDCP Certification

Attached is the annual ONDCP certification from the Assistant Secretary Indian Affairs. This information was provided by the various program managers with the Bureau of Indian Affairs and certified as accurate for FY 2001.

If you have any questions please call me at (202) 208-5185.

Attachments:

# FY 2001 Accounting of Drug Control Funds

## BUREAU OF INDIAN AFFAIRS

### RESOURCE SUMMARY

(Budget Authority in Millions)

	FY 2001 Final BA	FY 2002 Enacted	FY 2003 Request
<b>Drug Resources by Goal</b>			
Goal 1	1,702	1,702	1,702
Goal 2	20,930	20,962	1,836
Goal 3	443	443	443
Goal 4	687	688	167
Total	23,742	23,787	4,148
<b>Drug Resources by Function</b>			
Corrections	1,081	1,053	0
Inspection	687	688	187
Investigation	13,417	13,783	875
Prevention	3,145	2,145	2,185
Research & Development	2,062	2,171	0
State & Local Assistance	2,779	2,925	951
Total	23,742	23,787	6,148
<b>Drug Resources by Decision Unit</b>			
Tribal Services (Judicial & Social)	979	981	981
Law Enforcement	20,618	20,581	1,042
Education	1,000	1,000	1,000
General Administration	345	345	345
Total	23,742	23,787	4,148
<b>Drug Resources Personnel Summary</b>			
Total FTE Information	109	129	129
Total Agency Budget Drug Percentage	2,133.0 1.3%	2,222.9 1.3%	1,268.6 1.1%



# FY 2001 Accounting of Drug Control Funds



United States Department of the Interior

FISH AND WILDLIFE SERVICE  
Washington, D.C. 20240



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The information provided is an estimate of obligations incurred by the U. S. Fish and Wildlife Service for National Drug Control Programs in FY 2001. The Service does not account for national drug control activity separately within its accounting system. Drug control activities are incidental to the Service's natural resource conservation operations. As such, obligations for drug control activities are recorded within budget subactivities funding natural resource conservation activities.

  
Robert D. Adelstein  
Chief Financial Officer  
U. S. Fish and Wildlife Service

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# FY 2001 Accounting of Drug Control Funds

## U.S. FISH AND WILDLIFE SERVICE

### I Resource Summary

(Budget Authority in Millions)

	FY 2001 Actual	FY 2002 Enacted	FY 2003 Request
<b>Drug Resources by Goal:</b>			
Goal 4	1.325	0.625	0.625
Goal 5	0.375	0.375	0.375
Total:	\$1.700	\$1.000	\$1.000
<b>Drug Resources by Function:</b>			
Investigation	0.175	0.175	0.175
Prosecution	0.075	0.075	0.075
Mediation	1.350	0.550	0.550
State and Local Assistance	0.100	0.100	0.100
Total:	\$1.700	\$1.000	\$1.000
<b>Drug Resources by Deletion Unit</b>			
Law Enforcement Agency Support (OLEA)	1.700	1.000	1.000
Total:	\$1.700	\$1.000	\$1.000
<b>Drug Resources Personnel Summary (all FTEs (direct only))</b>			
<b>Information</b>			
Total Agency Budget	\$876.3	\$1,091.3	\$1,091.3
Drug Percentage	0.2%	0.1%	0.1%

\* The primary responsibility of Service law enforcement officers is to enforce laws that protect natural resources. Drug law enforcement is an added responsibility and is considered an adjunct duty. The Service does not hire any personnel (FTEs) directly dedicated to drug law enforcement as their primary responsibility or function. All special agents, badge officers, and wildlife inspectors engage in drug law enforcement only when the need arises.



**U.S. DEPARTMENT OF JUSTICE**

FY 2001 Accounting of Drug Control Funds



U. S. Department of Justice

Office of the Inspector General

MAR 27 2002

Mr. Robert Eiss, Director  
Office of Programs, Budget,  
Research and Evaluation  
Office of National Drug Control Policy  
Washington, D.C. 20503

Dear Mr. Eiss:

This letter transmits the FY 2001 attestation review reports of the 13 components of the U. S. Department of Justice that receive drug control funds. The attestation review 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 Office of National Drug Control Policy (ONDCP) Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999.

If you have any questions, please contact me on (202) 616-4633 or Marilyn A. Kessinger, Director, Financial Statement Audit Office, on (202) 616-4660.

Sincerely,

A handwritten signature in black ink, appearing to read "David K. Zimmerman".

David K. Zimmerman  
Assistant Inspector General  
for Audit

Enclosures

## FY 2001 Accounting of Drug Control Funds

cc: Robert R. Diegelman  
Acting Assistant Attorney General  
for Administration  
Acting Chief Financial Officer  
Justice Management Division

Adrian A. Curtis  
Director, Budget Staff  
Justice Management Division

Mikki Atwatt  
Special Assistant to the Director, Budget Staff  
Justice Management Division



PricewaterhouseCoopers LLP  
1101 K Street, N.W. 5000  
Washington, DC 20005-3333  
Telephone: (202) 414-1000

**REPORT OF INDEPENDENT ACCOUNTANTS**

The Office of the Inspector General and the  
Assistant Attorney General for Administration  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's Assets Forfeiture Fund (AFF) for the fiscal year ended September 30, 2001. AFF's management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of the AFF prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

March 14, 2002  
Washington, DC



U.S. Department of Justice

Washington, D.C. 20530

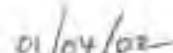
**ASSETS FORFEITURE FUND  
Management's Assertion Statement  
For Fiscal Year Ended September 30, 2001**

On the basis of the Asset Forfeiture Management Staff's (AFMS) internal control measures, we assert that the Assets Forfeiture Fund (AFF) system of accounting and use of estimates provide reasonable assurance that:

1. The methodology used by AFMS to develop the Table of Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*, and is completely documented in the disclosures accompanying the Table.
2. The Table and related disclosures were prepared from the financial and programmatic records of the AFF and represent fiscal year 2001 obligations of drug control funds, net of reimbursements.
3. Estimates used to report the fiscal year 2001 drug control obligations are adequately presented in the Table and accompanying disclosures.
4. We have, to the best of our knowledge, identified all obligations incurred by the AFF that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from the AFF's financial and program management/tracking systems.

We have documented the methodology used by AFMS to identify and accumulate fiscal year 2001 drug control obligations for the AFF in the Table of Obligations and accompanying disclosures in accordance with guidance of ONDCP's Circular, *Annual Accounting of Drug Control Funds*. The AFF's drug control methodology has been consistently applied from the previous year and there have been no reprogrammings or transfers that have not been properly disclosed.

  
Michael A. Perez, Director  
Assets Forfeiture Management Staff

  
Date

# FY 2001 Accounting of Drug Control Funds

**DEPARTMENT OF JUSTICE  
ASSETS FORFEITURE FUND  
TABLE OF DRUG CONTROL OBLIGATIONS  
FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2001  
(In Thousands of Dollars)**

	<b>2001 Actual Obligations</b>
<b>Drug Obligations by Goal:</b>	
Goal 2	531,122
Goal 5	7,490
<b>Total</b>	<b>538,613</b>
<b>Drug Obligations by Function:</b>	
International	7,490
Investigations	349,997
Prosecution	14,358
State & Local Assistance	266,767
<b>Total</b>	<b>538,613</b>
<b>Drug Obligations by Decision Unit:</b>	
Mandatory Program Operations Expenses, Permanent, Indefinite Authority	517,718
Investigative Expenses, Definite Authority	20,895
	<b>538,613</b>
<b>Drug Resources Personnel Summary:</b>	
Total FTE	0
<b>Information</b>	
Total Agency Obligations (does not include reimbursements)	538,613
Drug Percentage	100%

The programs are an integral part of the Table of Drug Control Obligations.



## Disclosure No 1 - Drug Control Methodology

The Comprehensive Crime Control Act of 1984 established the Justice Department's Assets Forfeiture Fund (AFF), into which forfeited cash and the proceeds of the sale of forfeited properties are deposited. The mission of the AFF is to disrupt, damage and dismantle criminal organizations, through the use of civil and criminal forfeiture, by removing those assets that are essential to the operation of these criminal organizations, and to punish the criminals involved by denying them use of the proceeds of their crimes.

The Table was prepared in accordance with the *ONDSCP Circular: Annual Accounting of Drug Control Funds*, dated December 17, 1999. The Table represents only obligations incurred in fiscal year 2001 on the budgetary basis of accounting and is net of offsetting collections.

AFF obligations are considered to have a 100% drug-related nexus. The use of these funds, however, is not limited by statute or policy to drug cases or matters. Obligations are supported by data obtained from the Justice Management Division's Financial Management Information System (FMIS), data from the U.S. Marshall Service's (USMS) Standardized Tracking and Reporting System (STARS) and Financial Management System (FMS) feeds into FMIS. FMIS is a computerized accounting and reporting facility that supports the financial operations of the Department. STARS is the USMS headquarters financial management system, and FMS is the USMS field offices' financial management system.

Data - All obligation accounting information for the AFF is derived from FMIS, STARS, and FMS.

Other Estimation Methods - None

Financial Systems - FMIS is the financial system that provides the AFF obligation data. Obligations that are derived by this system can be reconciled with the enacted appropriations and carryover balances.

With respect to the Table, amounts were calculated as follows:

- a. Goal 2 - By using AFF obligation data gathered from FMIS, the total comprises (1) obligations for state and local assistance sharing, (2) obligations for investigative expenses of the Drug Enforcement Administration, Federal Bureau of Investigation, Immigration and Naturalization Service, U.S. Postal Service, U.S. Park Police, Food and Drug Administration, and U.S. Department of Agriculture; and (3) obligations for prosecutive expenses of the Criminal Division and U.S. Attorneys Office.

January 4, 2001

The functions under Goal 2 include: (1) State and local assistance, (2) investigative expenses, and (3) prosecutive expenses. State and local assistance includes expenses for equitable sharing and joint law enforcement operations. The investigative and prosecutive functions include categories of expenses such as special contract services; awards for information leading to a forfeiture; automated data processing; and training and printing. Also included are awards for information, purchase of evidence, and equipping of conveyances. By using data gathered from FMIS, the percentage of Goal 2 obligations is derived by dividing their sum by the total obligations and equals 99 percent.

- b. Goal 5 - The functions under Goal 5 include (1) international equitable sharing and (2) assistance for the DEA's Domestic Cannabis Eradication/Suppression Program. By using data gathered from FMIS, the percentage of Goal 5 obligations is derived by dividing their sum by the total obligations and equals 1 percent.
- c. Decision units - The AFF comprises two decision units. First, permanent indefinite authority supports program operation expenses or mandatory expenses. These monies are used to recognize the equity of innocent third parties and lien holders and the efforts of state and local law enforcement agencies and foreign governments that helped produce the forfeitures. Program expenses typically include costs of seizing, evaluating, inventorying, maintaining, protecting, advertising, forfeiting, and disposing of property seized for forfeiture. Also included are overtime expenses and other costs of state and local law enforcement officers engaged in joint operations with Federal law enforcement agencies participating in the Fund. The percentage of indefinite authority obligations is derived by dividing their total by the total amount of obligations and equals 96 percent.

Second, appropriated, definite authority permits use of AFF balances for certain investigative expenses. Payments are made for awards and evidence, equipping of conveyances, and related expenses. The percentage of definite authority obligations is derived by dividing their total by the total amount of obligations and equals 4 percent.

Since AFF obligations are considered to have a 100% drug-related nexus, the drug methodology percentage consists of the total obligations of each of the decision units divided by the total obligations amount and results in the percentage attributed to each.

- d. FTEs - There are no FTEs under the AFF. Personnel expenses for the Asset Forfeiture Management Staff (AFMS), Justice Management Division, are funded under the Working Capital Fund and reimbursed by the AFF. AFMS is responsible for the administrative oversight of the AFF. In addition, beginning in 2001, funds

January 8, 2002

totaling \$10.2 million were available for salaries of USMS administrative personnel responsible for the Fund's property custodial functions, but the associated FTE's remained within the USMS. No salary costs of Deputy U.S. Marshals were funded.

- e. Information - All monies available for obligation come from the AFF, a permanent, indefinite fund. To the extent that funds are available, a portion of the Fund is subject to annual appropriation limitations for agency investigative expenses.

Disclosure No. 2 - Modifications to Drug Control Methodology

The overall methodology to calculate drug control obligations has not been modified. Management has no plans to change this methodology for fiscal year 2002 reporting.

Disclosure No. 3 - Material Weaknesses and Other Findings

There are no material weaknesses or other findings relating to the accounting for obligations that would affect the amounts reported in the Table. There are findings of weaknesses reported with respect to the management information system that stores and retrieves data necessary to complete the Table. Sources reviewed included: (a) the auditors' reports on the AFF financial statements, internal controls, and compliance with laws and regulations for Fiscal Year 1998 to 2001; (b) GAO and Office of the Inspector General Reports for Fiscal Year 1998 to 2001; and (c) the Department of Justice's Annual Accountability Report for Fiscal Year 2001, and the Attorney General's annual Federal Managers Financial Improvement Act certifications for Fiscal Year 1998 to 2001.

Disclosure No. 4 - Reprogramming or Transfers

A reprogramming or transfer change to the financial plan was made pursuant to P.L. 106-554, Appendix C 114 Stat. 2763A-163, Section 632, signed on December 21, 2000. The AFF transferred \$67,400 to GSA, and the transfer represents less than 0.5% of the total appropriation available for obligation. This transfer had no effect on the drug-related obligations reported in the Table or related disclosures.

Disclosure No. 5 - Other

In FY 2001 the AFF had \$892,272,268 in available budget resources. The total comprises \$410,638,179 as the unobligated balance brought forward on October 1 and \$439,930,001 in receipts. The remainder consists of offsetting collections, recoveries of prior year obligations, and restricted funds that are temporarily unavailable. To the extent that current year expenses of the Fund exceed current year receipts, the difference will be funded from the carryover balance.

January 4, 2002



PricewaterhouseCoopers LLP  
1300 K Street, N.W. 20004  
Washington, DC 20005-3333  
Telephone (202) 414-1000

### REPORT OF INDEPENDENT ACCOUNTANTS

The Office of the Inspector General and the  
Assistant Attorney General for Administration  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's Bureau of Prisons (BOP) for the fiscal year ended September 30, 2001. BOP's management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of the BOP prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

March 14, 2002  
Washington, DC



U.S. Department of Justice

Federal Bureau of Prisons

Washington, DC 20535

**Bureau of Prisons  
Management's Assertion Statement  
For Fiscal Year Ended September 30, 2001**

On the basis of the Bureau of Prisons (BOP) management control program, we assert that the BOP's system of accounting, use of estimates, and system of internal controls provide reasonable assurance that:

1. The methodology used by the BOP to develop the Table of Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, Annual Accounting of Drug Control Funds, and is completely documented in the disclosures accompanying the Table.
2. The Table and related disclosures were prepared from the financial and programmatic records of the BOP and represent fiscal year 2001 obligations of drug control funds, net of reimbursements.
3. Estimates used to report the fiscal year 2001 drug control obligations are adequately presented in the Table and accompanying disclosures.
4. We have, to the best of our knowledge, identified all obligations incurred by the BOP that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from BOP financial and program management data processing systems.

We have documented the methodology used by BOP to identify and accumulate fiscal year 2001 drug control obligations in the Table of Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, Annual Accounting of Drug Control Funds. BOP drug control methodology has been consistently applied from the previous year (except for the drug percentage which changes in accordance with the actual population) and reprogrammings and transfers have been properly disclosed.

FY 2001 Accounting of Drug Control Funds

BOP operations also includes programs that are not directly related to drug control activities, or include drug control obligations that are inconsequential to the program's activities. Accordingly, these amounts are not reflected in the Table of Obligations or accompanying disclosures.

Bruce K. Sasser  
Bruce K. Sasser  
Assistant Director  
for Administration

3/1/02  
Date

FY 2001 Accounting of Drug Control Funds

Bureau of Prisons  
 Table of Drug Control Obligations  
 For Fiscal Year Ended September 30, 2001  
 (Dollars in thousands)

Actual 2001 Obligations

Drug Obligations by Goal

Goal 2 (Reduce drug-related crime and violence)	2,326,812
TOTAL	2,326,812

Drug Obligations by Function

Corrections	2,288,579
Treatment	38,233
TOTAL	2,326,812

Drug Obligations by Decision Unit

Inmate Care and Programs	700,991
Institution Security and Administration	915,654
Contract Confinement	208,282
Management and Administration	81,563
New Construction	350,650
Modernization and Repair	68,888
Crime Bill: Inmate Care and Programs	784
TOTAL	2,326,812

Drug Resources Personnel Summary

Total FTEs (Direct Only)	17,021
--------------------------	--------

Information

Total Agency Obligations	4,270,895
Drug Percentage	54.5%

Disclosure No 1. - Drug Control Methodology The mission of the BOP is to protect society by confining offenders in the controlled environments of prisons and community-based facilities that are safe, humane, cost-efficient, and appropriately secure, and which provide work and other self-improvement opportunities to assist offenders in becoming law-abiding citizens.

The Table of Drug Control Obligations was prepared in accordance with the following Office of National Drug Control Policy (ONDCP) circulars: (A) Annual Accounting of Drug Control Funds, dated December 17, 1999; and (B) Budget Instructions and Certification Procedures, dated May 5, 1999. The table represents obligations incurred by the BOP for drug control purposes. The amounts are net of all reimbursable agreements. The BOP receives drug control funds mainly for the purpose of corrections and treatment.

BOP uses a variety of estimation methodologies to account for drug-related obligations. Estimates are supported by data obtained from the Financial Management Information System (FMIS), which provides BOP obligation data, and from SENTRY, which provides inmate population and related data. In general, the amount of obligations with a drug-related nexus is calculated by applying a factor (a percentage of population that relates to drug control) to the amount of obligations incurred by a fund or group of funds.

Data - All accounting information for the BOP is derived from the FMIS. BOP inmate population and activity information is supplied by the SENTRY data system. The percentage of the inmate population incarcerated for drug related crimes was derived from the BOP's Key Indicators data base, which is updated monthly. Year end percentages for institution population and contract population were then applied to the FY 2001 actual obligations to arrive at the FY 2001 Drug Budget. Drug treatment programs are reported as one hundred percent since the entire focus is drug related.

Other Estimation Methods - For the new construction budget, population projections for the outyears are derived from the BOP micro-simulation projection model. The model uses actual court data to project future populations. Those projections are used to develop new prison capacity requests and estimate impacts in various scenarios.

Financial Systems - The FMIS is the Department of Justice financial system that provides BOP obligation data. Obligations in this system can also be reconciled with the enacted appropriation and carryover balances.



## FY 2001 Accounting of Drug Control Funds

With respect to the table of Drug Control Obligations, amounts were calculated as follows:

a. Goal 2 - By using BOP obligation data gathered from FMIS, the drug methodology percentage was applied to each decision unit and totaled for the goal amount.

b. Corrections Function - Using BOP obligation data from FMIS, the drug methodology percentage was applied to each decision unit within the Corrections Function and totaled for the Corrections amount.

c. Treatment Function - Using BOP obligation data from FMIS, the drug methodology percentage of 100 percent for drug treatment obligations was applied to derive the treatment amount.

d. Decision Unit - Using BOP obligation data from FMIS, the drug methodology percentages were applied to each decision unit for the decision unit amount. (See attached FY 2001 Drug Resources Table)

e. Workyears (PTEs) - Using BOP PTE data from FMIS (as originated by the N.P.C. personnel payroll system and downloaded into the FMIS), the drug methodology percentages were applied to each decision unit.

f. Additional Information - None

### Disclosure No. 2. Modifications to Drug Control Methodology

The overall methodology to calculate drug control obligations has not been modified (except for drug percentage). There are no plans to change this methodology (except for the drug percentage which changes in accordance with the actual population) for FY 2002 reporting period.

### Disclosure No. 3. Material Weaknesses and other Findings

There are no material weaknesses or other findings relating to the accounting for obligations with respect to management information systems that store and retrieve data necessary to complete the table. Sources reviewed included: (a) the auditors' reports on the BOP financial statements, internal controls, and compliance with laws and regulations; (b) Office of the Inspector General Reports; and (c) the Department of Justice Annual Accountability Report, which includes the Attorney General's annual Federal Managers Financial Improvement Act certifications.

Disclosure No. 4. Reprogrammings or Transfers

See attached Reprogramming Table

Financial Plan including Reprogrammings/Transfers -  
Reprogrammings and Transfers have been calculated using the appropriate drug methodology percentage for each transaction. BOP's FY 2001 obligations include all approved Reprogrammings and Transfers.

Disclosure No. 5. Other Disclosures

The total BOP obligations are reconciled with the pre-adjusted SF333, report on budget execution and budgetary resources and Year-End closing statement reported to the U.S. Treasury Department dated November 8, 2001.

Attachment:

FY 2001 Accounting of Drug Control Funds

Federal Prison System  
Drug Related Resources  
Reprogramming and Transfers  
FY 2001  
(Dollars in thousands)

Drug Resources by Goal	Unobligated Balances Brought Forward	Enacted BA Less Rescission	Reprogram- ming**	Transfers***		Total Drug Resources Availability
				IN	Out	
Goal 2*	231,464	2,340,341	3,401	11,100	(37)	2,586,269
Drug Obligations by Function						
Corrections	229,752	2,304,808	3,401	11,100	(37)	2,549,022
Treatment	1,712	35,535	0	0	0	37,247
Total*	231,464	2,340,341	3,401	11,100	(37)	2,586,269
Drug Obligations by Decision Unit						
Inmate Care and Programs	4,163	686,519	9,546	0	0	700,228
Institution Security and Administration	15,275	966,942	11,523	0	0	915,640
Contract Confinement	1,548	219,979	(11,702)	0	0	209,825
Management and Administration	5,302	62,230	(5,066)	0	(37)	81,729
New Construction	165,812	384,503	0	11,100	0	671,215
Modernization and Repair	37,652	68,288	0	0	0	105,920
Crime Bill, Inmate Care and Programs	1,712	0	0	0	0	1,712
Total Drug Related*	231,464	2,340,341	3,401	11,100	(37)	2,586,269
Total Availability	416,492	4,303,561	0	20,000	(67)	4,739,966

\* These resources are calculated using the GOP drug methodology.

\*\* Reprogramming includes \$10,750 million transfer from the Management and Administration decision unit and \$27,213 million from the Contract Confinement decision unit into Inmate Care and Programs (\$17.2 million) and Institution Security and Administration decision units (\$20,763 million). In addition there was a reprogramming of \$24 million within the New Construction decision unit.

\*\*\* Transfer includes \$20.0 million to the New Construction decision unit from the Drug Working Capital fund and transfer of \$97 thousand to GSA, per Public Law 108-554 section 632.



PricewaterhouseCoopers LLP  
1301 K Street, N.W. 800W  
Washington, DC 20005-1121  
Telephone: (202) 412-1000

### REPORT OF INDEPENDENT ACCOUNTANTS

The Office of the Inspector General and the  
Assistant Attorney General for Administration  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's, Office of Community Oriented Policing Services (COPS) for the fiscal year ended September 30, 2001. COPS' management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of COPS prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

*PricewaterhouseCoopers LLP*

March 14, 2002  
Washington, DC



**U.S. Department of Justice**  
*Office of Community Oriented Policing Services*


1100 Vermont Avenue, NW  
Washington, D.C. 20530

**Office of Community Oriented Policing Services (COPS)**  
**Management's Assertion Statement**  
**For the Fiscal Year Ended September 30, 2001**

On the basis of the Office of Community Oriented Policing Services (COPS) internal control measures, we assert that the COPS system of accounting and use of estimates provide reasonable assurance that:

1. The methodology used by COPS to develop the Table of Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*, and is completely documented in the disclosures accompanying the Table.
2. The Table and related disclosures were prepared from COPS financial and programmatic records and represent fiscal year 2001 obligations of drug control funds, net of reimbursements.
3. Estimates used to report the fiscal year 2001 drug control obligations are adequately presented in the Table and accompanying disclosures.
4. We have, to the best of our knowledge, identified all obligations incurred by COPS that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from COPS financial and program management/tracking systems.

We have documented the methodology used by COPS to identify and accumulate fiscal year 2001 drug control obligations in the Table of Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, *Annual Accounting of Drug Control Funds*. COPS drug control methodology has been consistently applied from the previous year, except for the changes noted in the disclosures, and there have been no reprogrammings or transfers that have not been properly disclosed.

  
Ralph Justice  
Deputy Director for Administration, COPS

  
Tare

FY 2001 Accounting of Drug Control Funds

Department of Justice  
 Community Oriented Policing Services  
 Table of Drug Control Obligations  
 For the Fiscal Year Ending September 30, 2001

Dollars in Thousands	Actual 2001 Obligations
<b>Drug Resources by Goal</b>	
Goal 1, Objective 1	\$ 64,207
Goal 2, Objective 1	345,218
Total	<u>\$ 409,425</u>
<b>Drug Resources by Function</b>	
Prevention	\$ 64,207
State and Local Assistance	345,218
Total	<u>409,425</u>
<b>Drug Resources by Decision Unit<sup>1</sup></b>	
Public Safety and Community Policing Groups	\$ 226,221
Crime Fighting Technology	90,864
Community Crime Prevention	15,476
Community Based Prosecutors	66,354
Management and Administration	10,510
Total	<u>\$ 409,425</u>
<b>Drug Resources Personnel Summary</b>	
Total FTEs (direct only)	64
<b>Information</b>	
Total Agency Obligations	\$ 1,041,139
Drug Percentage	39.3%

<sup>1</sup>See Disclosure No. 1 (e) for explanation of Decision Unit Resources.

The mission of the Office of Community Oriented Policing Services (COPS) is to significantly advance community policing and improve public safety in neighborhoods throughout the country through partnerships with communities, policing agencies, and other public and private organizations.

### Disclosure No. 1 – Drug Control Methodology

The methodology employed to estimate the proportion of total COPS resources was jointly developed by the Department of Justice (DOJ) and the Office of National Drug Control Policy (ONDCP) based on the assumption that approximately one-third of the funding supports drug-related functions. COPS drug-related program resources fund a significant amount of law enforcement activities directed toward drug infested neighborhoods, drug trafficking-related problems, and drug prevention efforts. COPS drug-related reported obligations are derived from the Office's direct budget authority and are net of reimbursables and include some obligations made with prior year recovered funds.

The Table of Drug Control Obligations and Disclosures were prepared in accordance with ONDCP fiscal year 2001 instructions and guidance as well as the following ONDCP circulars (a) Annual Accounting of Drug Control Funds, dated December 17, 1999 and (b) Budget Instructions and Certification Procedures, dated May 5, 1999. The Table represents obligations, net of reimbursables, incurred by COPS during fiscal year 2001 for drug control purposes.

COPS primary method of estimation to account for the obligations of drug-related programs is supported by data obtained from the Financial Management Information System (FMIS). In general, the amount of obligations with a drug-related nexus is calculated by applying a factor (generally 33 percent of an activity that relates to drug control) to the amount of obligations incurred by a fund or group of funds.

Data - All accounting information for COPS FY 2001 obligations is reported in the Report of Budget Execution (SF-133) and the Expenditures and Allotment Report. Data for both reports are generated from the Financial Management Information System (FMIS).

In 2001, there are two exceptions to the historical 33 percent methodology applied to COPS programs in calculating drug control efforts, the Southwest Border Initiative and the Methamphetamine Initiative, both of which are 100 percent drug-control related.

Financial Systems - The FMIS is the accounting system used by COPS in FY 2001 to create all obligation data. The data are recorded using cost center codes that identify specific programs and functions. Obligations that are reflected in the system are reconciled with the enacted appropriations and available carryover balances.

## FY 2001 Accounting of Drug Control Funds

in FY 2001, the EOPS Office had available \$1,043,985,608 in funding, including FY01 new budget authority and FY00 carryover, of this amount \$410,438,762 was available for drug-control related activities.

With respect to the Table of Drug Control Obligations, amounts were calculated and programs were classified as follows:

- a. *Goal 1, Educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco* - Using COPS obligation data from FMIS, the drug methodology of 33 percent was applied to COPS FY 2001 funding for the Safe School program initiative and the COPS in Schools hiring program and totaled for the goal amount.
- b. *Goal 2, Increase the safety of America's citizens by substantially reducing drug-related crime and violence* - Using COPS obligation data from FMIS, 100 percent was applied to funding available for COPS Methamphetamine Initiative as well as the Southwest Border Initiative, the historical drug methodology of 33 percent was applied to all remaining COPS drug control programs and totaled for the goal amount.
- c. *Prevention Function* - Using COPS obligation data from FMIS, the drug methodology of 33 percent was applied to COPS Safe School initiatives and COPS in Schools hiring program and totaled for the Prevention Function amount. Both programs generally fund law enforcement agencies to partner with schools and community organizations to promote safety in and around schools.
- d. *State and Local Assistance Function* - Using COPS obligation data from FMIS and the COPS drug methodology outlined in Goal 2, each program within the State and Local Assistance Function, whether through the hiring of officers, training and technical assistance, technology, or crime prevention efforts, contributes to increasing the safety of America's citizens by addressing drug-related crime and violence.
- e. *Decision Unit* - Based on individual program objectives, each COPS program is grouped into one of five decision units: Public Safety and Community Policing Grants, Crime Fighting Technology, Community Crime Prevention, Community Based Prosecutors, or Program Administration. Each COPS program and function is identified by an account classification code in FMIS. The Office assigns each account classification code to a specific decision unit. Below is a breakdown of account classification codes by decision unit:
  - *Public Safety and Community Policing Grants:* 42; 420201; 42020102; 42020103; 42020203; 42020204; 42020205; 42020207; 42020301; 42020302; 420302; 420401; 22020103
  - *Crime Fighting Technology:* 42020201; 42020211
  - *Community Crime Prevention:* 42020212; 42020213
  - *Community Based Prosecutors:* 42020209
  - *Management and Administration:* 4201-420113; 2201-220113



## FY 2001 Accounting of Drug Control Funds

In FY 2001, COPS utilized two separate appropriation funds, the Violent Crime Reduction Trust Fund (R2) and the Direct Appropriation (U4). All new enacted budget authority was derived from the Direct Appropriation; however, carryover and prior year recoveries were reflected primarily in the Violent Crime Reduction Trust Fund account.

- f. FTEs – COPS obtains FTE data from the Workyear Status Report. This report is created every pay period by the Justice Management Division from data obtained from FMIS, which originates from the National Finance Center (NFC). To calculate the total drug control FTE contribution the 33 percent drug methodology was applied to the cumulative average FY 2001 COPS FTE level reported on the Workyear Status Report for pay period 1E.

### Disclosure No 2 – Modifications to Drug Control Methodology

Prior to 2001, the drug methodology employed by COPS was jointly developed by the Department of Justice and the Office of National Drug Control Policy. The methodology was based on the assumption that approximately one-third of all COPS funding supported drug-related functions, particularly since a significant amount of law enforcement activities are directed towards drug infested neighborhoods, drug trafficking-related problems, and drug prevention efforts.

As the COPS Office's goals expand to continue funding law enforcement officers as well as provide more advanced training, technical assistance, and equipment for these officers, the Office has had to reevaluate its drug methodology. COPS drug-related reported obligations are derived from the Office's direct budget authority and are net of reimbursables and exclude obligations made with prior year recovered funds. In general, the COPS Office continues to apply 33 percent of all funding to drug control efforts. However, in 2001 specific earmarked programs are 100 percent drug control related, the prosecution assistance initiative for Southwest Borders and the Methamphetamine Initiative, thus increasing the total estimated drug control resources from 33 percent to 39.3 percent.

COPS goals and programs expand and change each year to more effectively meet the needs of local law enforcement. Each year, the Office will reevaluate each program's objectives and determine the appropriate drug-related percentage to more accurately reflect COPS contribution to drug control efforts.

### Disclosure No 3 – Material Weaknesses and Other Findings

There are no material weaknesses or other findings relating to the accounting for obligations with respect to management information systems that store and retrieve data necessary to complete the table.

Sources reviewed included: (a) the auditor's reports on OHD's FY 01 financial statements; (b) Office of the Inspector General Reports; and (c) the Department of

## FY 2001 Accounting of Drug Control Funds

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Justice's Annual Accountability Report, which includes the Attorney General's Annual Federal Managers Financial Improvement Act certifications.

Disclosure No. 4 -- Reprogrammings and Transfers of Funds

There were no approved reprogrammings or transfers of funds in FY 2001.



PricewaterhouseCoopers LLP  
1301 K Street, N.W. 8000  
Washington, D.C. 20005-3111  
Telephone: (202) 414 1000

### REPORT OF INDEPENDENT ACCOUNTANTS

The Office of the Inspector General and the  
Assistant Attorney General for Administration  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's Criminal Division for the fiscal year ended September 30, 2001. Criminal Division's management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of the Criminal Division prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers LLP".

March 14, 2002  
Washington, DC

# FY 2001 Accounting of Drug Control Funds



U.S. Department of Justice

Criminal Division

Washington, D.C. 20530

## **CRIMINAL DIVISION** **Management's Assertion Statement** **For Fiscal Year Ended September 30, 2001**

On the basis of the Criminal Division (CRM) internal control measures, we assert that CRM's system of accounting and use of estimates provide reasonable assurance that:

1. The methodology used by CRM to develop the Table of Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*, and is completely documented in the disclosures accompanying the Table.
2. The Table and related disclosures were prepared from CRM financial and programmatic records of CRM and represent fiscal year 2001 obligations of drug control funds.
3. Estimates used to report the fiscal year 2001 drug control obligations are adequately presented in the Table and accompanying disclosures.
4. We have, to the best of our knowledge, identified all obligations incurred by CRM that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from CRM financial and program management/tracking systems.

We have documented the methodology used by CRM to identify and accumulate fiscal year 2001 drug control obligations in the Table of Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, *Annual Accounting of Drug Control Funds*. There have been no reprogrammings or transfers that have not been properly disclosed. CRM's operations include programs that are not related to drug control activities, or include drug control obligations that are inconsequential to the program activities. Accordingly, these amounts are not reflected in the Table or accompanying disclosures.

Eugene F. Frye  
Assistant Director, Budget Operations  
Office of Administration  
Criminal Division

3/7/02

Date

# FY 2001 Accounting of Drug Control Funds

## CRIMINAL DIVISION FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2001 *(In Thousands of Dollars)*

	<u>2001 Actual Obligations</u>
<b>Drug Obligations by Goal:</b>	
Goal 2	\$18,209
Goal 4	\$3,730
Goal 5	\$12,082
<b>Total</b>	<u>\$34,031</u>
<b>Drug Obligations by Function:</b>	
International	\$4,465
Prosecution	\$29,566
<b>Total</b>	<u>\$34,031</u>
<b>Drug Obligations by Decision Unit:</b>	
Organized Crime and Narcotics	\$10,683
International	\$4,465
Litigation Support	\$14,884
Management and Administration	\$3,999
<b>Total</b>	<u>\$34,031</u>
<b>Drug Resources Personnel Summary:</b>	
Total FTE	234
<b>Information:</b>	
Total Agency Obligations	\$109,860
Drug Percentage	30.98%

NOTE: Resources include amounts Federal agencies are not included in obligations.

## FY 2001 Accounting of Drug Control Funds

Disclosure No. 1 - Drug Control Methodology The mission of the Criminal Division is to develop, enforce, and supervise the application of all federal criminal laws except those specifically assigned to other divisions. In addition to its direct litigation responsibilities, the Division also formulates and implements criminal enforcement policy and provides advice and assistance.

The Table of Drug Control Obligations was prepared in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Annual Accounting of Drug Control Funds*. The table represents obligations incurred by the Criminal Division for drug control purposes. CRM receives drug control funds mainly for the purpose of prosecutions. The amounts disclosed are net of all reimbursable agreements.

CRM uses an estimation methodology to account for obligations involving drug-related matters. Estimates are supported by obligation data obtained from the Financial Management Information System (FMIS). In general, the amount of obligations with a drug-related focus is calculated by applying a factor (the percentage of time spent by each Section and Office on drug-related issues) to budgeted amounts per Section/Office based on the FY 2001 actual total.

Data - All accounting information for CRM is based on the FY 2001 actual budget obligation data gathered from the FMIS. The management in each Section/Office within the Criminal Division determines what percentage of time is spent on drug-related issues. These percentages are then calculated against the budgeted amounts for each Section/Office, equating to the total costs.

Other Estimation Methods - CRM does not have other estimation methods to report.

Financial Systems - The FMIS provides CRM with obligation data. Obligations that are derived by this system can be reconciled with the enacted appropriations and carryover balances.

With respect to the table of Drug Control Obligations, amounts were calculated as follows:

1. Goal 2 - The total amount was derived by applying the drug methodology percentage to the FMIS obligation data for each Section/Office's actual FY 2001 budget.
2. Goal 4 - The total amount was derived by applying the drug methodology percentage to the FMIS obligation data for each Section/Office's actual FY 2001 budget.
3. Goal 5 - The total amount was derived by applying the drug methodology percentage to the FMIS obligation data for each Section/Office's actual FY 2001 budget.

## FY 2001 Accounting of Drug Control Funds

4. Prosecutions Function - The total prosecutions function amount was derived by applying the drug methodology percentage to the FMIS obligation data for each Section/Office's actual FY 2001 budget using the following Decision Units: Organized Crime and Narcotics, Litigation Support, and Management and Administration. Dollars were totaled for the prosecutions function amount.
5. International Function - The total international function amount was derived by applying the drug methodology percentage to the FMIS obligation data for each Section/Office's actual FY 2001 budget using the International Decision Unit. Dollars were totaled for the international function amount.
6. Decision Unit - The total decision unit amount was derived by applying the drug methodology percentage to the FMIS obligation data for each Section/Office's actual FY 2001 budget using a time factor. This time factor was determined by management in each Section/Office. Management estimated the percentage of their time that would be dedicated to drug-related work for that fiscal year, and derived the decision unit total amounts.

The following are each Decision Unit's percentages of CRM's total drug resources:

• Organized Crime and Narcotics -	31% <sup>1</sup>
• International -	13%
• Litigation Support -	44% <sup>2</sup>
• Management and Administration -	12%
	100%

7. FTEs - The total FTE data was derived by estimating FTE levels using data contained in the Division's Personnel staffing reports, and applying the drug methodology percentage to each Section/Office's FTE levels.

### Disclosure No. 2 - Modifications to Drug Control Methodology

The overall methodology to calculate drug control obligations has not been modified. Management has no plans to change this methodology for fiscal year 2002 reporting.

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<sup>1</sup>The Organized Crime and Narcotics Decision Unit percentile has decreased 2% from FY 2000's Assertion Statement. This is due to increases in resources in other Decision Units.

<sup>2</sup>The Litigation Support Decision Unit percentile has increased 2% from FY 2000's Assertion Statement. This is due to the increase in the percentage of time spent on drug-related issues by the Asset Forfeiture and Money Laundering Section.

## FY 2001 Accounting of Drug Control Funds

### Disclosure No. 3 - Material Weaknesses and Other Findings

There are no material weaknesses or other findings relating to accounting for obligations from the management information system that stores and retrieves data necessary to complete the table. Sources reviewed included: (a) the auditor's reports on CRM financial statements, internal controls, and compliance with laws and regulations; (b) Office of the Inspector General Reports; and (c) the Department of Justice's Annual Accountability Report, which includes the Attorney General's annual Federal Managers Improvement Act certifications.

### Disclosure No. 4 - Reprogrammings or Transfers

CRM did not have any drug-related reprogrammings or transfers for FY 2001. (CRM did have multi-year accounts for FY 2001, but none were drug-related)

For FY 2001, CRM's drug-related budget authority was \$35,065,000 of that CRM obligated \$34,031,000.

### Disclosure No. 5 - Other Disclosures

ICDE Resources: \$2.687 million

This money supports the Organized Crime Drug Enforcement Task Forces (OCDEF) and is reported by the Executive Office for OCDEF in their submission to ONDCE.

CRM asserts that the information presented in the Table of Drug Control Obligations fairly presents the drug control obligations for CRM.





PriceWaterhouseCoopers LLP  
Suite 600W  
1301 K Street NW  
Washington, DC 20004-2133

**REPORT OF INDEPENDENT ACCOUNTANTS**

The Office of the Inspector General and the  
Assistant Attorney General for Administration  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's Drug Enforcement Administration (DEA) for the fiscal year ended September 30, 2001. DEA's management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of the DEA prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

March 26, 2002  
Washington, DC



U. S. Department of Justice  
Drug Enforcement Administration

**Management's Assurance Statement  
For the Fiscal Year ended September 30, 2001**

On the basis of the Drug Enforcement Administration's (DEA's) management control program, we assert that the DEA system of accounting, use of estimates, and system of internal control provide reasonable assurance that:

1. The methodology used by the DEA to develop the Table of FY 2001 Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*, and is completely documented in the disclosures accompanying the Table.
2. The Table and related disclosures were prepared from the financial and programmatic records of the DEA and represent FY 2001 obligations of drug control funds.
3. Estimates used to report the FY 2001 (drug control) obligations are adequately presented in the Table and accompanying disclosures.
4. We have, to the best of our knowledge, identified all obligations incurred by the DEA that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from DEA's financial and program management data processing systems.

We have documented the methodology used by DEA to identify and accumulate FY 2001 drug control obligations in the Table and accompanying disclosures in accordance with the guidance of ONDCP's Circular, *Annual Accounting of Drug Control Funds*. Except as discussed in the accompanying disclosures, DEA's drug control methodology has been consistently applied from the previous year and there was a reprogramming and transfers that have been disclosed. All of DEA's operations and programs are related to drug control activities and are reflected in the accompanying obligation data.

  
Frank M. Kalder, Chief Financial Officer

3/26/02  
Date

## FY 2001 Accounting of Drug Control Funds

### Drug Enforcement Administration For the Fiscal Year Ending September 30, 2001 (Dollars in thousands)

	FY 2001 Actual Obligations <sup>1/</sup>
<b>Drug Resources by Goal</b>	
Goal 1	3,012
Goal 2	927,505
Goal 4	135,664
Goal 5	352,362
Total	1,421,643
<b>Drug Resources by Function:</b>	
Investigation	\$ 1,010,372
Intelligence	171,486
International	225,401
State & Local Assistance	11,302
Prevention	3,012
Research and Development	-
Total	\$ 1,421,643
<b>Drug Resources by Decible Unit:</b>	
ADP	\$ 140,188
Chemical	10,046
Domestic Enforcement	390,953
Foreign	163,224
Intelligence	109,399
Labs	44,258
MAA	100,414
RETD	116,795
State & Local	216,506
Training	26,577
Total S&E/ICRP	\$ 1,344,371
Construction	-
Drug Diversion Control Fee Account	77,272
Total	\$ 1,421,643
<b>Drug Resources Direct Personnel Summary: <sup>2/</sup></b>	
Total FTE	7,820
<b>Total Agency Budget</b>	<b>\$ 1,421,643</b>
<b>Drug Percentage</b>	<b>100.0%</b>

**Note:**

<sup>1/</sup> Reimbursements, transfers (NIDTA) and actual recoveries and unobligated balances brought forward are not included.

<sup>2/</sup> Includes S&E/ICRP and DCFA appropriations.

### Disclosure 1: Drug Control Methodology

The mission of the Drug Enforcement Administration (DEA) is to enforce the controlled substances laws and regulations of the United States and to bring to the criminal and civil justice system of the United States or any other competent jurisdiction, those organizations, and principal members of organizations, involved in the growing, manufacture, or distribution of controlled substances appearing in or destined for illicit traffic in the United States; and to recommend and support nonenforcement programs aimed at reducing the availability of illicit controlled substances on the domestic and international markets. In carrying out its mission, DEA is the lead agency responsible for the development of overall Federal drug enforcement strategy, programs, planning, and evaluation. DEA's primary responsibilities include:

- Investigation and preparation for prosecution of major violators of controlled substances laws operating at interstate and international levels;
- Management of a national drug intelligence system in cooperation with Federal, state, local, and foreign officials to collect, analyze, and disseminate strategic and operational drug intelligence information;
- Seizure and forfeiture of assets derived from, traceable to, or intended to be used for illicit drug trafficking;
- Enforcement of the provisions of the Controlled Substances Act as they pertain to the manufacture, distribution, and dispensing of legally produced controlled substances;
- Coordination and cooperation with Federal, state and local law enforcement officials on mutual drug enforcement efforts and enhancement of such efforts through exploitation of potential interstate and international investigations beyond local or limited Federal jurisdictions and resources;
- Coordination and cooperation with other Federal, state, and local agencies, and with foreign governments, in programs designed to reduce the availability of illicit abuse-type drugs on the United States market through nonenforcement methods such as crop eradication, crop substitution, and training of foreign officials;
- Responsibility, under the policy guidance of the Secretary of State and U.S. Ambassadors, for all programs associated with drug law enforcement counterparts in foreign countries; and
- Liaison with the United Nations, Interpol, and other organizations on matters relating to international drug control programs.

The accompanying Table of Drug Control Obligations was prepared in accordance with the following Office of National Drug Control Policy (ONDCP) circulars (a) Annual Accounting of Drug Control Funds, dated December 17, 1999, and (b) Budget Instructions and Certification

## FY 2001 Accounting of Drug Control Funds

Procedures, dated May 5, 1999. The table represents obligations incurred by the DEA for drug control purposes and reflects 100 percent of the DEA's mission. The table does not show indirect funds used to support reimbursable activity.

DEA used a method supported by the ONDCP for the estimation of obligations by goal. Specifically, each program was evaluated to determine the ONDCP goal it supports, and the corresponding obligations (direct and indirect) were prorated accordingly. This method is consistent with the approach used in the preparation of previous reports to ONDCP. The accompanying documents include DEA's Annual Accounting of Drug Control Funds for FY 2001 and several supporting documents. Note that DEA does not track obligations and expenditures by ONDCP function or goal. In the absence of such capability, estimates have been furnished, as indicated, and no corresponding documentation has been generated.

The ONDCP goals supported by DEA are as follows:

Goal 1 – Educate and enable America's youth to reject illegal drugs. For DEA, this goal is directly related to the Demand Reduction Program.

Goal 2 – Increase the safety of America's citizens by substantially reducing drug related crime and violence. This goal relates specifically to the enforcement aspects of the domestic enforcement and state and local task force program areas, including the Regional Enforcement Teams (RETs) and Mobile Enforcement Teams (METs).

Goal 4 – Shield America's air, land, and sea frontiers from the drug threat. This goal relates to the Southwest Border Initiative, Caribbean Initiative, Vetted Units, and efforts in Mexico.

Goal 5 – Break foreign and domestic sources of supply. This goal directly relates to the foreign cooperative investigative programs, marijuana eradication, and methamphetamine laboratory clean-up efforts.

Data. All accounting data for the DEA is maintained in the Federal Financial System (FFS). FFS tracks obligation and expenditure data by a variety of attributes, including fund type, allowance center, decision unit and object class. It does not track activity by ONDCP function or ONDCP goal. One hundred percent of DEA's efforts are related to drug enforcement.

Other Estimation Methods. None.

Financial Systems. FFS is the information system DEA uses to track obligations and expenditures. Obligations derived from this system can also be reconciled against enacted appropriations and carryover balances. Because FFS does not track obligation and expenditure data by ONDCP function or ONDCP goal, the following methods were applied:

- a. Goal 1. FY 2001 obligations associated directly with DEA's Demand Reduction Program were attributed to Goal 1. For FY 2001, this total was estimated to be \$3.012 million.

## FY 2001 Accounting of Drug Control Funds

- b. **Goal 2.** Goal 2 was estimated by multiplying all obligations not incurred for Goal 1 or Goal 4 by the ratio of (a) the sum of obligations for Domestic Enforcement, Diversion Control, State and Local Support, and Marijuana enforcement efforts to (b) the sum of obligations for Diversion Control, Foreign Cooperative Investigation, State and Local Support, and Methamphetamine enforcement. For FY 2001, this total was \$927.605 million.
- c. **Goal 4.** FY 2001 obligations associated with DEA's Southwest Border, Caribbean, and Mexican enforcement efforts, including a portion of overhead activities, were attributed to Goal 4. For FY 2001, this total was \$138.664 million.
- d. **Goal 3.** Goal 3 was estimated by multiplying all obligations not incurred for Goal 1 or Goal 4 by the ratio of (a) the sum of obligations for Foreign Cooperative Investigation and Methamphetamine and Marijuana enforcement efforts to (b) the sum of obligations for Domestic Enforcement, Diversion Control, Foreign Cooperative Investigation, State and Local Support, and Methamphetamine enforcement. For FY 2001, this total was \$352.362 million.

As previously stated, DEA's financial management systems do not track drug control obligations by ONDCP functions, accordingly, the following estimates were used to determine DEA's drug control obligations by ONDCP function.

- e. **Intelligence Function.** FY 2001 obligations associated with DEA's intelligence efforts were estimated at \$171,466 million. This includes 100% of the Intelligence, 26% of the RETO, and 12% of the ADP, M&A, and Training Decision Units.
- f. **International Function.** FY 2001 obligations associated with DEA's international efforts were estimated at \$225,491 million. Total drug obligations in this function include 100% of the Foreign Cooperative Investigations Decision Unit and 16% of the ADP, M&A, and Training Decision Units.
- g. **Investigations Function.** FY 2001 obligations associated with DEA's investigations efforts were estimated at \$1,010,372 million. DEA's investigations efforts include: 100% of the Chemical, Domestic Enforcement, and Laboratory Services Decision Units and the Diversion Control Fee Account Appropriation, 96% of the State and Local Task Force Decision Unit, 74% of the RETO Decision Unit and 71% of the ADP, M&A, and Training Decision Units.
- h. **Prevention Function.** FY 2001 obligations associated directly with DEA's demand reduction efforts were estimated at \$3,012 million.
- i. **Research and Development Function.** There were no FY 2001 obligations associated with DEA's research and development.

## FY 2001 Accounting of Drug Control Funds

- j. **State & Local Assistance Function.** FY 2001 obligations associated with DEA's state and local assistance efforts were estimated at \$11,302 million. The total Decision Units for ADP, M&A, and Training were spread at a 1% rate for this function.
- k. **Decision Units.** One hundred percent of the obligation total for each decision unit was associated with drug enforcement. This total is reported as tracked in FFS.
- l. **FTEs.** One hundred percent of all DEA FTEs are dedicated to drug enforcement efforts. DEA's FTE total for FY 2001 was 7,820.
- m. **Summary Information.** One hundred percent of all DEA obligations are incurred for drug enforcement purposes.

### Disclosure 2: Modification of Drug Enforcement Accounting Method

As DEA continues to make improvements in its ability to track obligations by program, modifications to DEA's drug control methodologies and estimates are needed to more closely align DEA's obligations with ONDCP's goals and functions. For FY 2000, DEA revised its distribution of funds by ONDCP Function; for FY 2001 DEA does the same by ONDCP Goals, as shown below:

<u>Goal</u>	<u>Drug Enforcement Administration</u> <u>Obligations by ONDCP Goal</u> <u>(Dollars in thousands)</u>			
	<u>FY 2001</u>	<u>FY 2000</u>	<u>Change</u>	<u>% Change</u>
Goal 1	\$ 3,012	\$ 3,339	\$ (327)	(9.8%)
Goal 2	927,605	615,722	311,883	50.7%
Goal 4	138,664	424,158	(285,494)	(67.3%)
Goal 5	352,362	245,505	106,857	43.5%
<b>Total</b>	<b>\$1,421,643</b>	<b>\$1,288,722</b>	<b>\$132,921</b>	<b>10.3%</b>

The apparent differences between FY 01 and 00 in DEA amounts reported against ONDCP Goals is due to changes in how DEA allocated its Decision Unit amounts to the Goals in FY 2001 as compared to FY 2000. In this table, DEA's drug control obligations increase by 10.3% from the prior year but the individual changes in Goal 2 and 4 seem very large. However, if the FY 2000 column data were distributed in the same proportions as the new FY 2001 data, the individual differences would be much smaller.

## FY 2001 Accounting of Drug Control Funds

Goal	New Method		Change	% Change
	FY 2001	FY 2000		
Goal 1	\$ 3,012	\$ 2,789	\$ 223	8.0%
Goal 2	927,605	847,397	80,208	9.5%
Goal 4	138,664	124,116	14,548	11.7%
Goal 5	<u>352,362</u>	<u>314,420</u>	<u>37,942</u>	<u>12.1%</u>
Total	\$1,421,643	\$1,288,722	\$132,921	10.3%

### Disclosure 3. Material Weaknesses and Other Findings

The most recent external audit of DEA's FY 2001 financial statements was conducted by the accounting firm KPMG and has revealed the following material weakness. In our opinion, the weakness identified below may affect the obligations reported herewith:

1. The need to implement effective controls to manage its obligated funds and ensure that expended obligations and the related accounts payable are timely recorded.
2. The need to strengthen its controls over information systems.

The DEA has identified and undertaken appropriate corrective action in response to the above findings. DEA will aggressively review open obligations older than one year and perform routine quality assurance reviews of the obligation validation process. DEA is developing a method to record accounts payable at a detail obligation level quarterly. Changes needed to strengthen controls over DEA's information systems continue to be implemented.

### Disclosure 4. Reprogrammings and Transfer

The reprogramming actions within DEA reflect permanent and one-time alignment of program costs with the appropriate decision unit as follows:

- (1) Technical Realignment of positions, workyears, and payroll. This item consists of two parts: First to permanently realign 263 positions and workyears between DEA's ten Decision Units (DU's). This is a technical adjustment and only changes how DEA tracks costs and did not change what DEA employees do nor their geographic locations. The second part permanently realigns DEA's payroll costs by DU and is more reflective of DEA's actual costs.
- (2) Programmatic Realignment of 42 positions, FTE and payroll to support changes in program requirements and organizational changes.



## FY 2001 Accounting of Drug Control Funds

- (3) Background Investigations – realigns \$1,457,000 between DEA's ten DU's to accurately reflect how costs are expended.
- (4) Health Service - realigns \$1,116,000 between DEA's ten DU's to accurately reflect how costs are expended.
- (5) Foreign Cooperative Investigations Program (FCIP) – This reprogramming is a technical correction of \$3,500,000 from the Intelligence DU to FCIP DU.
- (6) Organized Crime Drug Enforcement Program – This is a technical correction of \$2,330,000, between the Domestic and Intelligence DU's.
- (7) Rent Shortfall – One time reprogramming of \$10,712,841.
- (8) Operational Shortfall – One time reprogramming of \$1,213,000.

There was a transfer of \$67,400 from the S&E account Domestic Enforcement DU to GSA in support of government-wide financial, information technology, procurement, and other management innovations, initiatives, and activities as required by P.L. 105-554 Section 632.

### Disclosure 5: Other Disclosures

None.

**Department of Justice  
Drug Enforcement Administration  
Table of FY 2001 Reprogrammings and Transfers  
(dollars in thousands)**

	Revenues and Unobligated Resources						Total Availability
	Brought Forward	Enacted Budget Authority	Reprogrammed	Transfers In	Transfers Out		
<b>Drug Resources by Goals:</b>							
Goal 1	204	1,673	453	-	-	-	3,330
Goal 2	39,764	958,396	(14,084)	17,116	(62)	(62)	1,001,129
Goal 3	2,809	113,121	26,849	-	-	(1)	142,878
Goal 4	33,142	172,723	(13,270)	154	(8)	(8)	390,831
<b>Total</b>	<b>77,024</b>	<b>1,447,853</b>	<b>13,958</b>	<b>17,270</b>	<b>(67)</b>	<b>(67)</b>	<b>1,538,080</b>
<b>Drug Resources by Functions:</b>							
Investigative	41,220	1,019,349	3,000	(6,393)	(675)	(675)	1,008,196
Intelligence	3,006	166,184	7,293	-	-	-	177,483
Inspections	20,049	545,603	(13,229)	-	-	-	552,423
State & Local Assistance	608	13,119	(679)	672	-	-	13,720
Prevention	266	2,673	433	-	-	-	5,372
Research and Development	-	-	-	-	-	-	-
<b>Total</b>	<b>77,024</b>	<b>1,447,853</b>	<b>13,958</b>	<b>17,270</b>	<b>(675)</b>	<b>(675)</b>	<b>1,538,080</b>
<b>Drug Resources by District Units:</b>							
ADP	3,661	149,473	(51)	-	-	-	152,183
Drug and Chemical Diversion Control	796	16,108	1,343	-	-	-	18,247
Domestic Enforcement	13,004	490,273	(11,000)	-	(67)	(67)	412,140
Foreign Cooperative Investigations	37,310	208,333	(18,839)	-	-	-	216,804
Intelligence	4,377	112,292	(7,417)	-	-	-	119,252
Laboratory Services	2,823	84,334	709	439	-	-	87,305
Management and Administration	6,902	87,326	(5,166)	-	-	-	89,062
Research, Engineering, and Technical Operations	83	83,076	11,311	-	-	-	94,270
State and Local Task Forces	12,807	243,206	(22,610)	(8,831)	-	-	202,562
Training	263	10,265	7,837	-	-	-	18,365
Communications	-	-	-	-	-	-	-
Diversion Control Fee Account	-	61,243	-	-	-	-	61,243
<b>Total</b>	<b>77,024</b>	<b>1,447,853</b>	<b>13,958</b>	<b>17,270</b>	<b>(675)</b>	<b>(675)</b>	<b>1,538,080</b>



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Washington, DC 20005-3333  
Telephone: (202) 414-3000

### REPORT OF INDEPENDENT ACCOUNTANTS

The Office of the Inspector General and the  
Assistant Attorney General for Administration  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's Federal Bureau of Investigation (FBI) for the fiscal year ended September 30, 2001. FBI's management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of the FBI prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

*PricewaterhouseCoopers LLP*

March 14, 2002  
Washington, DC

# FY 2001 Accounting of Drug Control Funds



U.S. Department of Justice

Federal Bureau of Investigation

In Reply, Please Refer to  
File No.


## Federal Bureau of Investigation Management's Assertion Statement For Fiscal Year Ended September 30, 2001

On the basis of the Federal Bureau of Investigation (FBI) internal control measures, we assert that the FBI's system of accounting and use of estimates provide reasonable assurance that:

1. The methodology used by the FBI to develop the Table of Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, Annual Accounting of Drug Control Funds, and is completely documented in the disclosure accompanying the Table.
2. The Table and related disclosures were prepared from FBI financial and programmatic records of FBI and represent fiscal year 2001 obligations of drug control funds, net of reimbursements.
3. Estimates used to report the fiscal year 2001 drug control obligations are adequately presented in the Table and accompanying disclosures.
4. We have, to the best of our knowledge, identified all obligations incurred by the FBI that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from FBI financial and program management/tracking systems.

We have documented the methodology used by the FBI to identify and accumulate fiscal year 2001 drug control obligations in the Table of Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, Annual Accounting of Drug Control Funds. FBI drug control methodology has been consistently applied from the previous year and there have been no reprogrammings or transfers that have not been properly disclosed. FBI operations include programs that are not related to drug control activities, or include drug control obligations that are inconsequential to the program's activities. Accordingly, these amounts are not reflected in the Table of Drug Control Obligations or accompanying disclosures.

  
Jeffrey A. Lempinski, Acting Assistant Director, Finance Division

  
Date

# FY 2001 Accounting of Drug Control Funds

**Department of Justice  
Federal Bureau of Investigation  
Table of Drug Control Obligations  
for Fiscal Year Ending September 30, 2001  
(Dollars in Thousands)**

	<b>2001</b>
	<b>Actuals</b>
<b>Drug Resources by Goal:</b>	
Goal 2:	\$ 107,675
Goal 4	112,051
Goal 5	381,188
<b>Total</b>	<b>\$ 600,874</b>
<b>Drug Resources by Function:</b>	
Investigations	\$ 565,982
Intelligence	24,984
Innovation	6,877
Research and Development	7,233
<b>Total</b>	<b>\$ 600,874</b>
<b>Drug Resources by Decision Unit:</b>	
Organized Criminal Enterprises	\$ 291,636
White-Collar Crime	66,857
Violent Crime	92,545
Training, Recruitment & Appl.	21,140
Forensic Services	13,554
Information Management	
Automation & Telecomm.	29,765
Tech. Field Supp & Serv.	22,200
Criminal Justice Services	24,566
Management & Administration	72,161
<b>Subtotal</b>	<b>\$ 600,874</b>
Carrier Compliance	
<b>Total</b>	<b>\$ 57,721</b>
	<b>658,595</b>
<b>Drug Resources Personnel Summary</b>	
Total FTE (Direct Only)	4,949
<b>Information:</b>	
Total Agency Obligations w/ Carrier Compliance	1,249,254
Drug Percentage	18.5%
<b>Information:</b>	
Total Agency Obligation w/ Carrier Compliance	\$ 1,364,996
Drug Percentage	18.57%

For the FBI's Drug Control Obligations, the dollars and FTEs represent resources from all FBI programs (field and HQ) that have some impact on the Drug Program. However, these resources are not dedicated to Drug investigations exclusively. During FY 2001, the FBI had 876 direct-funded Special Agent positions in the field (not inclusive of management) dedicated to Drug investigations.

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**Disclosure #1. - Drug Control Methodology**

**Mission and Background:**

The FBI is the principal investigative agency of the Department of Justice with a multi-jurisdictional mission. The Attorney General has delegated to the FBI general investigative responsibility over criminal violations that are not expressly delegated to other agencies. The FBI has been directed through various Executive Orders or Presidential directives to gather information about activities relating to national security. In 1982, the Attorney General assigned concurrent jurisdiction for the enforcement of Controlled Substances Act to the FBI and the Drug Enforcement Administration. This range of activities form the core of the FBI's investigative mission.

The FBI budget is structured around 10 Decision Units, which represent a discrete programmatic and functional view of the FBI. Of the 10 Decision Units, 9 are an integral part of the FBI's efforts to identify, dismantle and disrupt major international organized criminal enterprises engaged in drug-related activities. Although the FBI does not have specifically identified drug funding, a methodology that estimates the level of resources expended on the drug-related investigations has been adopted. The term "drug related" denotes any investigative or support program that impacts the FBI's efforts to reduce drug trafficking and related criminal enterprises.

For the purposes of the FBI's Drug Control Budget, the Organized Criminal Enterprises and the Violent Crimes Decision Units are considered the primary decision units dedicated to drug-related enforcement. The remaining decision units provide supporting roles in the drug-related enforcement.

**Drug-Related Investigative Decision Units:**

- Organized Criminal Enterprises (OCE)
- Violent Crimes (VC)

**Drug-Related Support Decision Units:**

- White Collar Crime (WCC)
- Forensic Services (FS)
- Information Management, Automation, and Telecommunications (IMAT)
- Technical Field Support and Services (TFS&S)
- Training, Recruitment, and Applicant (TRA)
- Criminal Justice Services (CJS)
- Management and Administration (M&A)

During investigations, the FBI targets the entire criminal organization involved in drug trafficking and all its criminal enterprises. For example, the FBI may be investigating a Ransom Criminal Organization that is engaged in a number of different criminal enterprises, including drug trafficking, loan sharking, health care fraud, money laundering, murder, extortion, etc. The principal criminal predicate to be prioritized in such an investigation would be determined through coordination between the FBI Special Agent in Charge, FBI case agent and the U.S. Attorney's Office. The FBI personnel working this case would

track their time to the principal criminal predicate offense through the use of a specific classification indicator which is part of the Time Utilization and Record Keeping (TURK) system.<sup>1</sup>

## **Drug Control Methodology:**

The Table of Drug Control Obligations was prepared in accordance with the following Office of National Drug Control Policy (ONDCP) circulars (a) Annual Accounting of Drug Control Funds, dated December 17, 1999, and (b) Budget Instructions and Certification Procedures, dated May 5, 1999. The Table of Drug Control Obligations represents obligations incurred by the FBI for drug control purposes. The FBI receives drug control funds mainly for the purposes of disrupting and dismantling major organized criminal enterprises involved in drug trafficking through the arrest, prosecution and incarceration of their leaders.

**Financial System** - The FBI has two financial systems that determine the basis of actual Drug Control data. The Budget Formulation Application (BFA) tracks the enacted appropriations approved by Congress. The FBI reviews the appropriations language and accompanying reports to ensure that the funding levels in the BFA reflect congressional earmarks and other specific guidance. The Congressional action is then incorporated into the development of the FBI's financial plan and entered into the FBI's Financial Management System (FMS) for funds control purposes.

**Data** - All accounting information is derived from the FMS and is the basis of the actual obligations reported in Drug Control Obligation Chart. The FMS is structured by geographic location, with some distinct cost center codes assigned to each FBI Headquarters unit, field office, etc. Generally, the FMS does not capture programmatic spending. Therefore, the FBI has established a formal program costing methodology by which to convert actual expense and obligation data in the FMS to a programmatic format for budget reporting purposes at the end of each fiscal year.

This process takes actual expenses and obligation data tracked in FMS by geographic location and links the cost center codes, shared by both the BFA and the FMS. These cost codes help identify the appropriate Decision Unit or program against which funds are expended/obligated. The program costing process imports data directly from the General Ledger module of the FMS into an off-line financial database. The data are processed through a series of decision logic tables and costs distributed by program. The Drug Control budget figures are developed from the data generated in the

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<sup>1</sup>The TURK system tracks investigative labor (distribution by program) in all FBI field offices. FBI TURK classifications are determined by a range of criminal violations including specific laws such as the Civil Rights Act of 1964, classifications based on a general crime problem, such as Public Corruption or Money Laundering, and classifications related to organized criminal enterprises based on geographical origin, such as Mexican Organized Crime.

program costing process.

**Estimation Methodologies:**

The FBI uses three estimation methodologies to account for obligations with a drug-related nexus. The first methodology uses data from the TURK system to estimate the level of effort expended on drug-related activities in the OCE and VC Decision Units. The second estimation methodology determines the drug-related portion of the supporting Decision Units by applying a factor (percentage of time that is required to support the drug-related activities) to the amount of obligations and full-time equivalent (FTE) used by each supporting Decision Unit. The third method involves a tracking system for Research and Development (R&D) drug-related projects in the TFS&S Decision Unit.

With respect to the Table of Drug Control Obligation report, the drug-related portions of the Decision Units are first calculated. After the Decision Unit totals are calculated, the FBI applies the total drug-related dollars and FTEs to each goal and function as described in detail after the Decision Unit methodology. The resources included in the FBI's Drug Control Obligation report does not include any reimbursable and construction funding.

**I. Drug-Related Resources by Decision Unit and FTE:**

The following is a detailed description of the seven steps applied to calculate the level of drug-related resources for the nine Decision Units: OCE, VC, WCC, FS, IMAT, TFS&S, TRA, CJS and M&A.

**Step 1: Identify Drug-Related Cost Centers.**

- As stated, the FBI's Drug Control Budget includes resources in 9 of the 10 Decision Units within the FBI budget structure. The 9 Decision Units have a total of 48 budget centers that are included in the formulation of the FBI's Drug Control Methodology.

**Step 2: Drug-related resources in the OCE Decision Unit:**

- The drug-related percentage in the OCE Decision Unit is determined by performing four steps. Data that tracks the total number of hours worked by field agents on drug-related classifications within the OCE program are extracted from the TURK system. These drug-related classifications are net of the hours worked in support of the Interagency Crime and Drug Enforcement Act (ICDE).
- The second step is to calculate the number of hours worked beyond the level reimbursed through the ICDE by using the TURK data.
- In the third step, results of the two previous steps are added together and divided by the total number of hours TURKed to the OCE program to generate the drug-related percentage. For FY 2001, the drug percentage for the OCE Decision Unit is 71.



percent.

- In the final step, apply the percentage calculated above to the obligations and FTEs of the OCE Decision Unit. The results of this calculation determine the drug-related resources within the OCE Decision Unit.

**Step 3: Drug-related resources within the supporting Decision Units:**

- To derive the percentage of drug-related resources within the support Decision Units, the percentage of OCE drug-related FTE calculated in Step 1 is divided by the total number of field agent FTE to generate a percentage. The FY 2001 drug percentage for the support Decision Units is 15 percent. The results of that calculation are applied to the obligations and FTE of the following Decision Units:

**White Collar Crime  
Information Management, Automation, and Telecommunications  
Training, Recruitment and Applicant  
Forensic Services  
Criminal Justice Services  
Management and Administration**

**Step 4: Drug-related investigations in the Technical Field Support and Services (TFS&S) Decision Unit:**

- To derive the percentage of drug-related resources that apply to the TFS&S Decision Unit, the methodology in Step 2 is applied with a slight modification.
- First, the resources expended on specific drug-related research projects are subtracted from the total resources expended within the TFS&S Decision Unit.
- To derive the level of drug-related resources within the TFS&S Decision Unit the percentage calculated in Step 2 is applied to the adjusted TFS&S level. The drug percentage applied to the TFS&S Decision Unit is 15 percent.
- The results of the previous steps are then added to the research resources to determine the total drug-related obligations in the TFS&S Decision Unit.

**Step 5: Drug-related resources within the Violent Crime Decision Unit (VC):**

- The percentage of drug-related resources in the VC Decision Unit are determined by performing four steps. First, the total number of field agent hours related to the drug-related gang matters and drug-related homicides are calculated.

- Second, the total number of field hours related to fugitive and interstate theft matters are reviewed by FBI Headquarters Managers. Based on management review of such cases, a percentage of those matters that are drug-related are estimated.
- In the third step, results of the two previous steps are added together and divided by the total number of hours worked in the VC Decision Unit to generate the drug-related percentage. For FY 2001, the drug percentage of the VC Decision Unit is estimated at 20 percent.
- The fourth step involves applying the percentage calculated above to the obligations and FTE of the VC Decision Unit to determine the level of resources within the Violent Crimes program that is drug-related.

**Step 6: Drug-Related Resources in the Telecommunications Carrier Compliance Fund (TCCF):**

- The TCCF began in 1997 as an initiative to maintain law enforcement's ability to lawfully conduct court-authorized electronic surveillance and use it as an investigative tool to reduce violent crime, including organized crime and gang-related violence; to reduce the availability and abuse of illegal drugs through traditional and innovative enforcement efforts; and to reduce espionage and terrorism sponsored by both foreign and domestic groups in the United States and abroad, especially when directed at United States citizens and/or institutions.

**Step 7: Total Drug-Related Resources within the FBI:**

- The results of steps 1 - 6 are added together to determine the total drug-related resources presented in the FBI's Drug Control Obligation chart.

**II. Drug-Related Resources by Function:**

ONDCP has categorized all Drug Control spending into both functions and goals. Of the seven functions identified by ONDCP, the FBI's Drug Control spending supports four: Investigations, Intelligence, International and Research and Development (R&D).

The FBI's total drug-related resources as they support the four functions are determined by the following steps:

- **Intelligence** - By using data in the TURK system, the FBI can separate the time utilized on drug-related intelligence activities within the OCE, WCC and VC Decision Units. The total hours supporting intelligence gathering activities are divided by the total hours worked in the respective Decision Units to arrive at a percentage.

## FY 2001 Accounting of Drug Control Funds

- This percentage is applied to the total Drug-Related Hours in each Decision Unit to come up with the total Drug Intelligence Hours worked.
- This total is then multiplied by the support staffing ratio of .67 which is a ratio that was developed to compute the level of support personnel assisting agents in their activities (.67 support to every 1 agent). The support staffing ratio was applied in this application due to the critical role analytical, clerical and technical support personnel provide to the agents performing intelligence functions in the field. The drug-related intelligence hours, increased to include the support personnel's time, are divided by the total Drug Hours within each decision unit. The product of this application is a percentage that is then applied to the total drug-related total for each investigative decision unit (OCE, WCC and VC). The total of this function represents the amount of resources dedicated to the intelligence function.
- **International** - The FBI's drug-related resources that support the International function are determined by separating out the international obligations from the total obligations in each decision unit. In OCE, there are two cost centers that apply specifically to international resources, the OCE Legal Attache Program (Legat) and the Resolution-6 Program. All resources in the Resolution-6 program are considered drug-related as they apply to the resources working jointly in the overseas offices of the Drug Enforcement Administration.
- The drug-related percentage that was applied to the OCE Decision Unit is applied to the OCE Legat obligations. The product of this calculation is added to the Resolution-6 obligations and used for the total drug-related resources supporting the International function in the OCE Decision Unit.
- The VC has one cost center that applies to international resources, the Fugitive Legat. The drug-related percentage that was applied to the VC Decision Unit is applied to the Fugitive Legat obligations. The product of this calculation represents the total drug-related resources supporting the International function in the VC Decision Unit.
- The products of the above calculations are added together and represent the total supporting the FBI's drug-related international function.
- **Research** - Within the TPS&S Decision Unit, the FBI specifically tracks the research efforts directly related to drug-related activities.
- **Investigations** - The FBI is one of the principal investigative agencies in the Department of Justice. Investigations represent the primary function of the FBI's involvement in drug-related crimes. The resources devoted to investigations are calculated by subtracting the resources dedicated to the intelligence, International and R&D Functions from the total drug-related resources.

**III. Drug-Related Resources by Goal:**

The FBI Drug Control Budget supports Goal 2, "Increase the safety of America's citizens by substantially reducing drug-related crime and violence"; Goal 4, "Shield America's air, land, and sea frontiers from the drug threat"; and Goal 5, "Break foreign and domestic drug sources of supply," of the National Drug Control Strategy. The drug-related resources supporting each of the Goals were determined by applying the following steps:

- **Goal 2** - By using the TURK data by classification, the FBI can capture the number of drug-related hours worked on matters that support Goal 2. They include the following matters: Drug-related money laundering (ML), drug-related asset forfeiture (AF) matters, and drug-related violent crime (VC) matters. The number of hours spent on these matters is added together and divided by the total number of drug-related hours. The percentage developed from this calculation is applied to the total number of drug-related resources.
- **Goal 4** - By using the TURK data by field office, the FBI can capture the personnel working drug-related matters supporting Goal 4. They include personnel working drug-related matters in the FBI's Southwest Border (SWB) offices. The number of drug-related field agent FTE utilized on the SWB is divided by the total number of drug-related field agent FTE as determined by the drug control budget. The percentage developed from this calculation is applied to the total number of drug-related resources in each decision unit and totaled for the amount supporting Goal 4.
- **Goal 5** - The principal goal of the FBI's Organized Crime Drug Program is to identify, disrupt and dismantle organized criminal enterprises engaged in drug trafficking organizations. Goal 5 represents the primary focus of the FBI's involvement in drug-related crimes. The resources devoted to Goal 5 are calculated by subtracting the total resources dedicated to Goal 2 and Goal 4 from the total drug-related resources.

**Disclosure No 2. - Modifications to Drug Control Methodology:**

The FBI continually reviews the drug control methodology to validate its consistency with FBI operations and procedures. During the most recent review, the FBI modified the allocation percentage for drug-related TCCF resources. In FY 2000 the drug-related TCCF percentage was increased from 90 percent to 72 percent based on a report by the Director of the Administrative Office of the United States Courts that documented the total Applications for Orders Authorizing or Approving the Interception of Wire, Oral, or Electronic Communications. After further review, it was determined that this report only addressed intercepts related to Title 18 U.S.C. 2519 and not all intercepts. For FY 2001, the FBI reduced the percentage used to calculate drug-related TCCF back to 90 percent. The FBI will continue to review the allocation percentage to most accurately reflect the drug-related percent of resources in the TCCF.

**Disclosure No 3. - Material Weaknesses and Other Findings**

There are no material weaknesses or other findings related to the accounting or obligations that would affect the amounts reported in the table. There were not any weaknesses or findings reported with respect to management information systems that store and retrieve data necessary to complete the drug control tables. Sources reviewed include: (a) the auditors' reports on the FBI financial statements, internal controls, and compliance with law and regulations; (b) Office of Inspector General Reports.

**Disclosure No 4. - Reprogrammings or Transfers**

In 2001, the FBI did not have a reprogramming that met ONDCP's reprogramming threshold. Transfers and unobligated balances carried forward have been calculated using the appropriate drug methodology percentage. The FBI's FY 2001 obligations include all approved transfers. See attached chart for details.

**Disclosure No 5. - Other Disclosures**

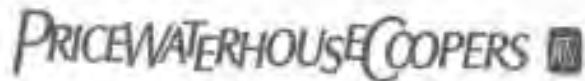
There are no other disclosures.

FY 2001 Accounting of Drug Control Funds

Reprogrammings and Transfers  
FY 2001  
(DOLLARS IN THOUSANDS)

Table Line Item	Unobligated Balanced Brought Forward	Enacted BA	Reprogrammings	Transfers In	Transfers Out	Total Availability
<b>Drug-Related Resources by Goal</b>						
Goal 2	\$3,237	\$119,493	-	\$1,007	-	\$123,737
Goal 4	3,172	117,988	-	987	-	121,247
Goal 5	12,759	420,899	-	3,071	-	487,629
<b>Total</b>	<b>\$19,168</b>	<b>\$707,480</b>	-	<b>\$5,065</b>	-	<b>\$732,613</b>
<b>Drug-Related Obligations by Function</b>						
Investigations	\$17,787	\$859,895	-	\$5,839	-	\$880,231
Intelligence	1,914	57,426	-	318	-	68,700
Informational	268	9,905	-	84	-	19,257
Research and Development	85	3,253	-	29	-	3,269
<b>Total</b>	<b>\$19,154</b>	<b>\$707,480</b>	-	<b>\$5,965</b>	-	<b>\$732,613</b>
<b>Drug-Related Obligations by Decision Unit</b>						
Organized Criminal Enterprises	\$4,499	\$307,854	-	\$5,965	-	\$318,318
White Collar Crime		70,368	-	-	-	70,266
Violent Crimes	806	81,231	-	-	-	81,840
Training, Recruitment and Applicant	379	17,956	-	-	-	18,335
Forensic Services	2,172	18,427	-	-	-	20,599
Information Management, Automation and Telecommunications	7,668	25,646	-	-	-	33,334
Technical Field & Services	702	25,645	-	-	-	26,348
Criminal Justice Services	3,119	30,688	-	-	-	33,767
Management and Administration	-	22,295	-	-	-	29,266
<b>Subtotal</b>	<b>\$16,155</b>	<b>\$606,691</b>	-	<b>\$5,965</b>	-	<b>\$632,124</b>
<b>Carrier Compliance</b>						
Subtotal	\$8,332	\$100,489	-	-	-	\$108,820
<b>Total without Carrier Compliance</b>	<b>\$16,155</b>	<b>\$606,691</b>	-	<b>\$5,965</b>	-	<b>\$632,124</b>
<b>Total with Carrier Compliance</b>	<b>\$24,500</b>	<b>\$707,480</b>	-	<b>\$5,965</b>	-	<b>\$740,944</b>

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### REPORT OF INDEPENDENT ACCOUNTANTS

The Office of the Inspector General and the  
Assistant Attorney General for Administration  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's Immigration and Naturalization Service (INS) for the fiscal year ended September 30, 2001. INS' management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of the INS prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

March 14, 2002  
Washington, DC

# FY 2001 Accounting of Drug Control Funds



U.S. Department of Justice  
Immigration and Naturalization Service

Office of the Executive Associate Commissioner

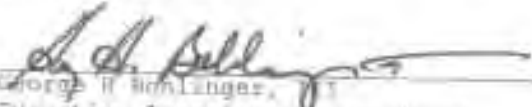
425 I Street NW  
Washington, DC 20536

## Management's Assurance Statement For the Fiscal Year Ended September 30, 2001

On the basis of the Immigration and Naturalization Service (INS) Management control program, we assert that the INS' system of accounting, use of estimates, and system of internal control provide reasonable assurance that:

1. The methodology used by the INS to develop the Table of Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*, and is completely documented in the disclosures accompanying the Table.
2. The Table and related disclosures were prepared from the financial and programmatic records of the INS and represent fiscal year 2001 obligations of drug control funds.
3. Estimates used to report the fiscal year 2001 drug control obligations are adequately presented in the Table and accompanying disclosures.
4. We have, to the best of our knowledge, identified all obligations incurred by the INS that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from INS' financial and program management data processing systems.

We have documented the methodology used by INS to identify and accumulate fiscal year 2001 drug control obligations in the Table of Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, *Annual Accounting of Drug Control Funds*. INS' drug control methodology has been consistently applied from the previous year and there have been reprogrammings or transfers that have been properly disclosed. INS' operations include programs that are not related to drug control activities, or include drug control obligations that are inconsequential to the program's activities. Accordingly, these amounts are not reflected in the Table of Obligations or accompanying disclosures.

  
George F. Schlinger,  
Executive Associate Commissioner  
Office of Management

2-14-02  
Date



# FY 2001 Accounting of Drug Control Funds

## Department of Justice Immigration and Naturalization Service Table of Drug Control Obligations For the Fiscal Year Ending September 30, 2001

Dollars in Thousands	Actual 2001 Obligations
<b>Drug Obligations by Goal</b>	
Goal 2	\$233,130
Goal 4	\$220,361
Goal 5	\$83,761
<b>Total</b>	<u>\$537,252</u>
<b>Drug Obligations by Function</b>	
Interdiction	\$220,361
Investigations	\$80,974
Intelligence	\$2,787
Corrections	\$233,130
<b>Total</b>	<u>\$537,252</u>
<b>Drug Obligations by Decision Unit - Salaries and Expenses</b>	
Inspections	\$30,886
Border Patrol	\$181,928
Investigations	\$80,974
Detention and Removal	\$211,703
Intelligence	\$2,787
Training	\$2,810
Data & Communications Systems	\$4,737
<b>Total</b>	<u>\$515,825</u>
<b>Drug Obligations by Decision Unit - Breached Bond Detention Fund</b>	
Detention and Removal	\$21,427
<b>Total</b>	<u>\$21,427</u>
<b>Drug Resources Personnel Summary</b>	
Total FTEs (direct only)	3,411
<b>Information</b>	
Total Agency Obligations	\$3,293,047
Drug Percentage	16.31%

The accompanying attachments are an integral part of the Table of Drug Control Obligations

## FY 2001 Accounting of Drug Control Funds

### Disclosure No 1. - Drug Control Methodology.

The INS is responsible for the admission, control and removal of aliens within the United States. As an ancillary activity, the INS detects and apprehends drug smugglers and illegal aliens used to transport drugs at or near the border between ports-of-entry. The INS also cooperates with other Federal agencies in locating, apprehending, and removing alien drug traffickers at ports-of-entry and within the interior of the United States, and in escorting alien witnesses in the United States to testify in drug trials.

The drug control level of effort percentages for INS' programs were originally established in FY 1987 in consultation with program experts and analysts assigned to the programs. The basis for the percentage estimates was the expertise of the individuals surveyed by the Office of Budget and subsequently responding to the survey. In FY 1990, the drug control level of effort percentages were revised as part of a review conducted by the Justice Management Division Budget Staff in consultation with the INS Office of Budget. Since that time, the values have remained unchanged.

The percentage used to develop the drug budget for the INS reflects estimated workyears devoted to INS' drug missions. The drug related percentages currently in use were developed as part of a cooperative effort between experienced program analysts for key enforcement related programs and members of the Service's and Department of Justice budget staffs.

- The two largest components of the INS drug program, in terms of total resources, are the Border Patrol program and Detention and Removal program activities. The INS calculates 15 percent of Border Patrol program and 25 percent of Detention and Removal program resources as drug-related. In addition, INS includes resources for Investigations (24 percent), Inspections (15 percent), Intelligence (26 percent), Training (15 percent), Data and Communications (2 percent), and Research and Development (73 percent) in support of its border enforcement mission. In addition, beginning with FY 1998, INS began scoring its Breached Bond/Detention Fund account as a drug-related account. This reflects the merger of the Immigration Detention account, authorized in the Illegal Immigration Reform and Immigrant Responsibility Act of 1996, P.L. 104-208, with the Breached Bond/Detention Fund account.

Data - All accounting information for the INS is derived from the Financial Accounting and Control System (FACS) and Federal Financial Management System (FFMS) databases. Obligations related to drug control are derived by applying program percentages to obligations reported from the accounting databases net of all reimbursable agreements.

## FY 2001 Accounting of Drug Control Funds

Financial Systems - The FACS and FFMS systems provide INS with obligation data. Obligations that are derived from these systems can also be reconciled with the enacted appropriations and carryover balances.

- INS's programs are identified below by the National Drug Control Strategy Goal they support:

Goal 2: Increase the safety of America's citizens by substantially reducing drug-related crime and violence.

- The Detention and Removal program is a critical element in the structure of INS and an important component of its drug program. Its functions are to detain, exclude, remove, parole and deport aliens. This includes the detention and deportation of aliens caught smuggling drugs into the United States or convicted of drug control-related criminal activity.

Goal 4: Shield America's air, land, and sea frontiers from the drug threat.

- The Border Patrol program, representing the principal enforcement component of the INS, is responsible for interdicting drug traffickers along our land borders. The Border Patrol currently has 9,403 agents that have been cross-designated with Title 21 drug authority by the Drug Enforcement Administration for the purpose of conducting drug search and seizures along the border.
- The Inspections program enforces and administers the immigration and nationality laws with respect to the inspection of all persons seeking admission into the United States. The program is coordinated with the Department of State, the U.S. Customs Service, the Department of Agriculture and local port authorities.
- The INS' research and development efforts are geared toward improving its capability to detect and apprehend illegal entrants. This includes efforts to improve detection using ground sensors, low-light-level television cameras, and other similar devices.
- The Training program develops and maintains a professional INS workforce through the delivery of quality basic, specialized, managerial, and employee development training.

Goal 5: Break foreign and domestic drug sources of supply.

- The Investigations program is responsible for investigating and apprehending aliens who commit major criminal offenses – with emphasis on international criminal alien organizations involved in narcotics trafficking, subversion, terrorism, alien smuggling, and other serious or violent criminal activities; prosecuting aliens who illegally apply for and collect benefits from government entitlement programs; and, preventing the filing of fraudulent claims.
- The Intelligence program provides strategic and tactical intelligence support to INS offices enforcing the provisions of the Immigration and Nationality Act, and assists other Federal agencies in addressing national security issues.

Disclosure No. 2 – Modifications to Drug Control Methodology.

The overall methodology to calculate drug control obligations has not been modified. Management has no plans to change this methodology for fiscal year 2002 reporting.

Disclosure No. 3 – Material Weaknesses and Other Findings.

There are no material weaknesses or other findings relating to the accounting for obligations that would affect either the amounts reported in the table, or where there are any weaknesses or findings reported with respect to management information systems that store and retrieve data necessary to complete the table. There are no material weaknesses or other findings relating to the accounting for obligations with respect to management information systems that store and retrieve data necessary to complete the table.

FY 2001 Accounting of Drug Control Funds

Department of Justice  
Immigration and Naturalization Service  
Reprogrammings and Transfers  
FY 2001

(Dollars in thousands)

Table Line Item Drug Resources by Goal	Unobligated Balances Brought forward	Enacted BA	Reprogrammings	Transfers		Total Availability
				In	Out	
Goal 2	4,846	333,654	-	210	(17)	238,483
Goal 4	6,735	209,378	-	120	-	216,273
Goal 5	11,581	82,018	-	330	(17)	82,138
Total		625,050	-	660	(34)	936,894
<b>Drug Obligations by Function</b>						
Interdiction	6,735	209,378	-	210	-	215,981
Investigation	-	79,266	-	120	-	79,386
Intelligence	-	2,752	-	-	-	2,752
Research and Development	-	292	-	-	-	292
Corrections	4,846	333,654	-	-	(17)	238,483
Total	11,581	625,050	-	330	(17)	936,894
<b>Drug Obligations by Decision Unit</b>						
Inspections	1,102	29,693	-	-	-	30,797
Border Patrol	5,597	171,969	-	210	-	177,776
Investigations	-	79,266	-	120	-	79,386
Detention and Removal	-	214,040	-	-	(37)	214,023
Intelligence	-	2,752	-	-	-	2,752
Training	28	2,729	-	-	-	2,757
IT and Communications Systems	8	4,935	-	-	-	4,943
Reseach and Development Fund	4,846	19,614	-	-	-	24,460
Crime Bill	-	-	-	-	-	-
Total	11,581	625,050	-	330	(17)	936,894

Note: The Unobligated Balances Brought Forward and Transfers were calculated using the DNS drug program percentages



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### REPORT OF INDEPENDENT ACCOUNTANTS

The Office of the Inspector General and the  
Assistant Attorney General for Administration  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's International Criminal Police Organization - United States National Central Bureau (USNCB) for the fiscal year ended September 30, 2001. USNCB's management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of the USNCB prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

March 14, 2002  
Washington, DC



U. S. Department of Justice

National Central Bureau - INTERPOL

Washington, D.C. 20535

**Management's Assertion Statement  
For Fiscal Year Ended September 30, 2001**

On the basis of the U.S. National Central Bureau (USNCB) internal control measures, we assert that USNCB's system of accounting and use of estimates provide reasonable assurance that:

1. The methodology used by USNCB to develop the Table of Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*, and is completely documented in the disclosures accompanying the Table.
2. The Table and related disclosures were prepared from USNCB financial and programmatic records of the USNCB and represent fiscal year 2001 obligations of drug control funds.
3. Estimates used to report the fiscal year 2001 drug control obligations are adequately presented in the Table and accompanying disclosures.
4. We had, to the best of our knowledge, identified all obligations incurred by USNCB that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from USNCB financial and program management/tracking systems.

We have documented the methodology used by the USNCB to identify and accumulate fiscal year 2001 drug control obligations in the Table of Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, *Annual Accounting of Drug Control Funds*. The USNCB's drug control methodology has been consistently applied from the previous year and there have been no reprogrammings or transfers that have not been properly disclosed. The USNCB's operations include programs that are not related to drug control activities, or include drug control obligations that are inconsequential to the program activities. Accordingly, these amounts are not reflected in the Table or accompanying disclosures.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Date

March 27, 2002

FY 2001 Accounting of Drug Control Funds

DEPARTMENT OF JUSTICE  
 INTERPOL - U.S. NATIONAL CENTRAL BUREAU (USNCB)  
 TABLE OF DRUG CONTROL OBLIGATIONS  
 FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 2001  
 (In Thousands of Dollars)

	Actual 2001 Obligations
Drug Obligations by Goal:	
Goal 5	\$304
Total	\$304
Drug Obligations by Functions:	
International	\$304
Total	\$304
Drug Obligations by Decision Unit:	
Drug-related Activity	\$304
Total	\$304
Drug Resources Personnel Summary	
Total FTE	3
Information	
Total Agency Obligations	\$7,654
Drug Percentage	3.97%

The accompanying disclosures are an integral part of the Table of Drug Control Obligations.



Disclosure No. 1 - Drug Control Methodology

The mission of the USNCB as the United States' representative to the International Criminal Police Organization (INTERPOL), the United States National Central Bureau (USNCB) coordinates the exchange of criminal information among the 178 INTERPOL member countries and U.S. law enforcement at the Federal, State, and local level(s).

The Table of Drug Control obligations was prepared in accordance with the following Office of National Drug Control Policy (ONDCP) circulars (a) Annual Accounting of Drug Control Funds, dated December 17, 1999 and (b) Budget Instructions and Certification Procedures, dated May 5, 1999. The table represents obligations incurred by the United States National Central Bureau for drug control purposes. The USNCB Drug fund provides for daily communications on drug investigative matters with federal, state, and local U.S. law enforcement agencies, INTERPOL, General Secretariat and INTERPOL member countries. The INTERPOL channel is often the only means of communications to seek international assistance and cooperation on drug investigations.

USNCB uses an estimation methodology to account for obligations to a drug-related nexus.

Data - All accounting information for the USNCB is derived from the Financial Management Information System (FMIS). The FY 2001 actual obligations are based on the proportional resources obligated by the USNCB relative to Drug Division Staff to arrive at the FY 2001 Drug Budget.

Other Estimation Methods - There were no other estimation methods used.

Financial Systems - The FMIS is the financial system that provides USNCB obligation data. Obligations that are derived by this system can also be reconciled with the enacted appropriations.

With respect to the table of Drug Control Obligations, amounts were calculated as follows:

- a. Goal 5- By using USNCB obligation data gathered from FMIS, the drug methodology percentage was applied to each decision unit and totaled for the goal amount.
- b. International Functions - Using USNCB obligation data from FMIS, the drug methodology percentage was applied to each decision unit within the International Functions and totaled for the international amount.
- c. Decision unit - Using USNCB obligation data from FMIS, the drug methodology percentage of 3.97% was applied to the drug decision unit. The drug-related activities decision unit equal 100% of Interpol's total drug resources.

## FY 2001 Accounting of Drug Control Funds

- d. FTEs- Using USNCB FTE data from FMIS, the drug methodology percentage of 3.97% was applied for the drug FTE amount.

USNCB's allotment authorization includes appropriated funds and receivable reimbursable agreements. Amount is net of reimbursement.

### Disclosure No 2- Modifications to Drug Control Methodology

The overall methodology to calculate drug control obligations has not been modified. Management has no plans to change this methodology for fiscal year 2002 reporting.

### Disclosure No 3 - Material Weaknesses and other Findings

There are no Material Weaknesses or other findings relating to the accounting for obligations that would effect either the amounts reported in the table, or where there are any weaknesses or findings reported with respect to management information systems that store and retrieve data necessary to complete the table. There is a reportable condition relating to the accounting for obligations in the Offices, Boards, and Divisions' (OBDs') FY 2001 Report of Independent Accountants on Internal Controls that identified errors in the status of accounts payable and related obligations (undelivered orders) at various OBD components of which USNCB is one. However, we do not believe that this could materially effect the amount reported to the table because the majority of the errors were status errors between the delivered and undelivered and not errors in obligations incurred.

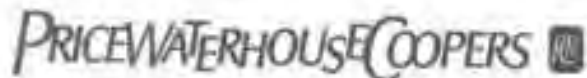
Sources reviewed included: (a) the auditors' reports on the USNCB financial statements, internal controls, and compliance with laws and regulations; (b) Office of the Inspector General Reports; and (c) the Department of Justice's Annual Accountability Report, which includes the Attorney General's annual Federal Managers Financial Improvement Act Certification.

### Disclosure No 4 - Reprogrammings or Transfers

There are no reprogrammings or transfers.

### Disclosure No 5 - Other Disclosures

The FY 2001 drug related obligations of \$304,000 are derived from the total USNCB obligations. The Drug Program's Staff - FTEs (3) are divided by all USNCB permanent staff to acquire the average percentage for drug related costs. The average percentage is then multiplied by USNCB obligation for Fiscal Year 2001 to obtain the related drug obligations amount of \$304,000.



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### REPORT OF INDEPENDENT ACCOUNTANTS

The Office of the Inspector General and the  
Assistant Attorney General for Administration  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's Interagency Crime and Drug Enforcement - Organized Crime Drug Enforcement Task Forces (OCDETF) for the fiscal year ended September 30, 2001. OCDETF's management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of the OCDETF prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

March 14, 2002  
Washington, DC

# FY 2001 Accounting of Drug Control Funds



U.S. Department of Justice

Criminal Division

Executive Office for the  
Organized Crime Drug Enforcement Task Forces

Washington, DC 20534

Organized Crime Drug Enforcement Task Forces  
Management's Assurance Statement  
For the Fiscal Year Ended September 30, 2001

On the basis of the Organized Crime Drug Enforcement Task Forces (OCDETF) internal control measures, we assert that the OCDETF system of accounting and use of estimates provide reasonable assurance that:

1. The methodology used by OCDETF to develop the Table of Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*, and is completely documented in the disclosures accompanying the Table.
2. The Table and related disclosures were prepared from OCDETF financial and programmatic records of OCDETF and represent fiscal year 2001 obligations of drug control funds, net of reimbursements.
3. Estimates used to report the fiscal year 2001 drug control obligations are adequately presented in the Table and accompanying disclosures.
4. We have, to the best of our knowledge, identified all obligations incurred by OCDETF that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from OCDETF financial and program management/tracking systems.

We have documented the methodology used by OCDETF to identify and accumulate fiscal year 2001 drug control obligations in the Table of Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, *Annual Accounting of Drug Control Funds*. The OCDETF drug control methodology has been consistently applied from the previous year and there have been no reprogrammings or transfers that have not been properly disclosed.

  
John Gnorski  
Assistant Director for Financial Management

Feb 26, 2002  
Date

# FY 2001 Accounting of Drug Control Funds

**Department of Justice  
 Interagency Crime and Drug Enforcement  
 Table of Drug Control Obligations  
 For the Fiscal Year Ending September 30, 2001**

Dollars in Thousands	Actual 2001 obligations
<b>Drug Obligations by Goal</b>	
Goal 2	\$136,564
Goal 5	191,931
Total	\$328,495
<b>Drug Obligations by Function</b>	
Investigations	\$224,454
Prosecution	88,581
Intelligence	15,460
Total	\$328,495
<b>Drug Obligations by Decision Unit</b>	
<b>Law Enforcement:</b>	
Drug Enforcement Administration	\$105,648
Federal Bureau of Investigation	99,180
Immigration & Naturalization Service	15,773
U.S. Marshals Service	1,980
Subtotal	\$222,579
<b>Drug Intelligence:</b>	
Drug Enforcement Administration	2,420
Federal Bureau of Investigation	13,040
Subtotal	\$15,460
<b>Prosecution:</b>	
U.S. Attorneys	\$86,592
Criminal Division	812
Tax Division	1,377
Subtotal	\$88,581
<b>Administrative Support:</b>	
Executive Office for OIG/DEA	\$1,875
Total	\$328,495
<b>Drug Resources Personnel Summary:</b>	
Total FTEs (all reimbursable)	2,318
<b>Information:</b>	
Total Agency Obligations	\$328,495
Drug Percentage	100%

The accompanying disclosures are an integral part of the Table of Drug Control Obligations.

Disclosure No 1 - Drug Control Methodology

The Interagency Crime and Drug Enforcement (ICDE) appropriation provides resources in support of Department of Justice agencies that participate in the Organized Crime Drug Enforcement Task Forces (OCDETF). Given this, the resources are considered to be 100% drug related.

The Table of Drug Control Obligations was prepared in accordance with the following Office of National Drug Control Policy (ONDCP) circulars (a) Annual Accounting of Drug Control Funds, dated December 17, 1999 and (b) Budget Instructions and Certification Procedures, dated May 5, 1999. The table represents obligations incurred by the Organized Crime Drug Enforcement Task Forces (OCDETF) for drug control purposes. All amounts are net of reimbursable agreements.

Data - All accounting information for OCDETF is derived from the Financial Management Information System (FMIS). OCDETF programs are reported as 100 percent since the entire focus is drug related.

Other Estimation Methods - The OCDETF Program directly responds to two goals of the National Drug Control Strategy -- Goal 2 - Increase the safety of America's citizens by substantially reducing drug-related crime and violence; and Goal 5 - Break foreign and domestic drug sources of supply. The prosecution function is fully devoted to Goal 2. The investigations and intelligence functions are split between Goal 2 (estimated at 20%) and Goal 5 (estimated at 80%).

Financial Systems - FMIS is the financial system that provides all OCDETF obligation data. Obligations that are derived by this system can also be reconciled with the enacted appropriations and carryover balances.

With respect to the table of Drug Control Obligations, amounts were calculated as follows:

- a. Goal 2 - By using OCDETF obligation data gathered from FMIS, the drug methodology percentage was applied to each decision unit and totaled for the goal amount.
- b. Goal 5 - By using OCDETF obligation data gathered from FMIS, the drug methodology percentage was applied to each decision unit and totaled for the goal amount.
- c. Investigations Function - Using OCDETF obligation data from FMIS, the drug methodology percentage (100%) was applied to each decision unit within the Investigations Function and was totaled for the investigations amount.
- d. Prosecutions Function - Using OCDETF obligation data from FMIS, the drug methodology percentage (100%) was applied to each decision unit within the Prosecutions Function and was totaled for the prosecutions amount.

## FY 2001 Accounting of Drug Control Funds

- e. *Intelligence Function* - Using OCDETF obligation data from FMIS, the drug methodology percentage (100%) was applied to each decision unit within the Intelligence Function and was totaled for the intelligence amount.
- f. *FTEs* - The reimbursable FTE levels reported by OCDETF participating agencies are reflected in the table as being 100% drug related. The estimates of the reimbursable workyears were derived by determining the estimated permanent positions and workyears for each agency in each program area. The total workyears were 2,919.

### Disclosure No. 2 - Modifications to Drug Control Methodology

The overall methodology to calculate drug control obligations has not been modified. Management has no plans to change this methodology for fiscal year 2002 reporting.

### Disclosure No. 3 - Material Weaknesses and Other Findings

There are no material weaknesses or other findings relating to the accounting for obligations that would effect either the amounts reported in the table, or where there are any weaknesses or findings reported with respect to management information systems that store and retrieve data necessary to complete the table. Sources reviewed included: (a) the auditors' reports on the OCDETF financial statements, internal controls, and compliance with laws and regulations; (b) Office of the Inspector General Reports; and (c) the Department of Justice's Annual Accountability Report, which includes the Attorney General's annual Federal Managers Financial Improvement Act certifications.

### Disclosure No. 4 - Reprogrammings or Transfers

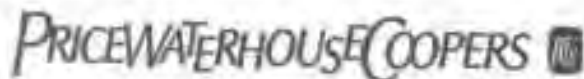
No reprogrammings or transfers occurred in FY 2001. Total availability consists of enacted budget authority plus unobligated balances brought forward. OCDETF FY 2001 obligations include all approved Reprogrammings and Transfers.

FY 2001 Accounting of Drug Control Funds

Department of Justice  
 Interagency Crime and Drug Enforcement  
 Reprogrammings and Transfers  
 FY 2001  
 (Dollars in thousands)

Table Line Item	Unobligated Balances Brought Forward	Enacted BA	Reprogrammings	Transfers	Total Availability
<b>Drug Resources by Goal</b>					
Goal 2	583	\$138,501	--	--	\$138,584
Goal 5	251	181,680	--	--	181,681
Total	314	328,181	--	--	328,495
<b>Drug Resources by Function</b>					
Investigations	314	224,140	--	--	224,454
Prosecution		88,581	--	--	88,581
Intelligence		15,460	--	--	15,460
Total	314	328,181	--	--	328,495
<b>Drug Resources by Decision Unit</b>					
<b>Law Enforcement:</b>					
Drug Enforcement Administration	114	105,532	--	--	105,646
Federal Bureau of Investigation		99,180	--	--	99,180
Immigration & Naturalization Service		15,773	--	--	15,773
U.S. Marshals Service		1,980	--	--	1,980
Subtotal	114	222,465	--	--	222,579
<b>Drug Intelligence:</b>					
Drug Enforcement Administration		2,420	--	--	2,420
Federal Bureau of Investigation		13,040	--	--	13,040
Subtotal		15,460	--	--	15,460
<b>Prosecution:</b>					
U.S. Attorneys		88,392	--	--	88,392
Criminal Division		812	--	--	812
Tax Division		1,377	--	--	1,377
Subtotal		88,581	--	--	88,581
<b>Administrative Support:</b>					
Executive Office for OCDEF	200	1,875	--	--	1,875
Total	314	\$328,181	--	--	\$328,495





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**REPORT OF INDEPENDENT ACCOUNTANTS**

The Office of the Inspector General and the  
Assistant Attorney General for Administration,  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's Office of Justice Programs (OJP) for the fiscal year ended September 30, 2001. OJP's management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of the OJP prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

March 14, 2002  
Washington, DC

# FY 2001 Accounting of Drug Control Funds



U.S. Department of Justice

Office of Justice Programs


Washington, D.C. 20531

## Office of Justice Programs Management's Assurance Statement for Fiscal Year Ended September 30, 2001

On the basis of the Office of Justice Programs (OJP) internal control measures, we assert that OJP's system of accounting and use of estimates provide reasonable assurance that:

1. The methodology used by OJP to develop the Table of Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*, and is completely documented in the disclosures accompanying the Table.
2. The Table and related disclosures were prepared from OJP financial and programmatic records and represent fiscal year 2001 obligations of drug control funds.
3. Estimates used to report the fiscal year 2001 drug control obligations are adequately presented in the Table and accompanying disclosures.
4. We have, to the best of our knowledge, identified all obligations incurred by OJP that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from OJP financial and program management/tracking systems.

We have documented the methodology used by OJP to identify and accumulate fiscal year 2001 drug control obligations in the Table of Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, *Annual Accounting of Drug Control Funds*. OJP's drug control methodology has been consistently applied from the previous year and there have been no reprogrammings or transfers that have not been properly disclosed. OJP's operations include programs that are not related to drug control activities, or include drug control obligations that are inconsequential to the program activities. Accordingly, these amounts are not reflected in the Table or accompanying disclosures.

  
\_\_\_\_\_  
Patricia G. Thackston, Director  
Office of Budget and Management Services  
OJP Official Responsible for Assertion

5-14-02  
Date

# FY 2001 Accounting of Drug Control Funds

**Office of Justice Programs**  
**For the Fiscal Year Ending September 30, 2001**  
*(In thousands of dollars)*

Drug Obligations by Goal	2001 Actual Obligations
Goal 1	70,294
Goal 2	938,130
Goal 3 (Drug-Free Workplace Program)	30
Goal 4	-
Goal 5	-
<b>Total</b>	<b>1,014,450</b>
<b>Drug Obligations by Function:</b>	
Corrections	-
Intelligence	-
Intimidation	-
International	-
Investigations	-
Prevention (Goal - 1)	70,294
Prosecution	-
Research and Development	7,730
State and Local Assistance	772,397
Treatment	157,989
<b>Total</b>	<b>1,014,450</b>

- Prevention function resources are devoted solely to Goal 1.

Drug Obligations by Decision Unit	2001 Actual Obligations
Research, Evaluation and Demonstration Programs	7,976
Criminal Justice Statistical Programs	1,086
Regional Informational Steering System	22,418
Anti-Drug Abuse, Byrne Formula Grants	440,470
Anti-Drug Abuse, Byrne Discretionary Grants	66,014
Juvenile Justice Programs	8,000
Title V - At-Risk - Tribal Youth	2,404
Juvenile Underage Drinking Prevention Program	29,548
Juvenile Drug Prevention Program	12,166
Executive Office for Weed and Seed	78,262
Law Enforcement and Prosecution Grant Program	89,005
Safe Start Program	2,948
Civil Legal Assistance	6,240
Rural Domestic Violence Program	5,788
Encouraging Arrest Policies	8,566
Drug Courts Program	50,108
State Comptroller Grants	48,384
Local Law Enforcement Block Grant Program	173,237
Residential Substance Abuse Treatment	50,624
Juvenile Justice Availability Incentive Block Grant Program	36,132
Indian Tribal Court Initiative	770
Indian Alcohol and Crime	4
Management and Administration	14,841
<b>Total</b>	<b>1,014,450</b>

**Drug Resources Personnel Summary:**

Total FTE 135

**Information:**

Total Agency Obligations\* \$4,247,000  
 Drug Percentage 23.9%

\*Total Agency Obligations include 100% of all CDF

## Disclosure 1: Drug Control Methodology

OJP's mission is to provide federal leadership in developing the Nation's capacity to prevent and control crime, administer justice and assist crime victims. OJP resources are primarily targeted to providing assistance to state, local and tribal governments. In executing its mission, OJP dedicates a significant level of resources to drug-related program activities, which focus on breaking the cycle of drug abuse and crime including: drug testing and treatment, provision of graduated sanctions, drug prevention and education, and research and statistics.

The Table of Drug Control Obligations was prepared in accordance with the following ONDCP Circulars: (1) Annual Accounting of Drug Control Funds, December 17, 1999 and (2) Budget Instructions and Certification Procedures, May 5, 1999.

The Budget Staff of OJP's Office of Budget and Management Services (OBMS) is responsible for the development and presentation of the annual OJP ONDCP Budget. In developing the drug budget amounts, OBMS staff consults with program staff on how to most appropriately account for drug-related resources by decision unit, function and goal. Except for a very few instances, this structure has remained consistent from year to year. In addition, for those programs that are not 100 percent drug-related, OBMS staff works with program staff to determine what portion of a program's activities support ONDCP's drug strategy, mission and goals.

In determining the level of resources used in support of OJP's drug-related program activities, OJP uses a combination of two methods: (1) for programs including specific drug-related program activities, a factor (percentage of time/resources dedicated) is applied to actual obligations and (2) for program activities not specifically drug-related, program offices track and report on actual obligations.

- Data. Total obligations as of September 30 are gathered from OJP's Integrated Financial Management Information System (IFMIS), Report ID: GL2e - Obligations by Budget Activity by Fund Type (Accounting Period 200101 to 200112). The total obligations figure presented is net reimbursements and funds obligated under the Crime Victims Fund and Public Safety Officers Benefit Program.
- Specific Drug-Related Program Activity Data. The drug-related resources for these programs are calculated by applying a factor, previously determined by each administering program office, to the actual obligation amount gathered from IFMIS. For example, 80 percent of the resources obligated annually under the Byrne Formula Grant Program are considered drug-related.
- Non-Specific Drug-Related Program Activity Data. The drug-related resources for these programs are derived by the administering program office. Amounts are determined using a variety of systems including IFMIS, OJP's Program Accountability Library (PAL), and program offices' internal tracking systems.

## FY 2001 Accounting of Drug Control Funds

Management and Administration (M&A) Data. M&A costs are calculated by applying the relative percentage of Full-Time Equivalent (FTE) assigned to drug-related programs to total M&A obligations.

Overall, OJP's program activities support goals 1, 2 and 3 of the National Drug Control Strategy. Functionally, OJP's program activities fall under the following categories: corrections, prevention, research and development, state and local assistance, and treatment. The method used to allocate OJP funds to each goal and function was derived through an analysis of individual program missions and goals and by surveying program staff. A deliberate effort was made to accurately account for program activities, which resulted in some program obligations falling under multiple goals and functions. Attachment A identifies by program: (1) the percentage deemed drug-related and (2) how a particular program's drug-related obligations are categorized by goal and function.

With respect for the Table of Drug Control Obligations, amounts were calculated as follows:

Goal 1, 2 and 3:	Using obligation data as reported from IFMIS and program offices, the appropriate drug-related percentage was applied to each program/decision unit line item and totaled by goal.
Function:	Using obligation data as reported from IFMIS and program offices, the appropriate drug-related percentage was applied to each program/decision unit line item and totaled by function.
Decision Unit:	Using obligation data as reported from IFMIS and program offices, the appropriate drug-related percentage was applied to each program/decision unit line item and totaled.
Full-Time Equivalent:	Full-Time Equivalent (FTE) data originates from the National Finance Center, but is obtained by OJP through the Department of Justice, Justice Management Division Data Center. The same percentage that is applied to calculate FTE, is also applied to the M&A obligations.

### **Disclosure 2: Modifications to Drug Control Methodology**

Beginning in FY 2001, OJP is using a new method to calculate management and administration (M&A) costs that is consistent with the methods used to develop these costs for the annual statement of net cost (SNC) and the DOJ Annual Performance Plan. The SNC is an audited financial statement, which reports the net cost of administering programs by appropriation account and DOJ strategic function. The DOJ Annual Performance Plan reports the achievement that DOJ components experience in accomplishing set goals. Both the SNC and the DOJ Annual Performance Plan categorize funding by function and by DOJ strategic objective. In addition, both require the identification and assignment of FTEs across program activities.

Based largely on recommendations of OJP's independent auditor, KPMG, OJP has revised the method used to calculate and assign FTEs. The result is a more accurate portrayal of how FTEs and the management and administrative costs associated with those FTEs are used by program, function and goal. In the past, FTE and M&A costs were spread based on the overall percentage of program dollars, by function, to total program dollars. The revised methodology first assigns FTE by program based on a survey of program managers and then distributes M&A costs based on the percentage of FTE, by function, to total FTE.

The revised methodology directly impacts the identification and assignment of drug-related FTE and M&A costs. OJP programs and resources included in the annual drug control budget submission are consistent with those included under strategic goal 3.3 in the DOJ Strategic Plan. Past FTE and M&A estimates were more closely tied to program funds and not level of effort. The revised method reduces the estimated FY 2003 drug-related FTE and M&A, but is believed to be a more accurate depiction of program costs and is consistent with the methods used in developing these type of costs in other OJP reporting requirements.

### **Disclosure 3: Material Weaknesses and Other Findings**

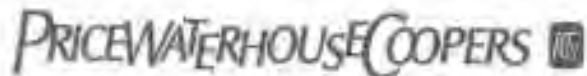
The FY 2001 Financial Statement Audit Report found no material weaknesses or other findings related to the accounting for obligations that would affect either the amounts reported in the table or in management information systems that store and retrieve data necessary to complete the table.

### **Disclosure 4: Reprogrammings or Transfers**

Not applicable.

### **Disclosure 5: Other Disclosures**

Not applicable.



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### REPORT OF INDEPENDENT ACCOUNTANTS

The Office of the Inspector General and the  
Assistant Attorney General for Administration  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's Tax Division for the fiscal year ended September 30, 2001. Tax Division's management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of the Tax Division prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

*PricewaterhouseCoopers LLP*

March 15, 2002  
Washington, DC

# FY 2001 Accounting of Drug Control Funds



U.S. Department of Justice

Tax Division

Please reply to: Office of Management and Administration  
P.O. Box 513  
Ben Franklin Station  
Washington, D.C. 20044


Facsimile No. (202) 616-1973  
Telephone No. (202) 616-8010

## Management's Assurance Statement For the Fiscal Year Ended September 30, 2001

On the basis of the Tax Division's management control program, we assert that the Tax Division's system of accounting, use of estimates, and system of internal control provide reasonable assurance that:

1. The methodology used by the Tax Division to develop the Table of Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*, and is completely documented in the disclosures accompanying the Table.
2. The Table and related disclosures were prepared from the Tax Division's financial and programmatic records of the Tax Division and represent fiscal year 2001 obligations of drug control funds.
3. Estimates used to report the fiscal year 2001 drug control obligations are adequately presented in the Table and accompanying disclosures.
4. We have, to the best of our knowledge, identified all obligations incurred by the Tax Division that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from Tax Division's financial and program management data processing systems.

We have documented the methodology used to identify and accumulate fiscal year 2001 drug control obligations in the Table of Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, *Annual Accounting of Drug Control Funds*. The Tax Division's drug control methodology has been consistently applied from the previous year. Since all our obligations fall within a single decision unit and single ONDCP goal, our expenditures were not subject to reprogramming notification provisions. The Tax Division's operations include programs that are not related to drug control activities or include drug control obligations that are inconsequential to the program's activities. Accordingly, these amounts are not reflected in the Table or accompanying disclosures.

  
Joseph E. Young  
Executive Officer  
Official Responsible for Assertion

3-12-02  
Date



# FY 2001 Accounting of Drug Control Funds

## Department of Justice Tax Division Table of Drug Control Obligations For the Fiscal Year Ending September 30, 2001

Dollars in Thousands	Actual 2001 obligations
<b>Drug Obligations by Goal</b>	
Goal 2: Reduce Drug-Related Crime and Violence	\$ 270
Total	<u>\$ 270</u>
<b>Drug Obligations by Function</b>	
Objective: Prosecute the leaders of illegal drug syndicates	\$ 270
Total	<u>\$ 270</u>
<b>Drug Obligations by Decision Unit</b>	
Criminal Prosecution	\$ 270
Total	<u>\$ 270</u>
<b>Drug Resources Personnel Summary</b>	
Total FTEs (direct only)	2
<b>Information</b>	
Total Agency Obligations (non-ICDE)	\$ 71,973
Drug Percentage (non-ICDE)	0.4%

*The accompanying disclosures are an integral part of the Table of Drug Control Obligations.*

## FY 2001 Accounting of Drug Control Funds

Disclosure No. 1 - Drug Control Methodology Attorneys in the Tax Division's Criminal Enforcement Section investigate and prosecute individuals and entities that attempt to commit tax evasion, willfully fail to file tax returns, file false tax returns, and otherwise attempt to interfere with the administration of the tax laws. They also investigate and prosecute tax violations occurring in the context of criminal conduct such as financial institution fraud, narcotics trafficking, bankruptcy fraud, and domestic and international tax conspiracies. The Division seeks to promote a balanced program of criminal tax enforcement by investigating criminal conduct nationwide in a variety of industry and occupational market segments.

The Table of Drug Control Obligations was prepared in accordance with the following Office of National Drug Control Policy (ONDCP) circulars: (a) Annual Accounting of Drug Control Funds, dated December 17, 1999 and (b) Budget Instructions and Certification Procedures, dated May 5, 1999. The table represents obligations incurred by the Tax division for drug control purposes. The Tax Division receives drug control funds mainly for the purpose of prosecuting drug offenders.

The Tax Division estimates its obligations using data from the Financial Management Information System, (FMIS) which provides obligation data, and from TaxDoc, which provides information on time spent on prosecution activity, including drug related prosecutions.

Data - All accounting information for the Tax Division is derived from the FMIS. Attorney prosecution hours are supplied by TaxDoc. Year end percentages for drug related prosecutions were applied to the FY 2001 actual obligations to arrive at the FY 2001 Drug Budget. Amounts represent only obligations incurred in FY 2001 and are net of reimbursable agreements.

Financial Systems - The FMIS is the financial system that provides the Tax Division obligation data. Obligations that are derived by this system can also be reconciled with the enacted appropriations and carryover balances.

With respect to the table of Drug Control Obligations, amounts were calculated as follows:

- A. Goal Distribution - 100% of the amount derived was attributed to Goal 2 - Reduce Drug Related Crime and Violence.
- B. Decision Unit - 100% of the amount derived was applied to the Criminal Enforcement decision unit.
- C. FTEs - FTE data was calculated based on case related attorney hours reported in TaxDoc. Ratios were estimated for non-case related attorney hours and non-attorney hours and applied to the case related attorney hours in order to determine total hours and resulting FTE of two.

Disclosure No. 2 - Modifications to Drug Control Methodology

The overall methodology to calculate drug control obligations has not been modified. Management has no plans to change this methodology for fiscal year 2002 reporting.

Disclosure No. 3 - Material Weaknesses and Other Findings

There are no material weaknesses or other finding relating to the accounting for obligations with respect to management information systems that store and retrieve data necessary to complete the table.

Disclosure No. 4 - Reprogramming or Transfers

No funds were reprogrammed during FY 2001.



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**REPORT OF INDEPENDENT ACCOUNTANTS**

The Office of the Inspector General and the  
Assistant Attorney General for Administration  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's United States Attorneys (USA) for the fiscal year ended September 30, 2001. USA's management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of the USA prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

*PricewaterhouseCoopers LLP*

March 14, 2002  
Washington, DC

# FY 2001 Accounting of Drug Control Funds



U.S. Department of Justice

Executive Office for United States Attorneys

Resource Management and Planning Staff

Suite 800, Government Building  
400 E Street, NW  
Washington, DC 20530

(202) 616-6444  
TDD (202) 616-6449

## Management's Assurance Statement For Fiscal Year Ended September 30, 2001

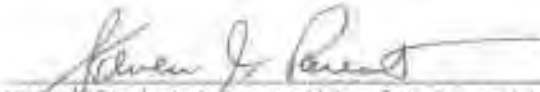
On the basis of the United States Attorneys (USAs) internal control measures, we assert that the USA's system of accounting and use of estimates provide reasonable assurance that:

1. The methodology used by the USAs to develop the Table of Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*, and is completely documented in the disclosures accompanying the Table.
2. The Table and related disclosures were prepared from USA's financial and programmatic records of the USAs and represent fiscal year 2001 obligations of drug control funds, net of reimbursements.
3. Estimates used to report the fiscal year 2001 drug control obligations are adequately presented in the Table and accompanying disclosures.
4. We have, to the best of our knowledge, identified all obligations incurred by the USAs that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from USA's financial and program management/tracking systems.

We have documented the methodology used by USAs to identify and accumulate fiscal year 2001 drug control obligations in the Table of Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, *Annual Accounting of Drug Control Funds*. USA's drug control methodology has been consistently applied from the previous year, and there have been no reprogrammings or transfers that have not been properly disclosed. USA's operations include programs that are not related to drug control activities, or include drug control obligations that are inconsequential to the program's

FY 2001 Accounting of Drug Control Funds

activities. Accordingly, these amounts are not reflected in the Table of Obligations or accompanying disclosures.

  
\_\_\_\_\_  
USA Official Responsible for Assertion  
Steven J. Parent, Deputy Director  
Resource Management and Planning

3/7/02  
Date

## Disclosure No 1. - Drug Control Methodology -

The United States Attorneys (USAs) are the principal litigators for the Federal Government, operating from 94 district offices. The USAs support the federal drug control priorities under Goal two, objective one which is to reduce the threat and trafficking of illegal drugs by dismantling drug trafficking organizations which are international, multi-jurisdictional, or have an identified local impact. The USAs investigate, prepare, and prosecute all federal violations of controlled substances, money laundering, drug trafficking, tax evasion, and violent and organized crime.

The Table of Drug Control Obligations was prepared in accordance with the following Office of National Drug Control Policy (ONDCP) circulars (a) Annual Accounting of Drug Control Funds, dated December 17, 1999 and (b) Budget Instructions and Certification Procedures, dated May 5, 1999. The table represents obligations incurred by the United States Attorneys for drug control purposes. The United States Attorneys receive drug control funds for prosecution efforts.

The United States Attorneys' strategy includes the disruption and dismantling of major drug organizations using a coordinated approach--to benefit from the expertise and criminal intelligence of federal/state/local law enforcement officials; using more sophisticated techniques to target the most serious drug traffickers; and making full use of financial investigative techniques to identify and convict drug traffickers.

The United States Attorneys' drug efforts include those workyears associated with the narcotics program plus half of the workyears for Violent Crime and Organized Crime. The caseload in these programs frequently involves narcotics although it is not the lead charge. A proportional share of other decision units which indirectly support the prosecution of drug violators are also included.

### Methodology

The United States Attorneys use a variety of estimation methodologies to account for obligations. Estimates are supported by data obtained from the Financial Management Information System (FMIS), which provides obligation data, and United States Attorneys' Monthly Resource Summary Report system (USA-5), which provides time usage information. The amount of obligations with a drug-related nexus is calculated by multiplying the amount of time associated with narcotics by the average cost of a full time equivalent in FY 2001.

The United States Attorneys have derived a formula for Narcotics which includes the following:

- \* The Narcotics (Non-OCDETF) total Perm. workyears from the USA-5.
- \* Half of the Organized Crime and Violent Crime total Perm. workyears from the USA-5. Organized Crime and violent crime cases frequently include a narcotics offense although it is not the primary violation. Organized criminals are involved with the laundering of

## FY 2001 Accounting of Drug Control Funds

funds through legitimate businesses as well as the trafficking of narcotics. Many defendants who violate federal firearms statutes are involved in narcotics trafficking or arrested under the influence of a narcotic. Violent street gangs frequently are responsible for trafficking narcotics using firearms in the commission of their crimes.

- Growth in the OCDETF program since 1997 is associated with the drug enhancements since then and the United States Attorneys discretion to use drug resources in OCDETF to take advantage of the inherent advantages of the law enforcement resources associated with the task force.
- With the total of the items discussed above, a pro-rated share of the Management & Administration total Perm. workyears is added. The Management & Administration line on the USA-5 is used for those individuals whose efforts benefit multiple program areas where there would be difficulty in easily attributing time involved to a particular program (example: Criminal Chief, system manager).

Data - All accounting information used for the United States Attorneys comes from the Financial Management Information System (FMIS). FMIS is the financial system that provides the United States Attorneys obligation data.

Total FTE - The total FTE data came from the United States Attorneys' Monthly Resource Summary Report system (USA-5). The USA-5 summarizes the use of personnel resources on a monthly basis. The information collected from this report is used for budget formulation and justification, responding to ad hoc inquiries concerning the allocation of congressionally appropriated resources.

Financial Systems - The FMIS is the financial system that provides the USA obligation data. Obligations that are derived by this system can also be reconciled with the enacted appropriations and carryover balances.

### Total of Drug obligations

Total actual obligations for FY 2001 were divided by the total actual workyears used on behalf of the program to come up with a average cost per workyear. The workyear number used in the calculation of the average cost per workyear was from the Department of Justice's workyear status report. Total obligations is net of reimbursables.

### Exclusions

The United States Attorneys resources are recorded entirely under functional area one, the Criminal Justice system, specifically prosecution. Although the United States Attorneys do participate on a small scale in other areas, such as drug prevention, the amount of resources used are not as easily identifiable. The USAs support the federal drug control priorities under Goal one, objective two, by promoting programs that reduce drug-related crime and violence, as well as programs that investigate and prosecute illegal drug manufacturers and traffickers.

### Division Units



## FY 2001 Accounting of Drug Control Funds

**Criminal Decision Unit** - The United States Attorneys offices handle approximately 95% of the criminal cases prosecuted by the Department of Justice. The Narcotics, violent crime, and Organized Crime programs all fall under the criminal decision unit. In FY 2000, 31% of the total criminal case filings were for Narcotics (OCDETF & Non-OCDETF). The majority of the cost for the Narcotics program are captured in the Criminal decision unit.

**Office of Legal Education** - The Office of Legal Education (OLE) develops, conducts, and authorizes the training of all Federal legal personnel. OLE is the primary source of instruction for Assistant United States Attorneys from the United States Attorneys' offices. The courses given relating to Narcotics include such topics as Narcotics Basic and Advanced, Money Laundering and Asset Forfeiture. Many other courses have segments that address narcotics include Criminal Federal Practice and Criminal Trial Advocacy. The cost associated with the Office of Legal Education will fund approximately 10 classes.

**Management and Administration** - The Management and Administration (M&A) Decision unit encompasses the Executive Office for United States Attorneys. M&A provides management and policy assistance to the United States Attorneys in direct support of their litigation responsibilities. Since Non-OCDETF Narcotics represents 17.5% of the total criminal program workload, that same percentage was used to come up with a share of Management & Administration.

### **Disclosure No. 2 Modifications to Drug Control Methodology**

The overall methodology to calculate drug control obligations has not been modified since the presentation of the FY 1999 Attestation review.

### **Disclosure No. 3 Material Weaknesses and Other Findings**

There are no material weaknesses or other findings related to the accounting for obligations with respect to management information systems that store and retrieve data necessary to complete the table.

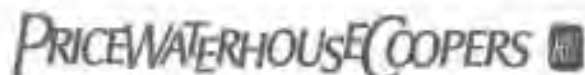
### **Disclosure No. 4 Reprogrammings or Transfers**

There were no unobligated balances brought forward, reprogrammings or transfers approved that effected the information in the table of drug control obligations.

## FY 2001 Accounting of Drug Control Funds

Department of Justice  
 United States Attorneys  
 Table of Drug Control Obligations  
 For the Fiscal Year Ending September 30, 2001

Dollars in thousands	Actual 2001 Obligations
Drug Obligations by Goal	
Goal Two, Objective One	234,840
Drug Obligations by Function	
Prosecutions	234,840
Drug Obligations by Decision Unit	
Criminal Litigation	226,170
Office of Legal Education	840
Management & Administration	7,830
Total	234,840
Drug Resources Personnel Summary	
Total FTE's	1,854
Information	
Total Agency Obligations	1,277,634
Drug Percentage	18



PricewaterhouseCoopers LLP  
1101 E Street, N.W. 800W  
Washington, DC 20005-2113  
Telephone: (202) 414-1000

**REPORT OF INDEPENDENT ACCOUNTANTS**

The Office of the Inspector General and the  
Assistant Attorney General for Administration  
United States Department of Justice

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the United States Department of Justice's United States Marshals Service (USMS) Salaries and Expense Fund and its Federal Prisoner Detention Fund for the fiscal year ended September 30, 2001. USMS' management is responsible for the Table of Drug Control Obligations and related disclosures.

Our review was conducted in accordance with the 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 the Table of Drug Control Obligations and related disclosures. Accordingly, we do not express such an opinion.

Management of the USMS prepared the Table of Drug Control Obligations and related disclosures in accordance with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Annual Accounting of Drug Control Funds*.

Based on our review, nothing came to our attention that caused us to believe that the accompanying Table of Drug Control Obligations and related disclosures are not presented in all material respects in conformity with the ONDCP's Circular, *Annual Accounting of Drug Control Funds*, as further described in Disclosure 1.

This report is intended solely for the information and use of the United States Department of Justice's Office of the Inspector General and Assistant Attorney General for Administration, the ONDCP and Congress. This report is not intended to be and should not be used by anyone other than these specified parties.

*PricewaterhouseCoopers LLP*

March 14, 2002  
Washington, DC

# FY 2001 Accounting of Drug Control Funds



U.S. Department of Justice

United States Marshals Service

## Management's Assurance Statement For the Fiscal Year Ended September 30, 2001

On the basis of the United States Marshals (USMS) management control program, we assert that the USMS' system of accounting, use of estimates, and system of internal control provide reasonable assurance that:

1. The methodology used by the USMS to develop the Table of Obligations (Table) is consistent, in all material respects, with the guidance of the Office of National Drug Control Policy (ONDCP) Circular, Annual Accounting of Drug Control Funds, and is completely documented in the disclosures accompanying the Table.
2. The Table and related disclosures were prepared from the financial and programmatic records of the USMS and represent fiscal year 2001 obligations of drug control funds.
3. Estimates used to report the fiscal year 2001 drug control obligations are adequately presented in the Table and accompanying disclosures.
4. We have, to the best of our knowledge, identified all obligations incurred by the USMS that are related to drug control activities.
5. Data used to accumulate or estimate drug control obligations were derived from USMS' financial and program management data processing systems.

We have documented the methodology used by USMS to identify and accumulate fiscal year 2001 drug control obligations in the Table of Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, Annual Accounting of Drug Control Funds. USMS' drug control methodology has been consistently applied from the previous year and there have been reprogrammings or transfers that have been properly disclosed. USMS' operations include programs that are not related to drug control activities, or include drug control obligations that are inconsequential to the program's activities. Accordingly, these amounts are not reflected in the Table of Obligations or accompanying disclosures.

  
Edward Dolan,  
Comptroller

3/6/02  
Date

*An Accredited Law Enforcement Agency*

FY 2001 Accounting of Drug Control Funds

Department of Justice  
 United States Marshals Service  
 Salaries and Expenses  
 Table of Drug Control Obligations  
 For the Fiscal Year Ending September 30, 2001

**Dollars in Thousands** **Actual 2001 obligations**

**Drug Obligations by Goal**

Goal 2	\$ 218,736
Goal 5	3,444
Total	\$ 222,180

**Drug Obligations by Function**

International	\$ 3,444
Investigations	34,638
Prosecution	184,098
Total	\$ 222,180

**Drug Obligations by Decision Unit**

Protection of the Judiciary	\$ 114,864
Prisoner Transportation	10,976
Fugitive Apprehension	80,813
Seized Assets Management	1,396
DC Superior Court	12,837
Service of Legal Process	1,142
Training Academy	52
ADP & Telecommunications	
Management and Administration	
Total	\$ 222,180

**Drug Resources Personnel Summary**

Total FTEs (direct only)	1,527
--------------------------	-------

**Information**

Total Agency Obligations	\$ 568,739
Drug Percentage	39.20%

The accompanying disclosures are an integral part of this Table of Drug Control Obligations.

## FY 2001 Accounting of Drug Control Funds

Disclosure No 1 – Drug Control Methodology The mission of the USMS is to protect the federal courts and ensure the effective operation of the judicial system. The USMS is responsible for: the protection of the federal judicial system, including judges, witnesses, and defendants; apprehension of violent fugitives; execution of court orders, including the seizure, maintenance, and disposal of assets; and the secure confinement, transportation, and production of prisoners.

The Table of Drug Control Obligations was prepared in accordance with the following Office of National Drug Control Policy (ONDCP) circulars: (a) Annual Accounting of Drug Control Funds, dated December 17, 1999, and (b) Budget Instructions and Certification Procedures, dated May 5, 1999. The table represents obligations incurred net of reimbursements by the United States Marshals Service for drug control purposes.

USMS uses an estimation methodology to account for drug-related obligations. Estimates are supported by data obtained from the Standardized Tracking, Accounting, and Reporting System (STARS), which provides USMS obligation data for the Salaries and Expenses (S&E) Appropriation, and the Prisoner Tracking System (PTS), which provides prisoner historical information for the Federal Prisoner Detention (FPD) Appropriation.

Data - The USMS uses a variety of data resources to obtain drug-related information. USMS prisoner data is supplied by the Prisoner Tracking System (PTS). USMS retrieves Class I warrant information from the Warrant Information Network (WIN) for International and Investigative data. The Department of Justice Consolidated Asset Tracking System (CATS) is used to capture information on seized assets and forfeiture of property. USMS receives defendant data from the AOUSC on drug-related charges. This information is provided to USMS on request.

Financial Systems - STARS is the USMS financial system that provides USMS obligation data. Obligations that are derived from this system can also be reconciled with the enacted appropriations and carryover balances.

With respect to the table of Drug Control Obligations, amounts were calculated as follows:

- a. Goal 2 and 5 – By using USMS obligation data gathered from STARS, the drug methodology percentage was applied to each decision unit and totaled for the goal amount. The USMS has two appropriations with drug-related activities: Salaries and Expenses (S&E) which consist of both Goals 2 & 5, and 2) Federal Prisoner Detention (FPD), which consists of Goal 2 only.

## FY 2001 Accounting of Drug Control Funds

- b. International Function - Using USMS S&E obligation data from STARS and warrant information from WIN, the drug methodology percentages of 1.55% was applied to the total warrants to arrive at the drug related amount.
- c. Investigations Function - Using USMS S&E obligation data from STARS and warrant information from WIN, the drug methodology percentage of 15.59% for warrant obligations was applied to arrive at the drug related amount.
- d. Prosecution Function - Using USMS S&E obligation data from STARS, the drug methodology percentage of 82.86% for warrant obligations was applied to arrive at the drug related amount.
- e. Corrections Function - Using USMS FPD obligation data from STARS, the drug methodology percentage of 60.80% was applied to arrive at the drug-related amount. FPD only has one decision unit.
- f. Decision unit - Using USMS obligation data from STARS, the drug methodology percentages were applied to each decision unit for the decision unit amount.

### Protection of Judicial Process

- The 38.28% represents the total number of defendants tried in federal criminal proceedings.

### Prisoner Transportation

- 27.43% represents the total number of prisoners transported on drug-related charges.

### Fugitive Apprehension

- 73.00% represents the total number of Class I warrants received that were drug-related.

### Seized Assets Management

- Seized Assets drug percentage for FY 2001 was 27.84%.

### D.C. Superior Court

- The percentage of prisoners produced on drug-related charges was 70.23%.

### Service of Legal Process

- The USMS handles 7.93% of drug-related civil processes.

### Training Academy

- The drug-related percentage is 1.32% of the total time devoted by the Training Academy on drug-related topics.

## FY 2001 Accounting of Drug Control Funds

### ADP Telecommunications

- This decision unit has no drug-related portion.

### Management & Administration

- This decision unit has no drug-related portion.

### Care of U.S. Prisoners

- This percentage was derived from the number of sentenced prisoners in the Bureau of Prisons (BOP), of which 60.80% were drug-related.
- g. FTEs – USMS S&E FTE data is calculated based on obligation data from STARS. The drug methodology percentage of 39.20% was applied for the total drug FTE amount since this percentage represents the overall portion of drug-related resources in the S&E appropriation.

h. Information – Not applicable.

### Disclosure No 2 – Modifications to Drug Control Methodology

The overall methodology to calculate drug control obligations has not been modified. Management has no plans to change this methodology for fiscal year 2001 reporting.

### Disclosure No 3 – Material Weaknesses and Other Findings

During the USMS' fiscal year 2001 audit, Urban, Kahn & Werlin (UK&W) identified a number of weaknesses in the USMS' information systems control environment. These weaknesses show that the USMS does not have adequate controls over certain elements of its financial accounting reconciliation process which could adversely impact the USMS' ability to record, process and report its financial transactions timely and accurately. The weaknesses also showed that the USMS needs to improve controls to record property received by District Offices.

### Disclosure No 4 – Reprogrammings or Transfers

The USMS did have a reprogramming between the Seized Asset Management and the Management and Administration decision units in FY 2001. This realigns administrative resources that are required to manage the Seized Asset Management Program and to support the billing to the Assets Forfeiture Fund.

### Disclosure No 5 – Other Disclosures

The attached tables provide all the information necessary to display USMS drug-related resources obligations in S&E and FPD. No additional disclosures are provided at this time.



FY 2001 Accounting of Drug Control Funds

United States Marshall Service  
Salaries and Expenses  
Reprogrammings and Transfers  
FY 2001

Table Line Item	Unobligated Balances Brought forward	Budget Authority	Government Reclamation	Congressional Action	Reprogrammings	Transfers		Total Availability
						In	Out	
<b>Drug Resources by Goal</b>								
Goal 2	--	223,535	(527)	(2,871)	329	--	--	220,548
Goal 3	--	3,519	(8)	(62)	3	--	--	3,472
Total	--	227,054	(935)	(2,713)	332	--	--	224,020
<b>Drug Obligations by Function</b>								
A) Investigations	--	85,388	(83)	(423)	85	--	--	84,925
A) Prosecutions	--	186,120	(443)	(2,248)	185	--	--	185,620
A) International	--	3,519	(8)	(62)	3	--	--	3,472
Total	--	227,054	(935)	(2,713)	332	--	--	224,020
<b>Drug Obligations by Decision Unit</b>								
Protection of the Judiciary	--	119,471	(289)	(3,286)	--	--	--	115,910
Prisoner Transportation	--	11,980	(8)	(825)	--	--	--	11,067
Fugitive Apprehension	--	79,518	(200)	2,172	223	--	--	81,482
Serialized Assets Management	--	1,113	(4)	76	--	--	--	1,400
DC Superior Court	--	13,709	(43)	(751)	--	--	--	12,942
Service of Legal Process	--	1,164	(3)	(9)	--	--	--	1,152
Training Academy	--	52	--	--	--	--	--	52
ADP & Telecommunications	--	--	--	--	--	--	--	0
Management and Administration	--	227,046	(930)	(2,713)	323	--	--	224,020
Total	--	227,046	(930)	(2,713)	323	--	--	224,020

The Transfers were calculated using the Unfunds eqg methodology.

FY 2001 Accounting of Drug Control Funds

Department of Justice  
 United States Marshals Service  
 Federal Prisoner Detention  
 Table of Drug Control Obligations  
 For the Fiscal Year Ending September 30, 2001

Dollars in Thousands	Actual 2001 obligations
<b>Drug Obligations by Goal</b>	
Goal 2	\$ 375,557
	<u>\$ 375,557</u>
<b>Drug Obligations by Function</b>	
Corrections	\$ 375,557
Total	<u>\$ 375,557</u>
<b>Drug Obligations by Decision Unit</b>	
Care of US Prisoners	\$ 375,557
Total	<u>\$ 375,557</u>
<b>Drug Resources Personnel Summary</b>	
Total FTEs (direct only)	0
<b>Information</b>	
Total Agency Obligations	\$ 617,693
Drug Percentage	60.8%

The accompanying discussions are an integral part of the Table of Drug Control Obligations.

FY 2001 Accounting of Drug Control Funds

United States Marshals Service  
Federal Prisoner Detention  
Reprogrammings and Transfers  
FY 2001

Table Line Item	Unobligated Balances Brought forward	Budget Authority	Government Reclassen	Reprogram- mings	Transfers		Total Availability
					In	Out	
<b>Drug Resources by Goal</b>							
Goal 2	14,240	363,220	(789)	--	--	--	\$376,661
Total	14,240	363,220	(789)	--	--	--	376,660
<b>Drug Obligations by Function</b>							
A) Corrections	14,240	363,220	(789)	--	--	--	363,220
Total	14,240	363,220	(789)	--	--	--	376,660
<b>Drug Obligations by Decision Unit</b>							
Care of US Prisoners	14,240	363,220	(789)	--	--	--	376,660
Total	14,240	363,220	(789)	--	--	--	\$376,660

The transfers were calculated using the USMIS drug methodology.



# U.S. Department of Labor

# FY 2001 Accounting of Drug Control Funds

U.S. Department of Labor

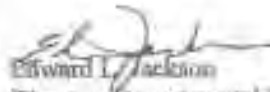
Office of the Assistant Secretary  
for Administration and Management  
Washington, D.C. 20210



APR 10 2002

MEMORANDUM FOR BRENDA M. KYLE

FROM:

  
Edward L. Jackson  
Director, Departmental Budget Center

SUBJECT

FY 2001 Annual Report Accounting for Drug Control Funds

The FY 2001 Annual Report Accounting for Drug Control Funds is transmitted with this memorandum and its attachments. In accordance with the requirements of the Office of National Drug Control Policy (ONDCP), the Department is required to have the OIG authenticate drug control expenditures.

If you have any questions regarding the attached, please contact Justice Hill at 693-4084 or Eileen Carr in O/ASP at 219-6197 x121.

DEPARTMENT OF LABOR

A. TABLE OF PRIOR YEAR DRUG CONTROL OBLIGATIONS

(Dollars in Millions)

	2001 Final Authority	2001 Obligations
<b>Drug Resources by Function</b>		
Prevention	\$78,849	\$78,805
<b>Drug Resources by Decision Unit</b>		
Employment and Training Administration	\$78,294	\$78,294
Policy, Decision and Support (DM S&E)	0.364	0.350
Financial and Administrative Services (WCF)	0.191	0.161
<b>Total</b>	<b>\$78,849</b>	<b>\$78,805</b>
<b>Drug Resources Personnel Summary</b>		
Total FTEs (direct only)	1	1
<b>Information</b>		
Total Agency Budget	\$12,049.7	
Drug Percentage	0.65%	

1. DRUG METHODOLOGY

The Department of Labor has two types of programs that account for drug control obligations: job-training programs and drug-free workplace initiatives. The job-training programs include Adult, Youth and Job Corps and are administered by the Employment and Training Administration under the Workforce Investment Act (WIA). The drug-free workplace initiatives include DOL's internal program, as required of all federal workforces, and its separate public education campaign known as *Working Partners*.

**Adult and Youth Job Training Activities** - The amount of funding scored as drug control is an estimate of the preventative effect of the job-training programs provided to WIA participants. Using data from the National Household Survey on Drug Abuse, the number of WIA participants likely to be current drug users is estimated. This data is then applied to the average cost per participant to derive the total drug resource levels for the WIA programs. In addition, the participant unit costs and the number of participants are updated as necessary. Therefore, total drug control obligation estimates may fluctuate based on these revisions.

**Job Corps Program** - The amount of funding scored as drug control is an estimate of the costs associated with providing enrollee drug testing, counseling, education, and referral under the Trainee Employment Assistance Program (TEAP).

**Drug-Free Workplace Programs** - The Department of Labor's drug control obligations also includes the maintenance of its public education campaign known as the *Working Partners for an Alcohol- and Drug-free Workplace Program*, as well as support costs for the management of the Department's own internal drug-free workplace program. Separate accounts are maintained and actual expenditures are recorded.

**2. METHODOLOGY MODIFICATIONS**

No methodology modifications since the last submission.

**3. MATERIAL WEAKNESSES**

The Employment and Training Administration (ETA):

No known material weaknesses.

Job Corps:

No known material weaknesses.

Workforce Investment Act Programs:

Obligations reported here are estimates only – states do not report specific expenditures on drug prevention – rather based on assumption that certain percentage of WIA participants are drug users and that job training has a preventative effect.

Departmental Management accounts:

No known material weaknesses.

**4. REPROGRAMMINGS OR TRANSFERS**

No reprogramming or transfers reported.

**5. OTHER DISCLOSURES – None.**

**B. ASSERTIONS**

**1. DRUG METHODOLOGY:**

These estimates are reasonable and accurate because:

**1. Data**

- ETA – per participant costs are based on last available year; estimates of drug using participants unavailable; therefore use 1991 NHSDA data.
- Job Corps – cost responses are estimates.
- DM – actual expenditures are recorded.

**2. Other Estimation Methods - Professional Judgment/logic used to arrive at estimates; assumption is sound/logical that job training activities**

contribute to prevention – continues to be valid though unable to document specific extent of impact

3. *Completeness* – covers all identifiable drug-related activities of significance.
4. *Financial Systems* -Financial Systems supporting the drug methodology yield data that fairly present, in all material respects, aggregate obligations from which drug-related obligation estimates are derived.
2. *Application of Methodology* – methodology disclosed is the actual methodology used to generate table of obligations.
3. *Financial Plan (Including Reprogramming or Transfers)* – data presented are associated with applications against a financial plan – no revisions have been made.



## FY 2001 Accounting of Drug Control Funds

<b>DEPARTMENT OF LABOR</b> FY2001 Drug Control Budget Summary of Obligations		
<i>Note: \$ in millions</i>		
<b>I. Resource Summary</b>		
Goal 1:	Educate and enable America's youth to reject illegal drugs as well as the use of alcohol and tobacco.	
Goal 3:	Reduce health and social costs to the public of illegal drug use.	
	FY2001 Final Budget Authority	FY2001 Actual Obligations
<b>Drug Resources by Goal</b>		
Goal 1	\$38,794	\$38,794
Goal 3	\$42,055	\$42,011
<b>Total</b>	<b>\$78,849</b>	<b>\$78,805</b>
<b>Drug Resources by Function</b>		
Prevention	\$78,849	\$78,805
<b>Total</b>	<b>\$78,849</b>	<b>\$78,805</b>
<b>Drug Resources by Decision Unit</b>		
Employment and Training Administration	\$78,294	\$78,294
Policy direction and support (DM SSE)	\$0,364	\$0,350
Financial and Administrative Services (WCF)	\$0,191	\$0,161
<b>Total</b>	<b>\$78,849</b>	<b>\$78,805</b>
<b>Drug Resources Personnel Summary</b>		
Positions		
Direct	1	1
FTE		
Direct	0	0
<b>Information</b>		
Total DCL Budget	\$12,049.7	
Drug Percentage	0.65%	

## FY 2001 Accounting of Drug Control Funds

### EMPLOYMENT AND TRAINING ADMINISTRATION FY2001 Drug Control Budget Summary of Obligations

Note: \$ in millions

#### I. Resource Summary

- Goal 1: Educate and enable America's youth to reject illegal drugs as well as the use of alcohol and tobacco.  
 Goal 2: Reduce health and social costs to the public of illegal drug use.

		FY2001 Final Budget Authority	FY2001 Actual Obligations
<b>Drug Resources by Goal</b>			
Goal 1	Grants-to-States	\$36,794	\$36,794
Goal 2	Grants-to-States	\$41,500	\$41,500
<b>Total</b>		<b>\$78,294</b>	<b>\$78,294</b>
<b>Drug Resources by Function</b>			
Prevention		\$78,294	\$78,294
<b>Total</b>		<b>\$78,294</b>	<b>\$78,294</b>
<b>Drug Resources by Decision Unit</b>			
Workforce Investment Act (WIA)	Adult Activities	\$41,500	\$41,500
ETA Programs	Youth Activities	\$28,336	\$28,336
Job Corps	Job Corps	\$8,458	\$8,458
ETA Programs	Other	\$0,000	\$0,000
<b>Total</b>		<b>\$78,294</b>	<b>\$78,294</b>
<b>Total</b>		<b>\$78,294</b>	<b>\$78,294</b>
<b>Drug Resources Personnel Summary</b>			
<b>Positions</b>			
Direct		0	0
<b>FTE</b>			
Direct		0	0
<b>Information</b>			
Total DOL Budget		\$12,049.1	
Drug Percentage		0.65%	

## FY 2001 Accounting of Drug Control Funds

**DEPARTMENTAL MANAGEMENT (Working Partners and DOL Internal Drug-Free Workplace Program)  
FY2001 Drug Control Budget Summary of Obligations**

Note: \$ in millions

**I. Resource Summary**

Goal 3: Reduce health and social costs to the public of illegal drug use.

	FY2001 Final Budget Authority	FY2001 Actual Obligations
<b>Drug Resources by Goal</b>		
Goal 3	\$0.535	\$0.511
<b>Total</b>	<b>\$0.535</b>	<b>\$0.511</b>
<b>Drug Resources by Function</b>		
Prevention	\$0.550	\$0.511
<b>Total</b>	<b>\$0.550</b>	<b>\$0.511</b>
<b>Drug Resources by Decision Unit</b>		
Policy direction and support (DM S&E)	\$0.504	\$0.350
Financial and Administrative Services (WCF)	\$0.191	\$0.191
<b>Total</b>	<b>\$0.695</b>	<b>\$0.511</b>
HIDA Transfer	\$0.000	\$0.000
Special Forfeiture Fund Transfer	\$0.000	\$0.000
ICDE Resources	\$0.000	\$0.000
<b>Drug Resources Personnel Summary</b>		
Positions		
Direct	1	1
FTE		
Direct	1	1
<b>Information</b>		
Total DCL Budget	\$12,045.7	
Drug Percentage	0.005%	

## FY 2001 Accounting of Drug Control Funds

Working Capital Fund (DCL Internal Drug Abuse Treatment Program)			
Region: Drug Control/Program: Substance Abuse Treatment			
Notes: \$ in millions			
1. Executive Summary			
Goal: Reduce health and social costs to the state of Oregon drug use.			
	Program Title	FY2001 Total Budget Authority	FY2001 Actual Obligations
<b>Drug Resources by Goal</b>			
Goal 1	DCL Inmate DWP	\$1,191	\$191,000
<b>Total</b>		<b>\$1,191</b>	<b>\$191,000</b>
<b>Drug Resources by Function</b>			
Prevention	DCL Inmate DWP	\$1,191	\$1,191
<b>Total</b>		<b>\$1,191</b>	<b>\$1,191</b>
<b>Drug Resources by Decision Unit</b>			
(only shown and caption if M SAE)	DCL Inmate DWP	\$1,191	\$1,191
<b>Total</b>		<b>\$1,191</b>	<b>\$1,191</b>
ISO/IA Transfer		\$1,000	\$1,000
Special Purpose Fund Transfer		\$1,000	\$1,000
CLE Resources		\$1,000	\$1,000
<b>Drug Resources Personnel Summary</b>			
Positions			
Direct		1	1
FTE			
Direct		1	1
<b>Information</b>			
Total DCL Budget		\$12,996.7	
Drug Percentage		9.23%	

## FY 2001 Accounting of Drug Control Funds

**Office of the Assistant Secretary for Policy (Working Partners for an Alcohol- and Drug-Free Workplace)  
FY2001 Drug Control Budget Summary of Obligations**

Note: \$ in millions

**i. Resource Summary**

Goal 3: Reduce health and social costs to the public of legal drug use.

	Program Title	FY2001 Final Budget Authority	FY2001 Actual Obligations
<b>Drug Resources by Goal</b>			
Goal 3	Working Partners	\$0.364	\$0.350
<b>Total</b>		<b>\$0.364</b>	<b>\$0.350</b>
<b>Drug Resources by Function</b>			
Prevention	Working Partners	\$0.364	\$0.350
<b>Total</b>		<b>\$0.364</b>	<b>\$0.350</b>
<b>Drug Resources by Decision Unit</b>			
Policy direction and support (DM S&E)	Working Partners	\$0.364	\$0.350
<b>Total</b>		<b>\$0.364</b>	<b>\$0.350</b>
HDTA Transfer		\$0.000	\$0.000
Special Forfeiture Fund Transfer		\$0.000	\$0.000
ICDE Resources		\$0.000	\$0.000
<b>Drug Resources Personnel Summary</b>			
Positions			
Direct		0	0
FTE			
Direct		0	3
<b>Information</b>			
Total DCU Budget		\$12,048.7	
Drug Percentage		0.003%	



**U.S. SMALL BUSINESS  
ADMINISTRATION**

FY 2001 Accounting of Drug Control Funds



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

JAN 7 11 2002

Mr. David J. Rivall  
Chief, Budget Branch  
Office of National Drug Control Policy  
Executive Office of the President  
Washington, DC 20503

Dear Mr. Rivall:

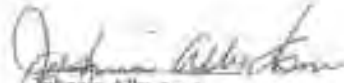
As requested, this is the U.S. Small Business Administration's (SBA) response to the ONDCP Circular: *Annual Accounting of Drug Control Funds*.

**Fiscal Year 2001**

Strategy Goal	Drug Function	Budget Decision Unit
Goal 3 - \$1.5M	Prevention - \$1.5M	Education - \$7.5M

If you have any questions concerning this report, please contact Joan Brady in SBA's Office of Small Business Development Centers at 202-7344.

We attest that full compliance with the ONDCP Circular would create an unreasonable burden on the SBA.

  
John Albertson  
Associate Administrator  
Small Business Development Centers

  
Joseph P. Laidlo  
Chief Financial Officer

  
Phyllis K. Fong  
Inspector General

SBA IS AN EQUAL OPPORTUNITY EMPLOYER AND PROVIDES:



**U.S. Department of State**



# FY 2001 Accounting of Drug Control Funds



United States Department of State

Washington, D.C. 20520

APR 13 2001

Dear Mr. Eism:

In accordance with the Office of National Drug Control Policy (ONDCP) Circular, Annual Accounting of Drug Control Funds, dated December 17, 1999 (the Circular), the Department is submitting Fiscal Year (FY) 2001 obligation information on the drug control programs administered at the Department of State along with the Inspector General's attestation.

#### Program Areas:

The Department's three drug control programs encompass the Bureau of International Narcotics and Law Enforcement Affairs (INLE), certain non-broadcast Public Diplomacy functions and a very limited drug control activity in the Emergencies in the Diplomatic and Consular Services (EDDC) account. For FY 2001, the Department is providing information on its three drug control programs even though two of the three programs are below the \$50 million threshold identified in the Circular.

#### DISCLOSURES

##### Obligations, Reprogramming, and Transfers

As documented below, the Department is providing detailed financial information on its drug control program obligations in accordance with Section 5a. To enhance disclosure, the Department prepared the obligation information in a comparative format to show Department performance on drug control programs in FY 2000 and FY 2001. The reprogramming or transfer information for FY 2001 immediately follows the obligation data for the associated program. The reprogramming and transfer information for FY 2001 is complete and all reprogramming over \$5 million was approved by ONDCP.

W. Robert Eism,

Director of Programs, Budget, Research and Evaluation,  
Office of National Drug Control Policy,  
Executive Office of the President,  
Washington, D.C. 20503

## FY 2001 Accounting of Drug Control Funds

2

### Bureau of International Narcotics and Law Enforcement Affairs

Drug Control Obligations <sup>1</sup>	(in Thousands)	
	FY 2000 Actual <sup>2</sup>	FY 2001 Actual <sup>3</sup>
<b>Drug Resources by Goal</b>		
Goal 4:	\$ 27,865	\$ 13,776
Goal 5:	<u>1,087,682</u>	<u>412,608</u>
Total	\$ 1,115,547	\$ 426,444
<b>Drug Resources by Function</b>		
International:	\$ 1,115,547	\$ 426,444
Total	\$ 1,115,547	\$ 426,444
<b>Drug Resources by Division (DNI)</b>		
DNI:	\$ 1,115,547	\$ 426,444
Total	\$ 1,115,547	\$ 426,444
<b>Drug Resources Personnel Summary</b>		
Total FTE (Direct Hire)	161	168
<b>Information</b>		
Total Bureau (DNI) Budget	\$ 1,140,547	\$ 448,499
Drug-Related Percentage	97.8%	95.1%

<sup>1</sup> FY 2000 and FY 2001 obligations include funding from the Emergency Supplemental Act, 2000 (Plan Colombia).

<sup>2</sup> These figures do not include Anti-drug transfers from USAID and \$13.316 million in reassignments from other USG agencies. They do include \$46 million in transfers from the FNL appropriated to USAID for alternative development programs and \$193.5 million in Plan Colombia funds transferred to USAID and the Department of the Treasury.

<sup>3</sup> These figures do not include Anti-drug transfers from USAID and \$18.25 million in reassignments from other USG agencies. They do include \$25.75 million in transfers from the FNL appropriated and \$68 million in Plan Colombia funds transferred to USAID for alternative development programs.

## FY 2001 Accounting of Drug Control Funds

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**Transfers and Reprogramming:** The transfers and reprogramming actions below, totaling \$127 million, are included in the FY 2001 drug-related obligations reported in the INL table.

1. Transferred \$6 million of Plan Colombia supplemental funds to USAID for an alternative development program in Ecuador.
2. Transferred \$80 million of Plan Colombia supplemental funds to USAID for an alternative development program in Bolivia.
3. Transferred \$25.75 million of INL funds to USAID for an alternative development program in Peru.
4. Reprogrammed \$6.15 million to continue the expanded eradication campaign in the southern Colombia department of Putumayo. ONDCP Cleared.
5. Reprogrammed \$ .334 million from the Jamaica counternarcotics program to the Latin America Regional account.
6. Reprogrammed \$1.095 million to the Thailand counternarcotics program from the Asia/Africa/Middle East Regional account.
7. Reprogrammed up to \$ .5 million to the Asia/Africa/Middle East Regional account from the Turkey counternarcotics program.

## FY 2001 Accounting of Drug Control Funds

### Public Diplomacy

Drug Control Obligations:	(In Thousands)	
	FY 2000 <u>Actual<sup>1</sup></u>	FY 2001 <u>Actual<sup>2</sup></u>
<b>Drug Resources by Goal</b>		
Goal 5	\$8,900	\$8,800
Total	\$8,900	\$8,800
<b>Drug Resources by Function</b>		
Informational	\$8,900	\$8,800
Total	\$8,900	\$8,800
<b>Drug Resources by Decision Unit</b>		
Overseas Missions	\$6,600	\$7,200
Information Program and Exchanges	\$1,400	\$1,600
Total	\$8,000	\$8,800
<b>Drug Resources Personnel Summary</b>		
Total FTEs (direct only)	78	78
<b>Information</b>		
Total Public Diplomacy Budget	\$447,600	\$477,700
Drug Percentage:	1.8%	1.8%

#### Reprogramming or Transfers:

None.

<sup>1</sup> The FY 2000 total budget amount includes \$715.3 million from the Diplomatic and Consular Program appropriation, Public Diplomacy account, and \$112.7 million from the Educational and Cultural Exchange appropriation.

<sup>2</sup> The FY 2001 total budget amount includes \$760.1 million from the Diplomatic and Consular Program appropriation, Public Diplomacy account, and \$111.8 million from the Educational and Cultural Exchange appropriation.

## FY 2001 Accounting of Drug Control Funds

### 5 Emergencies In The Diplomatic And Consular Service (EDCS)

Drug Control Obligations:	(in Thousands)	
	FY 2000 Actual <sup>1</sup>	FY 2001 Actual <sup>2</sup>
<b>Drug Resources by Goal</b>		
Goal 5	\$1,000	\$1,700
Total	\$1,000	\$1,700
<b>Drug Resources by Function</b>		
International	\$1,000	\$1,700
Total	\$1,000	\$1,700
<b>Drug Resources by Decision Unit</b>		
National Rewards	\$1,000	\$1,700
Total	\$1,000	\$1,700
<b>Drug Resources Personnel Summary</b>		
Total FTEs (direct only)	0	0
<b>Information</b>		
Total Budget	\$13,023	\$9,514
Drug Percentage	7.7%	17.8%

#### Reprogramming or Transfer:

Note:

<sup>1</sup> The total EDCS no-year budget for FY 2000 was \$13,023 million. It includes \$5,477 million in regular appropriations, and carryover from FY 1999 of \$7,546 million emergency security supplemental. It does not include \$.01 million of reimbursements. None of the supplemental was for drug control activities.

<sup>2</sup> The total EDCS no-year budget for FY 2001 was \$9,514 million. It includes \$3,467 million in regular appropriations, and carryover from FY 2000 of \$4,049 million emergency security supplemental. It does not include \$107 million of reimbursements from other agencies and \$51 million from the FY 2001 emergency response supplemental. None of the supplemental was for drug control activities.

## FY 2001 Accounting of Drug Control Funds

### Drug Methodology and Other Disclosures

The mission of the Bureau of International Narcotics and Law Enforcement Affairs (INL) is to develop, implement and monitor U.S. international counternarcotics strategies and foreign assistance programs in accordance with Goals 4 and 5 supporting the President's National Drug Control Strategy (NDCS). Two of INL's primary mandates are in response to the Andean Strategy, which provides the focus for drug control in the major coca producing countries, and the heroin strategy, which addresses global aspects of the problem. INL functions also include foreign policy formulation and coordination, program management and diplomatic initiatives. All obligations presented in the INL table of drug control obligations are scored as 100 percent drug-related. The drug methodology did not change between FY 2000 and FY 2001 and there are no material weaknesses or other findings identified for this program. A significant amount of funding obligated in FY 2000 was from the Assistance for Counternarcotics Activities (Plan Colombia) of the Emergency Supplemental Act, 2000 (PL 106-246). A much smaller amount of Plan Colombia funding was obligated in FY 2001, accounting for much of the difference between the two years.

The Public Diplomacy program is directed at informing foreign audiences about U.S. Government policies. This program supports Goal 5 of the NDCC under the leadership of the Department's Under Secretary for Public Affairs and Public Diplomacy. Through the use of multilingual media products, exchange programs and the activities of the Department's overseas posts, Public Diplomacy explains policy within a host country's media, academic institutions, government departments and Non-Government Organizations. Public Diplomacy officers abroad also seek to facilitate contact and broaden the dialogue between U.S. institutions and their counterparts in other countries. For FY 2001, the Department is reporting obligations of \$8.4 million under this program as noted in the drug control obligation table. The drug methodology for Public Diplomacy funds was not modified during FY 2001, and there are no material weaknesses or other findings for this program.

In addition to the above, the Department of State has a small amount of appropriated funds devoted to a narcotics control program under the Emergency in the Diplomatic and Consular Service (EDCS) account. This drug control activity covers publicity for and the payment of narco-terrorist rewards under the Department goal to break foreign and domestic drug sources of supply. For FY 2001, this program supports Goal 5 of the NDCC. As noted in the drug control obligation table, EDCS obligated \$1.7 million dollars in

## FY 2001 Accounting of Drug Control Funds

FY 2001. The drug methodology for EDCS was not modified during FY 2001, and there are no material weaknesses or other findings for this program.

### ASSERTIONS

#### Drug Methodologies And Other Disclosures

I assert that the drug methodologies used to calculate obligations of prior year budgetary resources are reasonable, that the data presented is complete, and, except for Public Diplomacy, that the financial systems supporting the drug methodologies yield data that fairly present, in all material respects, aggregated obligations from which the drug-related obligations estimates are derived.

All Department of State, ECL programs, except those appropriated for international anti-crime activities, are scored as 100 percent drug-related. The Department's accounting system tracks the international anti-crime obligations under a separate allotment from the drug control allotments. This arrangement clearly separates all the drug control obligations being reported from other funds managed by ECL. Only obligations recorded under the drug control allotment are included in the drug control obligation figures in this report.

The FY 2000 submission for Public Diplomacy noted that the obligation amounts and staff time were based on the professional judgment of the Public Diplomacy officers in the regional bureaus, the Office of International Information Programs and the Bureau of Educational and Cultural Affairs. For FY 2001, the same methodology was used. Most program activities are multi-purpose or part of a larger group (e.g., international visitors) and no system-based accounting data supports the reported amounts except in rare instances where a single activity (e.g., a speaker or a pamphlet) dealt only with drug control issues.

The drug portion of the EDCS appropriation is used to fund the narcotics rewards program. Reward amounts are based on the recommendations of overseas diplomatic posts after considering such factors as the value of the information provided, nature of the trafficker in question and local circumstances. An interagency committee reviews and recommends the reward amount that must be approved by both the Secretary of State and the Attorney General. Obligation amounts are based entirely on these decisions.

## FY 2001 Accounting of Drug Control Funds

### **Application of Methodology**

I assert that the drug methodology for the three Department of State programs has not been modified over the past year. The underlying decision criteria, information sources and management processes for managing drug programs and reporting obligation amounts remain unchanged in all three areas.

I assert that the methodology disclosed in this report was the actual methodology used to generate the tables included here.

### **FY 2001 CFO Audit Material Weakness**

I believe the information for the Department of State in this submission is reliable and accurate, since the Department's last five fiscal year financial statements have been audited and received unqualified "clean" opinions.

While the Department acknowledges that the independent audit work performed on the FY 2001 financial statements disclosed a material weakness related to computer access controls and three reportable conditions associated with: (1) the financial management systems, (2) management of unliquidated obligations, and (3) managerial cost accounting information requirements, the Department has undertaken steps to address these findings. Substantial compliance with the Federal Financial Management Improvement Act is a top priority of the Department and improvement initiatives to achieve this goal are underway. Strengthening the management of the unliquidated obligations is also an important financial management initiative and the Department continues to develop reports and procedures to use in reviewing obligations.

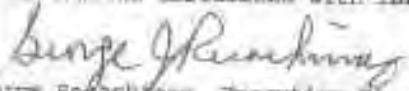
### **Financial Plan**

I assert that the obligation amounts presented in the drug control obligation tables are associated with a financial plan that properly reflects any changes that occurred during the fiscal year. All FY 2001 transfers and fund reprogramming actions are duly noted. The obligation data presented in the report for INL are associated with INL's financial plan, as revised during FY 2001 to reflect changes, including the reprogramming and transfers in excess of \$5 million. In addition, there are no reprogramming or transfers for INL that affected drug control resources in excess of the total \$122 million documented in this report.



FY 2001 Accounting of Drug Control Funds

For purposes of Section 501 reporting, I certify that the information presented for the Bureau of International Narcotics and Law Enforcement Affairs (INLE) is true and correct and concur with all assertions associated with INLE.

  
George Rosachinas, Executive Director  
Bureau of International Narcotics and Law  
Enforcement Affairs  
April 17, 2002

As cited above, this report is a Departmental submission for all drug control programs under the Secretary of State including the programs falling below the \$50 million threshold stated in the circular. If you would like to address any questions associated with our submission, please call me on (202) 647-7459.

Sincerely,

  
Christopher S. Burthen  
Assistant Secretary for  
Resource Management and  
Chief Financial Officer

Enclosure:  
As stated.

# FY 2001 Accounting of Drug Control Funds



United States Department of State  
and the Broadcasting Board of Governors

Office of Inspector General

April 15, 2002

## MEMORANDUM

TO: RM - Mr. Christopher B. Burnham

FROM: IG - Clark Kent Ervin

SUBJECT: Attention Review of Annual Accounting of Drug Control Funds for FY 2001

Attached is OIG's Independent Attention Review of the Annual Accounting of Drug Control Funds for FY 2001 for the Department of State. OIG saw nothing about this information that would cause OIG to believe that the Department's submission did not meet the requirements of the Office of National Drug Control Policy.

If you have any questions concerning the attached attention, please contact Mr. J. Richard Berman, Assistant Inspector General for Audit, on 202-647-9450.

Attachment: As stated.

Address correspondence to: U.S. Department of State, Office of Inspector General, Washington, D.C. 20520-6811

# FY 2001 Accounting of Drug Control Funds

Independent Attestation Review  
Annual Accounting of Drug Control Funds  
By the Department of State  
AUDVPR-02-28

ODG has reviewed the accompanying Chief Financial Officer's FY 2001 detailed accounting submission to the Director of the Office of National Drug Control Policy (ONDCP). The Chief Financial Officer prepared the submission in compliance with ONDCP Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999. This submission is the responsibility of the Department of State.

ODG conducted its review in accordance with attestation standards established by the American Institute of Certified Public Accountants as specified in section 6 of the ONDCP circular. The scope of a review is substantially less than an examination, the objective of which is the expression an opinion on the submission. Accordingly, ODG does not express such an opinion.

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

Based on our review of the accounting submission, nothing came to our attention that caused ODG to believe that the accompanying assertions do not, in all material respects, reliably represent the FY 2001 obligation data presented in the submission.

  
Clark Edwin Herin  
Inspector General

Date: 4/16/01



*U.S. Department of Transportation*



***U.S. COAST GUARD***

# FY 2001 Accounting of Drug Control Funds

U.S. Department  
of Transportation  
United States  
Coast Guard



Commandant,  
United States Coast Guard

2100 Second Street, S.W.  
Washington, DC 20393-0001  
Staff Symbol: G-1281  
Phone: (202) 267-2402  
FAX: (202) 267-4152

7100

1 Feb 2002

Mr. Robert B. Eise  
Director, Office of Programs,  
Budget, Research and Evaluation  
Office of National Drug Control Policy  
Executive Office of the President  
750 - 17<sup>th</sup> Street, N.W.  
Washington, D.C. 20503

Dear Mr. Eise,

In accordance with Section 1704(d) of Title 21 United States Code, enclosed please find a detailed accounting of the United States Coast Guard's Fiscal Year 2001 drug control funds, along with the Department of Transportation Inspector General's authentication of this accounting consistent with the instructions in ONDCP Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999.

If you have any questions, please don't hesitate to contact Mr. Dave Pokorski at (202) 267-2415.

Sincerely,

  
J. M. GARRETT  
REAR ADMIRAL  
U.S. COAST GUARD

- Enc: (1) U.S. Coast Guard detailed Accounting of Drug Control Funds  
(2) Authentication letter from Deputy Assistant Inspector for Financial and Information Technology, John L. Meche, dated February 14, 2002.

Copy: Mr. John L. Meche

**DEPARTMENT OF TRANSPORTATION  
UNITED STATES COAST GUARD**  
**5a. Table of Prior Year Drug Control Obligations**  
(dollars in millions)

**RESOURCE SUMMARY**

	<u>2001 Actual</u>
<b>Drug Resources by Goal</b>	
Goal 4: Shield America's Air, Land and Sea Frontiers from the Drug Threat	\$815.480
Goal 5: Break Foreign and Domestic Sources of Supply	4.341
<b>Total</b>	<u>\$819.821</u>
<b>Drug Resources by Function</b>	
Interdiction	\$814.340
Research and Development	5.481
<b>Total</b>	<u>\$819.821</u>
<b>Drug Resources by Decision Unit</b>	
Operating Expenses (OE)	\$659.453
OE Drug Percentage	20.0%
Acquisition, Construction, and Improvements (AC&I)	154.887
AC&I Drug Percentage	18.3%
Research, Development, Test and Evaluation (RDT&E)	5.481
RDT&E Drug Percentage	24.2%
<b>Total Obligations</b>	<u>\$819.821</u>

# FY 2001 Accounting of Drug Control Funds

DEPARTMENT OF TRANSPORTATION  
UNITED STATES COAST GUARD  
ANNUAL ACCOUNTING OF  
FY 2001 DRUG CONTROL FUNDS  
5A. DETAILED OBLIGATION SUBMISSION

## Overview

The following provides a synopsis of the United States Coast Guard's FY 2001 Drug Control Funds reporting which describes:

1. The agency's overall mission and the role of drug interdiction efforts within the Coast Guard's multi-mission structure;
2. The Coast Guard's drug control budget submission.

## Coast Guard Mission

The Coast Guard is a military service with mandated national security and national defense responsibilities in addition to being the United States' leading maritime law enforcement agency with broad, multi-faceted jurisdictional authority. The Coast Guard is a multi-mission maritime service consisting of seven complementary mission areas: search and rescue, aids to navigation, marine safety, ice operations, marine environmental protection, enforcement of laws and treaties, and defense readiness.

The Coast Guard faces many of the same challenges as the other four military services when it comes to deciding which assets should be deployed for what missions and where. This is not only true between the broad categories of missions, but also within sub-sets of the various missions the Coast Guard undertakes. For example, assets used for the Enforcement of Laws and Treaties mission may be divided between maritime interdiction of drugs and migrants illegally attempting to enter the U.S., as well as enforcement of fishing and economic regulations and treaties. Due to the multi-mission nature of the Coast Guard and the necessity to allocate the effort of a finite amount of assets, there is a considerable degree of asset "cross-over" between the missions. This crossover contributes to the challenges the Coast Guard faces when reporting costs for the various mission areas.

## Coast Guard's Drug Budget

In the annual National Drug Control Strategy (NDCS) Budget Summary, all agencies present their drug control resources broken out by goal, function, and decision unit. The presentation by decision unit is the one that corresponds most closely to the Coast Guard's congressional budget submissions and appropriations. It should be noted and emphasized that the Coast Guard does not have a specific appropriation for drug interdiction activities. All drug interdiction operations, capital improvements, and research and development efforts are funded out of general Coast Guard appropriations. For the most part, the Coast Guard drug control budget is a reflection of the Coast Guard's overall budget. The Coast Guard's Operating Expenses appropriation budget request is incremental, focusing on the changes from the prior year base brought forward. The Coast Guard continues to present supplementary budget information through the use of a model, which allocates its base funding and incremental requests by mission.

This general purpose mission cost model serves as the basis for developing drug control budget estimates for the OE appropriation and provides allocation information used for developing the drug control estimates for the AC&I appropriation. Similarly, this is the methodology used to complete our annual submission to OMDCP for the NDCS Budget Summary.

# FY 2001 Accounting of Drug Control Funds

DEPARTMENT OF TRANSPORTATION  
UNITED STATES COAST GUARD  
ANNUAL ACCOUNTING OF  
FY 2001 DRUG CONTROL FUNDS  
5A. DETAILED OBLIGATION SUBMISSION

## (1) Drug Methodology

Over twenty years ago, the Coast Guard designed its cost allocation methodology as a systematic way to allocate funding to the Coast Guard's primary mission areas. This methodology allocated Coast Guard costs based on the hours cutters, aircraft, boats, and marine safety personnel spent on various types of missions. This view of the Coast Guard budget provided valuable insight into the multi-mission use of assets and personnel, but for many years the only information taken into consideration was based on the results of a past year's operational activity. Until 1998, operational data (hours of effort) and obligation data were downloaded only at the end of the fiscal year to develop program spreads for the year just completed and budgetary projections for current and future years were based on this historical data and future year incremental changes. Today, the methodology and software have been updated to take advantage of improved technology and the superior financial information available after three consecutive successful audits under the rigorous Chief Financial Officers Act regime. Further, the Coast Guard has developed baseline operating hour allocations to major mission areas that are the basis for funding allocations in budget projections. These operating hour allocations, or baselines, are developed and modified based upon line item requests, congressional direction and national priorities.

The Coast Guard's drug control funding estimates are computed by closely examining the decision units, or appropriations, that comprise the drug control budget estimates of the Coast Guard. These decision units consist of Operating Expenses (OE), Acquisition, Construction, and Improvements (AC&I), and Research, Development, Test, and Evaluation (RDT&E). Each decision unit contains its own methodology and is inherently unique (AC&I and RDT&E's multi-year and OE's one year funding).

### Operating Expenses

The majority of the funds both available to the Coast Guard and allocated to its drug control mission area are in the Operating Expenses (OE) decision unit. OE funds are used to operate Coast Guard facilities, maintain capital equipment, improve management effectiveness, and recruit, train, and sustain an all-volunteer active duty military and civilian workforce. In the OE budget, the amount allocated to the drug control mission area is derived by allocating a share of the actual FY 2001 obligations based upon the amount of time aircraft, cutters, and boats dedicate towards drug control activities. The Coast Guard is able to determine the resource hours spent on each of the seven Coast Guard missions by using a detailed system of tracking operating hours, the Abstract of Operations Report. Using the reported hours logged by commanding officers of ships and by aircraft commanders, the Coast Guard can determine which missions employ Coast Guard personnel and assets. This detailed information is used to allocate actual asset operating costs, and projecting future costs to drug interdiction and other missions. Using financial data gathered from over 2,000 coast centers around the United States along with the Abstract of Operations information, the Coast Guard is able to allocate OE costs to each of the seven mission areas.



# FY 2001 Accounting of Drug Control Funds

DEPARTMENT OF TRANSPORTATION  
UNITED STATES COAST GUARD  
ANNUAL ACCOUNTING OF  
FY 2001 DRUG CONTROL FUNDS  
5a. DETAILED OBLIGATION SUBMISSION

## (1) Drug Methodology (Cont.)

### **Acquisition, Construction, and Improvements**

In scoring drug control funding requests within the zero-based Acquisition, Construction, and Improvements (AC&I) decision unit, every line item requested in the FY 2001 AC&I budget was evaluated for its anticipated contribution to drug interdiction efforts. For each AC&I Project, a discrete driver is selected to allocate the funding for that project to the various missions of the Coast Guard. In most cases, the driver is the percentage of time the new asset is expected to contribute to the drug control mission based on the corresponding percentage of time that the asset it will replace contributed to the drug control mission. In other cases, if the new asset does not replace a similar asset, a projection is made to determine what the new asset's drug-related contribution would be either based upon a like asset or based upon experienced professional judgment. The program percentage spreads for each of these drivers are extracted from the mission cost model. Furthermore, unlike OE funding, which is requested for and normally obligated in one budget year, AC&I funding, once appropriated, is available normally for obligation for up to five years, depending on the nature of the project. Therefore, various spikes in operational activity, e.g. reduced/increased aircraft and/or cutter resource hours, will directly affect OE budget estimates in a given budget year, but will have no relative effect in the AC&I appropriation.

### **Research, Development, Test and Evaluation**

The final decision unit is Research, Development, Test and Evaluation (RDT&E). This decision unit contains funding associated with direct and indirect project support for the drug interdiction mission. The methodology for calculating the appropriate drug allocation of FY 2001 projects begins with an expert subject matter review of the project digest. Those projects determined to be drug related are further analyzed for a distinct drug percentage. This is done, because direct project support funding is for R&D tasks either done solely to assist and improve drug detection and interdiction (such as the test and evaluation of drug detection equipment to improve search techniques under the Comprehensive Maritime Law Enforcement project), or which contribute significantly to detection and/or interdiction but which also benefit other Coast Guard missions. An example of this is the evaluation of various sensor technologies, which are of potential benefit to illegal migrant alien interdiction, fisheries law enforcement and search and rescue efforts as well as drug interdiction. Ultimately, a reasonable drug percentage was then applied to each applicable project obligation data recorded in FY 2001.

### **Goals 4 and 5**

A detailed description of Coast Guard's roll in support of NDCS Goal 4 (Shield America's air, land, and sea frontiers from the drug threat) and NDCS Goal 5 (Break foreign and domestic drug sources of supply) is documented in the National Drug Control Strategy, and in the NDCS 2002 Budget Summary on pages 206 and 207 of the 2002 Annual Report. As shown in the Table of Prior Year Drug Control Funding, nearly 99% of Coast Guard's FY 2001 drug control resources supported Goal 4. The Goal 5 allocation represents costs to fund the salaries of Coast Guard billets operating in support of international training, intelligence concentrated or source country activities and liaison support of source zone interdiction efforts.

# FY 2001 Accounting of Drug Control Funds

DEPARTMENT OF TRANSPORTATION  
UNITED STATES COAST GUARD  
ANNUAL ACCOUNTING OF  
FY 2001 DRUG CONTROL FUNDS  
5A. DETAILED OBLIGATION SUBMISSION

## (2) Methodology Modifications

The methodology described above has not been modified from the previous year.

## (3) Material Weaknesses or Other Findings

In March 1999, Coast Guard was selected among a handful of other drug control agencies, to participate in a review of its drug control methodology. RAND Associates, an independent consultant, conducted the study for ONDCP. RAND's final report to ONDCP in April, 1999 contained the following conclusion statement:

*"Through an examination of the Coast Guard budget, one learns the difficulties encountered when trying to determine budgeting for a multi-mission agency. Indeed, the sheer size and multitude of data that goes into determining the Coast Guard budget, in addition to the complexity of the cost allocation model, limits the ability of individuals outside of the Coast Guard to recreate a Coast Guard drug budget. However, after an explanation of the Coast Guard budget process and how it utilizes its cost allocation model to project future costs and budget allocations for the seven primary mission areas, one realizes the Coast Guard has developed and continues to evolve a budgeting methodology that could serve as an example for the drug interdiction community. It demonstrates how a law enforcement agency can address its drug budget funding needs for the upcoming year based on prior year's data and also make projections for future years based on both historical data and national priorities and goals with a relatively high level of confidence in its numbers. Even with the difficulties of estimating resource allocation associated with an agency that requires it to change missions sometimes on a minute-to-minute basis, the Coast Guard has done an admirable job developing a methodology that allows it to determine how much needs to be allocated to each mission area. Realizing the challenge of trying to understand the Coast Guard's approach to its multi-mission budget estimates, the Coast Guard has sought to improve the ability for the public to comprehend its budget by incorporating an activity based costing technique. This development may provide a clearer understanding of how much funding actually goes toward the drug interdiction effort.*

*The challenges of resource allocation in a multi-mission agency have not deterred the Coast Guard from conducting rigorous budget analyses on a yearly basis. Rather, the Coast Guard has developed a model that is precise in its ability to track resources used in each mission area, and has the ability to project out for the upcoming year in terms of meeting national goals for the drug interdiction mission. While no budgeting methodology is perfect, the Coast Guard has developed one that could serve as a template for improving the ways which other law enforcement agencies determine their drug control budgets."*

## 4. Reprogramming or Transfers

No reprogramming or transfers of drug related budget resources in excess of the ONDCP's \$5 million threshold occurred during FY 2001.

# FY 2001 Accounting of Drug Control Funds

DEPARTMENT OF TRANSPORTATION  
UNITED STATES COAST GUARD  
ANNUAL ACCOUNTING OF  
FY 2001 DRUG CONTROL FUNDS  
5B. ASSERTIONS

## (1) Drug Methodology

The following methodology was applied to derive the drug control information presented in the table in section 5A. The information reported is timely, accurate, and repeatable and is derived from an allocation process involving the Coast Guard's audited financial statement information. The Coast Guard does not have a discrete drug control appropriation. The Coast Guard's financial systems are not structured to accumulate accounting data by operating program or mission areas. Drug control funding data is developed using a systematic process for the OE appropriation, a combination of project analysis and OE-based allocations for the AC&I appropriation, and a combination of project analysis and subject matter review for the RDT&I appropriation.

(a) **Data** – As pointed out in the previous section, the Coast Guard reports its drug control funding to ONDCP from three appropriations or decision units. The mechanics of how each decision unit's drug control data is derived follows:

- **Operating Expenses (OE)** – Budget Authority or Obligations are allocated to the operating mission areas of the Coast Guard based upon the output of a mission cost model. This tool is used in presenting the mission based data shown in the OE budget submissions across seven operating missions of: search and rescue, aids to navigation, marine safety, ice operations, marine environmental protection, enforcement of laws and treaties, and defense readiness. The following data sources feed the Mission Cost Program (MCP) model:
  1. **Departmental Accounting & Financial Information System (DAFIS)** – annual obligation data broken down by Operating Facility (OPFAC)/ Cost Center, Unit name, Allotment Fund Code, Object Class and dollar amount. These data are highly reliable, having been successfully audited as part of the Chief Financial Officers Act audit process in 1999, 2000, and 2001.
  2. **Abstract of Operations (AOPS)** – annual records of how the asset (aircraft, boat, or cutter) spent its time performing various missions of the Coast Guard. These records are completed by the operating activity or unit performing the mission(s) and accounts for what that activity or unit did 24 hours a day, 365 days a year. Abstract of Operations reports are submitted to Headquarters on a quarterly basis.
  3. **Marine Safety Personnel Resource Survey** – a record of how the personnel at the various Marine Safety activities and units spent their time performing the various assigned missions. The survey annotates how much time personnel spend performing in the various program areas. The last Marine Safety Personnel Resource Survey was completed in 1997 and 1998.

# FY 2001 Accounting of Drug Control Funds

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5B. ASSERTIONS

4. **Mission Cost Program (MCP) Model Application & Results** - The MCP model produces an allocation of all OE obligations to the operating programs. At the end of this process, the operating program information has been rolled-up into the mission areas of the Coast Guard. The percentage of operating program and mission spreads are developed from this information.
5. **Normalize to BA or Obligations** - The operating program and mission area percentages were then applied to total FY 2001 budget authority or obligations (See Attachment A) depending upon the reporting requirement. Budget Authority data is derived from agency's Congressional budget submission and obligation data is derived from the final financial accounting Report of Budget Execution (SF-133).

- **Acquisition, Construction & Improvements (AC&I)** - is a multi-year appropriation where funding, once appropriated may be normally expended up to 5 years hence. The methodology used to develop the drug funding estimate is systematically different than that of OE. AC&I drug funding levels, for either BA or obligations, are developed through an analysis of each project/line items. For each line item, a discrete driver is selected that best approximates the contribution that asset or project, when delivered, will contribute to the programs and mission areas of the Coast Guard. The program/mission area spreads for these drivers are extracted from the mission cost model. To ensure consistency, extracts used for the analysis of enacted BA for any fiscal year are used for the end of year analysis of obligations as well. For FY 2001 AC&I program and mission area spreads, the following data sources and methods were used:

1. **Mission Cost Model** - is run as discussed above using the following data sets:
  - FY 2001 DAFIS obligations on categories using the percentage of audited financial data broken down by Operating Facility (OPFAC)/Cost Center, U/OU name, Allotment Fund Code, Object Class and dollar amount.
  - Actual FY 2001 AOPS Baseline - a report of how the assets (aircraft, boat, or cutter) spent their time performing various missions of the Coast Guard.
2. **Drug Related Percentage** - The percentage spread for each driver is extracted from the Program Budget run completed above. This information was further analyzed to:
  - (a) Ensure a discrete driver was applied to each project consistent through the life of the project or;
  - (b) A driver was used that was based upon historical or future projected use of asset.
3. **Mission Cost Results/Application** - Once the project drivers were reviewed for their reasonability, they were then applied to the total BA or obligations of the FY 2001 project/line item to derive the allocated drug levels (See Attachment B). The BA levels are derived from the agency's Congressional budget submission. The FY 2001 obligation data is a data run from DAFIS of AC&I Obligated/Unobligated Balances by Project.

## FY 2001 Accounting of Drug Control Funds

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5a. ASSERTIONS

- **Research, Development, Test & Evaluation (RDT&E)** - is a no-year appropriation where funding, once appropriated may be obligated indefinitely in the future until all balances are expended. The methodology used to develop the drug funding estimate is similar to AC&I in that drug funding costs are based on an analysis of projects/line items, but the program/mission area percentages are based upon subject matter expert review. The method used to compile the FY 2001 data was:

1. **Focus on projects/line items** requested in the Comprehensive Law Enforcement Program, Project Activity (PPA) and the Technology Investment PPA.
2. **Subject matter expert review** of each project/line items to estimate their direct and indirect impact to the drug control percentage of effort.
3. **Application** - Once the project drivers were reviewed for their reasonability, they were then applied to the total cost of the FY 2001 project/line item to derive the drug associated costs (See Attachment C). BA data is derived from the agency's Congressional budget submission and obligation data is extracted from a Large Unit Financial System (LUPS) transaction summary report by project.

(i) **Other Estimation Methods** - Where the mission cost model allocates a percentage of time/effort expended to a given AC&I project/line item, in some cases changes were made to better represent the drug costs associated. As noted in the AC&I methodology, seasoned professional judgment is sometimes used to change a driver based on specific knowledge that a resource will be used differently than the historical profile indicates. An example of this is the change in the allocation of resource hours associated with a new ice breaker. In the past, ice breakers have dedicated a majority of their annual resource hours to ice breaking with the remainder of the annual resource hours being allotted to environmental response. The new ice breaker is being designed as more of a multi-mission asset that will be tasked with aids to navigation, marine safety, and search and rescue missions in addition to its ice breaking activities. This change will require that the MCF model allocation for this resource be manually adjusted, based on professional judgment, to reflect this change in the operating profile of the new ice breaker.

(c) **Completeness** - To the best of our knowledge, all drug control activities conducted by the Coast Guard are reflected in the methodology applied.

(d) **Financial Systems** - Obligation data are derived from DAFIS. No other financial systems or information is used in developing program or mission area allocations.

(2) **Application of Methodology** - The methodology disclosed in this section was the actual methodology used to generate the table required by Section 5A. Documentation on each decision unit is provided.

(3) **Financial Plan - Including Reprogrammings or Transfers** - No reprogrammings or transfers of drug related budget resources in excess of the ONDCP's \$5 million threshold occurred during FY 2001.

Attachment A

**OPERATING EXPENSES (OE)  
MISSION COST PROGRAM MODEL OUTPUT:**

	<u>FY 2001</u>	
	OBLIG.	
Aids To Navigation (ATON)	593,255	18.01%
Defense Readiness (DR)	159,971	4.86%
Enforcement of Laws & Treaties (ELT) - Drug		
Enforcement of Laws & Treaties (ELT) - Other than Drug		
Enforcement of Laws & Treaties (ELT) - Other than Drug	644,553	19.56%
Ice Operations (IO)	102,545	3.11%
Marine Environmental Protection (MEP)	281,789	8.55%
Marine Safety (MS)	325,967	9.89%
Search and Rescue (SAR)	527,120	16.00%
<b>Total OE Obligations \$</b>	<b>3,294,652</b>	<b>100%</b>

Note: This MCP spread excludes the proposed legislation for costs of the Accrual Pension and Health Benefits initiative. In addition, the shaded categories represent the total OE Air and Surface drug areas reported annually.

# FY 2001 Accounting of Drug Control Funds

Attachment B

## U.S. COAST GUARD FY 2001 "AC and P" DRUG CONTROL OBLIGATIONS

LEGAL YEAR	FY00	FY01	PROJECT TITLE	FY01 TOTAL OBLIGATIONS	FY01	Percent of Budget	FY01 2001
APPROX	ISS	ISS					2001 OBLIGATIONS
001	01	0222	ACI NONREVENUE	0			
001	01	0223	ACI REVENUE	0			
NONREVENUE AS FY 001				0			
002	01	0000	BARNEY & LEGGIE - CUTTERS & BOATS	0		1.00%	0.0
002	01	0100	BOGARDUS BUDY TRIMM REPLACEMENT	122		1.00%	1.7
002	01	0100	COASTAL BUDY TRIMM REPLACEMENT	0			
002	01	0200	ATLAS REPLACEMENT	200		0.00%	0.0
002	01	0300	POLAR B REPLACEMENT	0			
002	01	0400	POLAR B REPLACEMENT	100			0.0
002	01	0500	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	0600	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	0700	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	0800	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	0900	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	1000	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	1100	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	1200	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	1300	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	1400	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	1500	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	1600	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	1700	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	1800	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	1900	POLAR B REPLACEMENT	0		0.00%	0.0
002	01	2000	POLAR B REPLACEMENT	0		0.00%	0.0
GRAND TOTAL				000			
TOTAL OBLIGATIONS				000			\$ 0.0
003	01	0000	REVENUE	0			
003	01	0000	REVENUE	0			
NONREVENUE AS FY 001				0			
003	01	0000	BARNEY & LEGGIE - CUTTERS & BOATS	0		1.00%	0.0
003	01	0100	BOGARDUS BUDY TRIMM REPLACEMENT	122		1.00%	0.0
003	01	0100	COASTAL BUDY TRIMM REPLACEMENT	0			
003	01	0200	ATLAS REPLACEMENT	200		0.00%	0.1
003	01	0300	POLAR B REPLACEMENT	0			
003	01	0400	POLAR B REPLACEMENT	100			0.0
003	01	0500	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	0600	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	0700	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	0800	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	0900	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	1000	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	1100	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	1200	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	1300	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	1400	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	1500	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	1600	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	1700	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	1800	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	1900	POLAR B REPLACEMENT	0		0.00%	0.0
003	01	2000	POLAR B REPLACEMENT	0		0.00%	0.0
GRAND TOTAL				000			\$ 0.0
TOTAL OBLIGATIONS				000			\$ 0.0

# FY 2001 Accounting of Drug Control Funds

Attachment D

## U.S. COAST GUARD FY 2001 'AC and I' DRUG CONTROL OBLIGATIONS

FISCAL YEAR	PROGRAM	FUND	PROJECT TITLE	FBI TOTAL OBLIGATIONS	FBI	Percent of Budget	FY01 OBLIGATIONS
2000	11	999	2710	390	0	0.0%	390.0
2000	11	999	2715	150	0	0.0%	150.0
2000	11	999	2716	0	0	0.0%	0.0
2000	11	2700	2717	300	0	0.0%	300.0
2000	11	999	2718	710	0	0.0%	710.0
2000	11	999	2719	0	0	0.0%	0.0
2000	11	999	2720	0	0	0.0%	0.0
2000	11	999	2721	0	0	0.0%	0.0
2000	11	999	2722	0	0	0.0%	0.0
PROGRAM TOTAL				1590			\$ 1,590.0
2000	11	999	3000	0	0	0.0%	0.0
2000	11	999	3001	30	0	0.0%	30.0
2000	11	999	3002	170	0	0.0%	170.0
2000	11	999	3003	10	0	0.0%	10.0
2000	11	999	3004	0	0	0.0%	0.0
2000	11	999	3005	0	0	0.0%	0.0
2000	11	999	3006	0	0	0.0%	0.0
2000	11	999	3007	0	0	0.0%	0.0
2000	11	999	3008	0	0	0.0%	0.0
2000	11	999	3009	0	0	0.0%	0.0
2000	11	999	3010	0	0	0.0%	0.0
2000	11	999	3011	0	0	0.0%	0.0
2000	11	999	3012	0	0	0.0%	0.0
2000	11	999	3013	0	0	0.0%	0.0
2000	11	999	3014	0	0	0.0%	0.0
2000	11	999	3015	0	0	0.0%	0.0
2000	11	999	3016	0	0	0.0%	0.0
2000	11	999	3017	0	0	0.0%	0.0
2000	11	999	3018	0	0	0.0%	0.0
TOTAL PROGRAMS FY2000				1620			\$ 1,620.0
2000	11	1	3019	100	0	0.0%	100.0
2000	11	1	3020	100	0	0.0%	100.0
PROGRAMS TOTAL FY2000				1820			\$ 1,820.0
2000	11	999	3201	0	0	0.0%	0.0
2000	11	999	3202	0	0	0.0%	0.0
2000	11	999	3203	0	0	0.0%	0.0
2000	11	999	3204	0	0	0.0%	0.0
2000	11	999	3205	0	0	0.0%	0.0
2000	11	999	3206	0	0	0.0%	0.0
2000	11	999	3207	0	0	0.0%	0.0
2000	11	999	3208	0	0	0.0%	0.0
2000	11	999	3209	0	0	0.0%	0.0
2000	11	999	3210	0	0	0.0%	0.0
2000	11	999	3211	0	0	0.0%	0.0
2000	11	999	3212	0	0	0.0%	0.0
2000	11	999	3213	0	0	0.0%	0.0
2000	11	999	3214	0	0	0.0%	0.0
2000	11	1	3215	0	0	0.0%	0.0
TOTAL PROGRAMS FY 2000				0			\$ 0.0
TOTAL APPROPRIATION				1820			\$ 1,820.0
2000	11	9	3300	0	0	0.0%	0.0
2000	11	9	3301	0	0	0.0%	0.0
TOTAL PROGRAMS FY2001				0			\$ 0.0
2000	11	999	3302	0	0	0.0%	0.0
2000	11	999	3303	0	0	0.0%	0.0
2000	11	999	3304	0	0	0.0%	0.0
2000	11	999	3305	0	0	0.0%	0.0
2000	11	999	3306	0	0	0.0%	0.0
2000	11	999	3307	0	0	0.0%	0.0
2000	11	999	3308	0	0	0.0%	0.0
2000	11	999	3309	0	0	0.0%	0.0
2000	11	999	3310	0	0	0.0%	0.0
2000	11	999	3311	0	0	0.0%	0.0
2000	11	999	3312	0	0	0.0%	0.0
2000	11	999	3313	0	0	0.0%	0.0
2000	11	999	3314	0	0	0.0%	0.0
2000	11	999	3315	0	0	0.0%	0.0
2000	11	999	3316	0	0	0.0%	0.0
2000	11	999	3317	0	0	0.0%	0.0
2000	11	999	3318	0	0	0.0%	0.0
2000	11	999	3319	0	0	0.0%	0.0
2000	11	999	3320	0	0	0.0%	0.0
2000	11	999	3321	0	0	0.0%	0.0
2000	11	999	3322	0	0	0.0%	0.0
2000	11	999	3323	0	0	0.0%	0.0
2000	11	999	3324	0	0	0.0%	0.0
2000	11	999	3325	0	0	0.0%	0.0
2000	11	999	3326	0	0	0.0%	0.0
2000	11	999	3327	0	0	0.0%	0.0
2000	11	999	3328	0	0	0.0%	0.0
2000	11	999	3329	0	0	0.0%	0.0
2000	11	999	3330	0	0	0.0%	0.0
2000	11	999	3331	0	0	0.0%	0.0
2000	11	999	3332	0	0	0.0%	0.0
2000	11	999	3333	0	0	0.0%	0.0
2000	11	999	3334	0	0	0.0%	0.0
2000	11	999	3335	0	0	0.0%	0.0
2000	11	999	3336	0	0	0.0%	0.0
2000	11	999	3337	0	0	0.0%	0.0
2000	11	999	3338	0	0	0.0%	0.0
2000	11	999	3339	0	0	0.0%	0.0
2000	11	999	3340	0	0	0.0%	0.0
2000	11	999	3341	0	0	0.0%	0.0
2000	11	999	3342	0	0	0.0%	0.0
2000	11	999	3343	0	0	0.0%	0.0
2000	11	999	3344	0	0	0.0%	0.0
2000	11	999	3345	0	0	0.0%	0.0
2000	11	999	3346	0	0	0.0%	0.0
2000	11	999	3347	0	0	0.0%	0.0
2000	11	999	3348	0	0	0.0%	0.0
2000	11	999	3349	0	0	0.0%	0.0
2000	11	999	3350	0	0	0.0%	0.0
2000	11	999	3351	0	0	0.0%	0.0
2000	11	999	3352	0	0	0.0%	0.0
2000	11	999	3353	0	0	0.0%	0.0
2000	11	999	3354	0	0	0.0%	0.0
2000	11	999	3355	0	0	0.0%	0.0
2000	11	999	3356	0	0	0.0%	0.0
2000	11	999	3357	0	0	0.0%	0.0
2000	11	999	3358	0	0	0.0%	0.0
2000	11	999	3359	0	0	0.0%	0.0
2000	11	999	3360	0	0	0.0%	0.0
2000	11	999	3361	0	0	0.0%	0.0
2000	11	999	3362	0	0	0.0%	0.0
2000	11	999	3363	0	0	0.0%	0.0
2000	11	999	3364	0	0	0.0%	0.0
2000	11	999	3365	0	0	0.0%	0.0
2000	11	999	3366	0	0	0.0%	0.0
2000	11	999	3367	0	0	0.0%	0.0
2000	11	999	3368	0	0	0.0%	0.0
2000	11	999	3369	0	0	0.0%	0.0
2000	11	999	3370	0	0	0.0%	0.0
2000	11	999	3371	0	0	0.0%	0.0
2000	11	999	3372	0	0	0.0%	0.0
2000	11	999	3373	0	0	0.0%	0.0
2000	11	999	3374	0	0	0.0%	0.0
2000	11	999	3375	0	0	0.0%	0.0
2000	11	999	3376	0	0	0.0%	0.0
2000	11	999	3377	0	0	0.0%	0.0
2000	11	999	3378	0	0	0.0%	0.0
2000	11	999	3379	0	0	0.0%	0.0
2000	11	999	3380	0	0	0.0%	0.0
2000	11	999	3381	0	0	0.0%	0.0
2000	11	999	3382	0	0	0.0%	0.0
2000	11	999	3383	0	0	0.0%	0.0
2000	11	999	3384	0	0	0.0%	0.0
2000	11	999	3385	0	0	0.0%	0.0
2000	11	999	3386	0	0	0.0%	0.0
2000	11	999	3387	0	0	0.0%	0.0
2000	11	999	3388	0	0	0.0%	0.0
2000	11	999	3389	0	0	0.0%	0.0
2000	11	999	3390	0	0	0.0%	0.0
2000	11	999	3391	0	0	0.0%	0.0
2000	11	999	3392	0	0	0.0%	0.0
2000	11	999	3393	0	0	0.0%	0.0
2000	11	999	3394	0	0	0.0%	0.0
2000	11	999	3395	0	0	0.0%	0.0
2000	11	999	3396	0	0	0.0%	0.0
2000	11	999	3397	0	0	0.0%	0.0
2000	11	999	3398	0	0	0.0%	0.0
2000	11	999	3399	0	0	0.0%	0.0
2000	11	999	3400	0	0	0.0%	0.0
2000	11	999	3401	0	0	0.0%	0.0
2000	11	999	3402	0	0	0.0%	0.0
2000	11	999	3403	0	0	0.0%	0.0
2000	11	999	3404	0	0	0.0%	0.0
2000	11	999	3405	0	0	0.0%	0.0
2000	11	999	3406	0	0	0.0%	0.0
2000	11	999	3407	0	0	0.0%	0.0
2000	11	999	3408	0	0		





FY 2001 Accounting of Drug Control Funds

Attachment B

U.S. COAST GUARD  
FY 2001 'AC and 'P' DRUG CONTROL OBLIGATIONS

YEAR	FY01	FY01	FY01	FY01	FY01	FY01	FY01
APPRO	APP	OBJ	PROJECT TITLE	TOTAL	001	Percent	TOTAL
				EXERCISES		of Total	EXERCISES
0001	001	1001	DIRECT PERSONNEL COST	15017	ALL	14.80%	2,098.2
0001	001	0002	CORRE ADMINISTRATION COSTS	381	ALL	14.80%	507.7
0001	001	0003	COG ADMINISTRATIVE ACCOUNT	0			
ADMINISTRATIVE				15400			\$ 2,606.9
0001	001	0004	TRAILER HELD INSPECTION COMPUTER REPLA	2014	00100	14.80%	288.8
0001	001	0005	AMMUNITION IN (REPL) LPF CRUIE	0			
0001	001	0006	AMMUNITION BRILLIANT MODIFICATION	2871	00	14.80%	391.8
0001	001	0008	COAST GUARD VESSEL AMMUNITION	4000	00	14.80%	537.1
OPERATION / OY				15000			\$ 1,985.9
0001	001	0009	COMPUTER (AMMUN) REPLACE HW	1001	00	14.80%	133.2
OPERATION / OY				1001			\$ 1,333.0
0001	001	0010	CIRCUIT LOGISTICS SYSTEM (LIS)	4000	00100000	14.80%	528.5
0001	001	0011	COMB & WINDSHIELD SHIELD SYSTEM	0			
0001	001	0012	GLOBAL POSITIONING SYSTEM & SAFETY	0			
0001	001	0013	MOBILE PHONE FOR SAFETY & LOG DATA	4000			
0001	001	0014	AMMUNITION LOGISTICS WAREHOUSE SYSTEM	200	00	14.80%	266.0
0001	001	0015	RFID LOGISTICS & INVENTORY SYSTEM	10000	000000	14.80%	1333.0
0001	001	0016	COMBATTANT PROTECTION SYSTEM (CPS)	0			
0001	001	0017	COAST GUARD SAFE ENVIRONMENT PROGRAM	1001	ALL	14.80%	133.2
0001	001	0018	COMMUNICATIONS SATELLITE (COMSAT) PROGRAM	710	ALL	14.80%	91.9
0001	001	0019	COMBATTANT PROTECTION SYSTEM (CPS)	110			
0001	001	0020	LOCAL NOTICE TO MARINERS (NOMIS)	300	ALL	14.80%	39.1
OPERATION / OY				15000			\$ 1,975.0
0001	001	0021	DEPARTMENTAL - OCEAN PROJECT	300			
0001	001	0022	PERFORMANCE - LOW-CO PROJECT	0			
OPERATION / OY				300			
0001	001	0023	SERVICE AND DESIGN	200	ALL	14.80%	266.0
0001	001	0024	WATERWAY POLICE INVESTIGATION	0			
0001	001	0025	CONSTRUCTION - VESSEL	3000	ALL	14.80%	391.2
0001	001	0026	CONSTRUCTION PROJECTS	3000	ALL	14.80%	391.2
0001	001	0027	TRANSPORTATION SERVICE ALABAMA CA	1001	ALL	14.80%	133.2
0001	001	0028	CONSTRUCTION PROJECTS	3000	00100000	14.80%	391.2
0001	001	0029	WOODWARD COLLEGE AND GATEWAY	3000	ALL	14.80%	391.2
0001	001	0030	WOODWARD COLLEGE AND GATEWAY	3000	ALL	14.80%	391.2
0001	001	0031	WOODWARD COLLEGE AND GATEWAY	3000	ALL	14.80%	391.2
0001	001	0032	WOODWARD COLLEGE AND GATEWAY	3000	ALL	14.80%	391.2
0001	001	0033	WOODWARD COLLEGE AND GATEWAY	3000	ALL	14.80%	391.2
0001	001	0034	WOODWARD COLLEGE AND GATEWAY	3000	ALL	14.80%	391.2
0001	001	0035	WOODWARD COLLEGE AND GATEWAY	3000	ALL	14.80%	391.2
0001	001	0036	WOODWARD COLLEGE AND GATEWAY	3000	ALL	14.80%	391.2
OPERATION / OY				15000			\$ 1,947.9
TOTAL OPERATIONS				151000			\$ 1,947.9
TOTAL APPROPRIATIONS				151000			\$ 1,947.9
0001	001	0037	RESEARCH - COASTAL POLICE BOAT	4000			
0001	001	0038	RESEARCH FACILITY PROJECT	0			
0001	001	0039	RESEARCH FACILITY PROJECT	0			
0001	001	0040	RESEARCH FACILITY PROJECT	0			
RESEARCH / OY				4000			
0001	001	0041	RESEARCH & EQUIPMENT TESTS & EVAL	4000	00000000	14.80%	528.5
0001	001	0042	RESEARCH STUDY TRUCK REPLACEMENT	10000	00000000	14.80%	1333.0
0001	001	0043	RESEARCH EQUIPMENT LOGISTICS	0			
0001	001	0044	RESEARCH EQUIPMENT LOGISTICS	10000	00000000	14.80%	1333.0
0001	001	0045	RESEARCH EQUIPMENT LOGISTICS	0	00000000	14.80%	200.0
0001	001	0046	RESEARCH EQUIPMENT LOGISTICS	0			
0001	001	0047	RESEARCH EQUIPMENT LOGISTICS	200	00000000	14.80%	266.0
0001	001	0048	RESEARCH EQUIPMENT LOGISTICS	0			
0001	001	0049	RESEARCH EQUIPMENT LOGISTICS	4000	00000000	14.80%	528.5
0001	001	0050	RESEARCH EQUIPMENT LOGISTICS	0			
RESEARCH / OY				15000			\$ 1,947.9
TOTAL APPROPRIATIONS				15000			\$ 1,947.9



# FY 2001 Accounting of Drug Control Funds

Attachment C

## DOT Drug Distribution FY 2001 OBLIGATIONS ANNUAL ACCOUNTING OF DRUG CONTROL FUNDING

FY 2001 TOTAL BUDGET REQUEST (2000a)				
Budget Shows/Project Areas/Program	FY2001 C-Shape	Drug Budget	% for Drug Law Enforcement	FTE
<b>G1. Inland Search &amp; Rescue Capability</b>	<b>317</b>			
<b>a. Search Planning</b>	-			
Interdiction 2001 Program	-			
<b>b. Search Processes, Platforms &amp; Resources</b>	<b>300</b>			
Search Planning and Management	300			
<b>SUBTOTAL, NON PERSONNEL</b>	<b>300</b>			
Direct Project Personnel (1.0)	17			
<b>G2. Waterway Safety &amp; Management and Aids to Navigation</b>	<b>1,192</b>			
<b>a. Waterway Management</b>	<b>480</b>			
<b>b. Advanced Vessel Traffic Systems/Services</b>	<b>480</b>			
VTS Research	480			
<b>c. Integrated Navigation Systems</b>	<b>100</b>			
Advanced Communications and Navigation Systems	100			
<b>d. Great Range Aids to Navigation</b>	-			
Electronic Sounding Equipment 4726	-			
<b>e. Aids to Navigation Systems Analysis</b>	<b>400</b>			
Aids	210			
Nucleus Development Initiatives	190			
<b>SUBTOTAL, NON PERSONNEL</b>	<b>772</b>			
Direct Project Personnel (5.1)	420			
<b>G3. Marine Safety</b>	<b>3,480</b>			
<b>a. Marine Safety Research</b>	<b>2,280</b>			
Research Grant Award Research Studies and Safety Cells	2,280			
Research Methods to Support Risk-Based Planning and Management	2,280			
Regulation/Rulemaking Tools	350			
<b>b. Foreign Entry/Force Performance</b>	<b>1,200</b>			
AP in Country Investigations	300			
Human Performance and Safety for CD Operations	300			
Intelligence Services in Turkey Operations	300			
Employee Safety/Communications Analysis	300			
Great Bear Search Project	200			
<b>c. Fire Safety for Commercial Vessels</b>	<b>300</b>			
Fire Suppression Requirements for Main Waterway System and Other Boats	300			
CFR rule project added	110			
Fire Protection of Floating Docks	-			
Development of Research for Entry Minors by Tank Boats	-			
ISO Fire Protection Support	190			
<b>SUBTOTAL, NON PERSONNEL</b>	<b>3,380</b>			
Direct Project Personnel (23.0)	100			
<b>G4. Support Interagency Ship Structure Classification (SSC) Research</b>	<b>361</b>			
<b>a. Support Interagency SSC Research</b>	<b>350</b>			
Direct Project Personnel (1.0)	145			
<b>G5. Marine Environmental Protection</b>	<b>1,480</b>			
<b>a. Planning, Management and Training</b>	<b>300</b>			
Predictive Models for Invasive Species Response	-			
Drift-Gone Concept and Control System (DNC)	300			
<b>b. Oil Pollution Response</b>	-			
Advanced Response Techniques	-			
E-Drift-Net	-			
<b>c. Personnel Health &amp; Safety</b>	-			
<b>d. Specific Waterway Specific Control</b>	<b>700</b>			
Development of Great Bear Management Platform for Great Bear	350			
Regional Response Specific Research Program	350			
<b>SUBTOTAL, NON PERSONNEL</b>	<b>1,380</b>			
Direct Project Personnel (4.5)	100			

Date: 4/20/01 09:00  
File: DOT DRUG CONTROL

# FY 2001 Accounting of Drug Control Funds

NOTAE Drug Distribution FY 2001 OBLIGATIONS				
ANNUAL ACCOUNTING OF DRUG CONTROL FUNDS				
(\$000s)				
Budget Sheets/Project Areas/Person	FY2001 O-Site	Drug Budget	% for Drug Law Enforcement	FTE
<b>06. Comprehensive Law Enforcement</b>	<b>4,299</b>	<b>2,804</b>		
<b>a. Improve Surveillance Capability</b>	<b>1,653</b>	<b>1,079</b>		
Install of Assets Detection Systems	53	53	100%	
Sensitive Field Project Support	79	59	97%	
Sensor Technology Contract	1,421	967	68%	
<b>i. Improve Street Search Capabilities</b>	<b>402</b>	<b>402</b>		
Worst Search Via Low Energy Imaging Technique (WISSTech)	150	150	100%	
Support Fiscal Base and Commission Accountability Training	252	252	100%	
Drug Discovery Via Vapor Detector	0	0	100%	
<b>ii. On-Road Search Technology</b>	<b>0</b>	<b>0</b>		
<b>ii. Credential Capabilities</b>	<b>699</b>	<b>329</b>		
Test and Training Technology Assessment	699	329	47%	
<b>a. Emergency Technology Sharing</b>	<b>0</b>	<b>0</b>		
<b>SUBTOTAL, NON-PERSONNEL</b>	<b>2,773</b>	<b>2,014</b>		
Direct Project Personnel (18.7)	1,583			
<b>07. Technology Development</b>	<b>4,828</b>	<b>688</b>		
<b>a. Technology Assessment</b>	<b>128</b>	<b>119</b>	93%	
<b>b. Select Project</b>	<b>799</b>	<b>119</b>	14%	
<b>c. Field Solutions Through Rapid Technology Deployment</b>	<b>270</b>	<b>0</b>		
Asset Layering Development	270	0		
47 Meter Vehicle (M2V) Detector Asset Layering (CAL) System	0	0		
<b>d. Low Exposure &amp; Risk Analysis Methodology</b>	<b>190</b>	<b>0</b>		
<b>e. Fuel Cell Propulsion/Energy Conservation Technology</b>	<b>250</b>	<b>139</b>		
Fuel Cell Propulsion	250	139	56%	
Energy Conservation Technology for Commercial Assets	0	0		
<b>f. CO Mobile Communications</b>	<b>490</b>	<b>0</b>		
National Fleet Mobile Reporting System (A County Reporting System)	490	0		
Mobile Communications Infrastructure	0	0		
Fuel Cell System	0	0		
Deployment of Fuel Cell	0	0		
<b>g. Low Exposure Technology Assessment Project</b>	<b>30</b>	<b>308</b>	100%	
<b>SUBTOTAL, NON-PERSONNEL</b>	<b>3,429</b>	<b>839</b>		
Direct Project Personnel (18.9)	1,429			
<b>08. RMI Personnel, Program Support &amp; Operations</b>	<b>4,398</b>	<b>0</b>		
<b>a. Administrative Personnel &amp; Related Costs (20)</b>	<b>3,111</b>	<b>0</b>		
<b>b. Support and Operations</b>	<b>1,187</b>	<b>0</b>		
<b>c. FASID Operations &amp; Maintenance</b>	<b>100</b>	<b>0</b>		
Y01 pay increase	0	0		
<b>TOTAL REQUEST</b>	<b>23,813</b>	<b>0</b>		
<b>DRUG LE PROJECT \$E</b>		<b>3,877</b>	24.2% (Drug LE Project Obligation \$E)	
<b>DRUG LE PERSONNEL \$E</b>		<b>3,645</b>	(Personnel - Not Total & Operations \$E \$E \$E)	
<b>TOTAL, DRUG LE \$E</b>		<b>7,522</b>		
<b>DRUG LE FTE</b>				28 (20 + 8)
<b>TOTAL PROJECTS</b>	<b>10,114</b>	<b>3,877</b>		
<b>TOTAL PERSONNEL</b>	<b>9,211</b>	<b>2,001</b>		
<b>TOTAL SUPPORT &amp; OPERATIONS</b>	<b>1,087</b>	<b>312</b>		
		<b>3,877</b>		

Table 10 - 10/2000 000  
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# FY 2001 Accounting of Drug Control Funds



U.S. Department of  
Transportation  
Office of the Secretary  
of Transportation

Office of Inspector General

February 14, 2002

Office of Inspector General's Independent Report on the U.S. Department of Transportation, U.S. Coast Guard's Report of Fiscal Year 2001 Drug Control Obligations, Drug Control Methodology and Assertions, dated February 8, 2002.

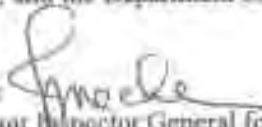
We reviewed the accompanying report, *U.S. Department of Transportation, U.S. Coast Guard's Report of Fiscal Year 2001 Drug Control Obligations, Drug Control Methodology and Assertions*, dated February 8, 2002. This report is the responsibility of the U.S. Department of Transportation, U.S. Coast Guard's (USCG) management and was prepared under the authority of 21 U.S.C. § 1704 (d), which requires a review by the Inspector General.

Our review was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants. The objective of a 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 established or stated criteria. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the *U.S. Department of Transportation, U.S. Coast Guard's Report of Fiscal Year 2001 Drug Control Obligations, Drug Control Methodology and Assertions*. Accordingly, we do not express such an opinion.

We performed review procedures on USCG's Detailed Obligations submission (5a) and Assertions (5b). In general, our review processes were limited to inquiries and analytical procedures appropriate for attestation review.

Based on our review, nothing came to our attention that caused us to believe that the accompanying *U.S. Department of Transportation, U.S. Coast Guard's Report of Fiscal Year 2001 Drug Control Obligations, Drug Control Methodology and Assertions* is not presented in conformity with the Office of National Drug Control Policy Circular: *Annual Accounting of Drug Control Funds*, dated December 17, 1999.

This report is intended solely for the use of the U.S. Congress, Office of National Drug Control Policy, and the Department of Transportation.

John L. Meche   
Deputy Assistant Inspector General for  
Financial, Information Technology, and Departmentwide Programs



*U.S. Department of Transportation*



**Federal Aviation Administration**

FY 2001 Accounting of Drug Control Funds



U.S. Department  
of Transportation  
Federal Aviation  
Administration

Office of Financial Management

800 Independence Avenue SW  
Washington, D.C. 20581

FEB - 1 2002

Mr. Robert Eise  
Director, Office of Programs,  
Budget, Research and Evaluation  
Office of National Drug Control  
Policy  
Washington, DC 20503

Dear Mr. Eise:

In accordance with the Office of National Drug Control Policy Circular: Annual Accounting of Drug Control Funds, the Federal Aviation Administration's (FAA) Fiscal Year 2001 Drug Control Obligation Summary is enclosed. FAA'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.

FAA's point of contact for this report is Mr. Gregory P. Guest, and he can be reached at (202) 267-8994 if you require further assistance.

Sincerely,

David Zavada  
Director, Office of Financial  
Management, AFM-1

John L. Meche  
Deputy Assistant Inspector  
General for Financial,  
Information Technology and  
Departmentwide Programs

Enclosure



# FY 2001 Accounting of Drug Control Funds

**FEDERAL AVIATION ADMINISTRATION  
FISCAL YEAR 2001 DRUG CONTROL OBLIGATIONS SUMMARY  
FY 2001 ESTIMATE  
(Dollars in Millions)**

FY 2001  
Estimate

**Drug Strategy by Goal:**

Goal 3. Reduce health and social costs to the public of illegal drug use.  
Goal 4. Shield America's air, land, and sea frontiers from the drug threat.

	Goal 3:	3.0
	Goal 4:	17.0
<b>Total</b>		<b><u>20.0</u></b>

**Drug Function:**

		<b>Total</b>
	Drug Investigations	7.0
	Prevention	10.0
	Interdiction	3.0
	Research and Development	1.0
<b>Total</b>		<b><u>20.0</u></b>

**Drug Budget Decision Unit:**

		19.0
	Operations	
	Research, Engineering and Development	1.0
<b>Total</b>		<b><u>20.0</u></b>



*U.S. Department of Transportation*



FY 2001 Accounting of Drug Control Funds



U.S. Department  
of Transportation  
National Highway  
Traffic Safety  
Administration

400 Seventh Street, S.W.  
Washington, D.C. 20390

February 1, 2002

Mr. Robert Eiss  
Director, Office of Programs, Budget,  
Research and Evaluation  
Office of National Drug Control Policy  
Washington, DC 20503

Dear Mr. Eiss:

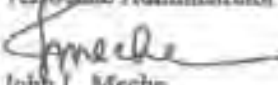
In accordance with the Office of National Drug Control Policy Circular: Annual Accounting of Drug Control Funds, the National Highway Traffic Safety Administration's (NHTSA) Fiscal Year 2001 Drug Control Obligation Summary is enclosed. NHTSA's obligations for drug-related activities fall below the reporting threshold of \$50 million; therefore, only a limited report is required to satisfy the statutory requirement.

The majority of NHTSA's drug control activities are funded as grants to the States. Since the States are not required to report actual control data on specific programs funded with these resources, the enclosed report reflects estimated obligations.

NHTSA's point of contact for this report is Mrs. Laurie Brown-Poundactor. She can be reached on (202) 366-5456, if you require further assistance.

Sincerely,

  
William H. Walsh  
Associate Administrator for Plans and Policy

  
John L. Meche  
Deputy Assistant Inspector General  
for Financial, Information Technology, and  
Departmentwide Programs

Enclosure



DOT AUTO SAFETY HOTLINE  
888-DASH-5-DOT  
888-387-4238

FY 2001 Accounting of Drug Control Funds

**NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION  
FISCAL YEAR 2001 DRUG CONTROL OBLIGATIONS SUMMARY  
(\$ IN MILLIONS)**

*FY 2001  
Estimate*

***Drug Strategy by Goal:***

*Educate and enable America's youth to reject illegal drugs as well as alcohol and tobacco.*

**Goal 1: 30.45**

***Drug Functions:***

Research and Development 0.25  
Preventions 30.2

***Totals 30.45***

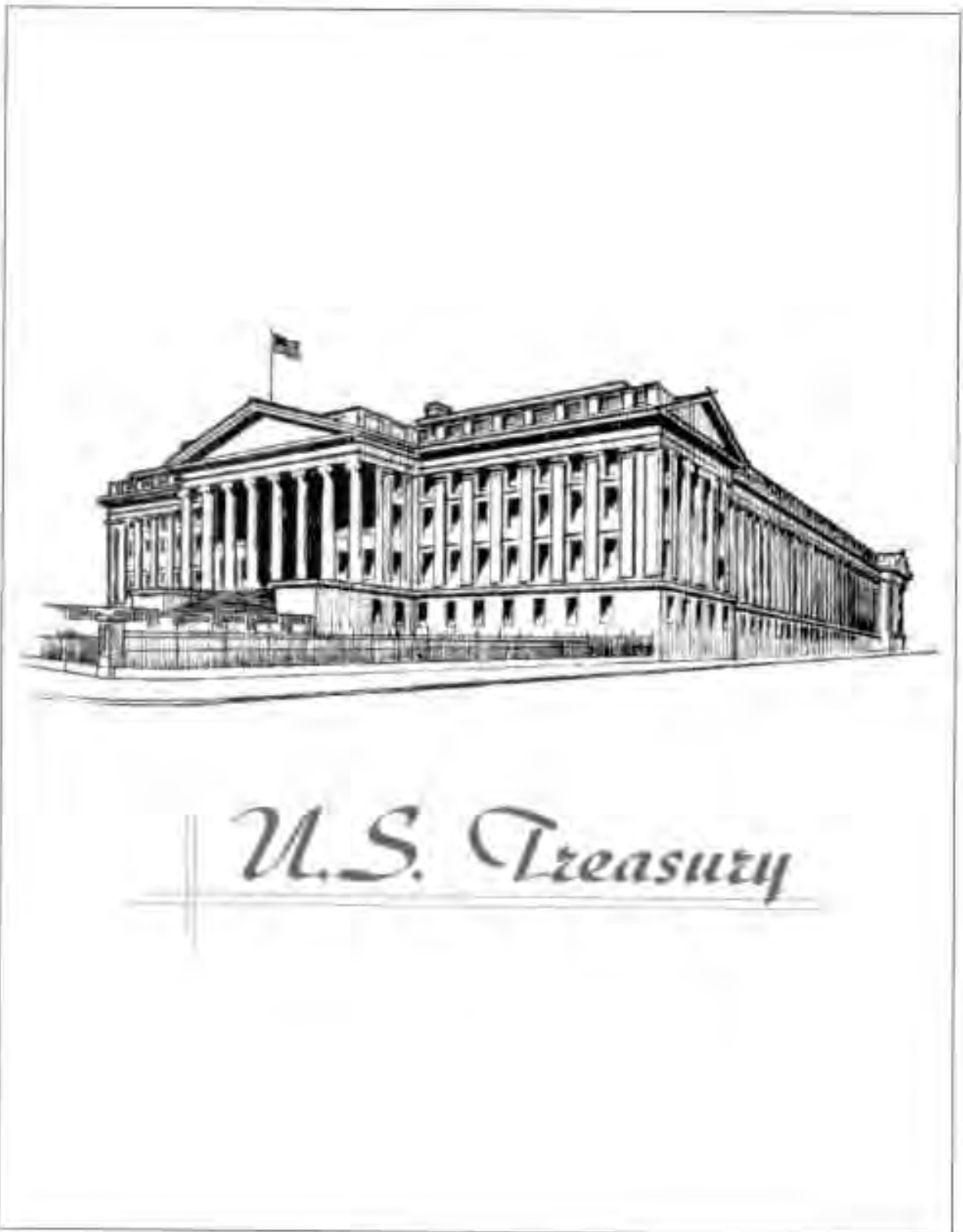
***Drug Budget Decision Unit:***

***Highway Safety Programs:***

Youth Alcohol 1.1  
DEC 0.5  
Drugs, Driving & Youth 1.2  
HSR Youth Alcohol 0.1  
HSR Drugs 8.15  
Section 402 Grants 21.0  
Section 410 Grants 6.4

***Totals 30.45***

*Full compliance with circular: Annual Accounting of Drug Control Funds,  
would constitute an unreasonable reporting burden.*



FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

MAR 12 2002

Mr. David Rivalt  
Chief, Budget Branch  
Executive Office of the President  
Office of National Drug Control Policy  
Washington, DC 20503

Dear Mr. Rivalt:

FY 2001 "Annual Accounting of Drug Control Funds" reports for the following Department of the Treasury bureaus are enclosed:

Bureau of Alcohol, Tobacco, and Firearms  
U.S. Customs Service  
Departmental Offices - Interagency Crime and Drug Enforcement Funds  
Executive Office of Asset Forfeiture  
Financial Crimes Enforcement Network  
Federal Law Enforcement Training Center  
Internal Revenue Service  
U.S. Secret Service

Each report also includes the required attestation review performed by the Treasury Office of Inspector General or the Treasury Inspector General for Tax Administration (Internal Revenue Service).

Thank you for your assistance in this matter. If you have any questions or need additional information, please contact Joseph McAndrew at (202) 622-0807.

Sincerely,

  
Steven G. App  
Deputy Chief Financial Officer

Enclosures

cc: William Pugh, OIG  
Daniel R. Davito, TIGTA

**FINANCIAL MANAGEMENT:**  
**Review of Assertions Included in the**  
**Bureau of Alcohol, Tobacco and Firearms'**  
**Fiscal Year 2001**  
**Annual Report of Drug Control Funds**

OIG-02-053

February 25, 2002



**Office of Inspector General**

\*\*\*\*\*

The Department of the Treasury

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### Bureau of Alcohol, Tobacco and Firearms' Annual Reporting of FY 2001 Drug Control Funds

#### Abbreviations

ATF	Bureau of Alcohol, Tobacco and Firearms
OIG	Office of Inspector General
ONDCP	Office of National Drug Control Policy
U.S.C.	United States Code



**OIG**

**Report of the Office of  
Inspector General**

*The Department of the Treasury  
Office of Inspector General*

Bradley A. Buckles  
Director  
Bureau of Alcohol, Tobacco and Firearms

We have reviewed management's assertions in Section b of the accompanying Bureau of Alcohol, Tobacco and Firearms' (ATF) Annual Reporting of Fiscal Year 2001 Drug Control Funds (Submission).

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.

The Submission, including the assertions made, was prepared pursuant to 21 U.S.C. §1704(d) and Office of National Drug Control Policy (ONDCP) Circular: "Annual Accounting of Drug Control Funds" (Circular), and is the responsibility of ATF's management.

Based on our review, nothing came to our attention that caused us to believe that management's assertions included in Section b of the accompanying Submission are not fairly stated, in all material respects, based on the requirements set forth in the Circular.

This report is intended solely for the information and use of the management of ATF, the Department of the Treasury, the ONDCP, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

\*\*\*\*\*

Our report has been reviewed by your staff. Based on mutual agreement, we are issuing this report as final. Should you or your staff have any questions, you may contact me at (202) 927-5430 or a member of your staff may contact Mike Fitzgerald, Director, Financial Audits, at (202) 927-5789. We appreciate the cooperation and the courtesies extended to our staff.

*William H. Pugh*

William H. Pugh

Deputy Assistant Inspector General for Financial Management and  
Information Technology Audits

January 28, 2002

Appendix 3  
Major Contributors To This Report

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**Financial Audits Division**

Michael Fitzgerald, Director  
Kimberly Fleming, Audit Manager  
Ken Harness, Auditor

Appendix 2  
Report Distribution

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**The Department of the Treasury**

Office of Accounting and Internal Control

**Bureau of Alcohol, Tobacco and Firearms**

Director

Deputy Director

Assistant Director, Management / Chief Financial Officer

Assistant Director, Inspection

Assistant Director, Liaison and Public Information

**Office of Management and Budget**

DIG Budget Examiner

# FY 2001 Accounting of Drug Control Funds



ASSISTANT  
DIRECTOR

DEPARTMENT OF THE TREASURY  
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS  
WASHINGTON, DC 20226  
DEC 12 2001

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1941.9

MEMORANDUM TO: James R. Lingeback  
Deputy Chief Financial Officer

FROM: Assistant Director (Management)/CSO

SUBJECT: Annual Reporting of Fiscal Year 2001  
Drug Control Funds

The Bureau of Alcohol, Tobacco and Firearms' (ATF) Annual Reporting of FY 2001 Drug Control Funds is attached per your request dated October 22, 2001.

ATF has reviewed its drug methodology in light of the Office of Inspector General's report dated February 2001. The attached report reflects the revised percentage for the number of drug related cases. This percentage is based on the number of defendants referred for prosecution in U.S.C. 18 section 922 (c). As a result of ATF's new methodology, the Bureau's drug percentage has decreased to 26.1 percent. We will continue to use and redefine this methodology to more accurately report our drug-related resources.

Should there be any questions, please contact Tamara Spencer of the ATF Budget Office, (703) 927-9579.

  
William T. Earle

Attachment

# FY 2001 Accounting of Drug Control Funds

## DEPARTMENT OF THE TREASURY BUREAU OF ALCOHOL, TOBACCO AND FIREARMS Annual Reporting of FY 2001 Drug Control Funds

### DETAILED ACCOUNTING SUBMISSION

#### a. Table of FY 2001 Drug Control Obligations

(\$ in millions)

<b>Drug Resources By Goal</b>		<b>FY 2001</b>
Goal 1		4.6
Goal 2		161.4
<b>Total:</b>		<b>166.0</b>
<b>Drug Resources By Function</b>		
Investigation		161.4
Prevention		4.6
<b>Total:</b>		<b>166.0</b>
<b>Drug Resources By Decision Unit</b>		
Reduce Violent Crime		166.0
Protect the Public		0.0
Combat the Problem		0.0
<b>Total:</b>		<b>166.0</b>

#### (1) Drug Methodology

The Bureau of Alcohol, Tobacco and Firearms (ATF) estimate of drug-related costs is based upon the full-time equivalents (FTE) expended on investigations that result in drug-related charges being filed against defendants. Based upon historical case statistics, ATF has devoted approximately 26 percent of the FTE achieved and obligations incurred under its Reduce Violent Crime Activity for drug investigations or community outreach-oriented prevention projects. The Bureau divided the total of all defendants referred for prosecution by the number of defendants referred for prosecution under U.S.C. 18 section 924(c) provisions and/or a narcotics crime to derive a ratio. This ratio is used to pro-rate the share of total ATF budgetary resources, including both requested appropriations and anticipated reimbursable authority, applicable to support anti-drug programs. The "Reduce Violent Crime" major budget activity encompasses approximately 81.8 percent of the Bureau's FY 2001 Net Costs.

#### (2) Methodology Modifications

The methodology was clarified to more accurately state the data used in deriving the ratio of the bureau's activity with a drug nexus. The bureau divided the number of defendants referred for prosecution under U.S.C. 18 section 924(c) and/or a narcotics crime by the total of all defendants referred for prosecution in a year to derive a ratio. The resulting percentage is used to estimate the amount of total ATF budgetary resources.

#### (3) Material Weaknesses or Other Findings

None

#### (4) Reprogramming or Transfers

**DEPARTMENT OF THE TREASURY  
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS  
Annual Reporting of FY 2001 Drug Control Funds**

None

**(8) Other Disclosures**

The information and data reflects the Bureau's position in relation to the drug budget, and reflects methodology consistent with formulation of the drug budget.

**(i) Assertions**

**(1) Drug Methodology**

Per our discussions with the Office of National Drug Control Policy and the Office of Management and Budget, the drug methodology used to estimate obligations and FTE utilization is reasonable and accurate. The criteria associated with this assertion are as follows:

**(a) Data**

The estimate of drug-related costs is based upon the full-time equivalents (FTE) expended on investigations that result in drug-related charges being filed against a defendant. ATF budgetary resources devoted to the drug budget are derived from a ratio by dividing the total of all defendants referred for prosecution in a year by the number of defendants referred for prosecution under U.S.C. 18 section 924(c) provisions and/or narcotic crimes. Based upon case statistics, ATF has devoted approximately 25 percent of the FTE achieved and obligations incurred under its "Reduce Violent Crime" (RVC) Activity. The most recent "net cost" data indicates that the Bureau devoted approximately 82% of its resources to the RVC Activity in FY 2001. This major activity would include investigations such as gun-related crimes with a drug nexus, drug investigations, or community outreach-oriented prevention projects, such as the Gang Resistance, Education and Training (G.R.E.A.T.). The methodology employed by ATF during FY 2001 is the same methodology that has been certified in the past by the Office of National Drug Control Policy.

**(b) Other Estimative Methods**

None

**(c) Completeness**

The Bureau of Alcohol, Tobacco and Firearms Drug Control Budget contains two components: Investigations and Prevention. Both of these components fall under the Bureau's "Reduce Violent Crime" Activity.

**DEPARTMENT OF THE TREASURY  
BUREAU OF ALCOHOL, TOBACCO AND FIREARMS  
Annual Reporting of FY 2001 Drug Control Funds**

**(d) Financial Systems**

The Bureau has migrated its financial system from a mainframe environment to a client-server in order to integrate the core financial system with other financial and mixed-financial systems. The new Financial Resources Desktop (FReD) was brought on-line October 1, 1999. In FY 2001, the method for tracking estimated drug-related obligations was the Financial Resources Desktop (FReD) utilizing elements such as gross obligations, project coding and obligations against earmarked initiative funding.

**(2) Application of Methodology**

For FY 2001, the methodology used to estimate obligations and FTE utilization is consistent with the narrative descriptions provided in paragraphs b.(1)(a) and b.(1)(d) above. This was the actual methodology utilized to generate the "Table of Prior Year Drug Obligations." However, fluctuations may occur from year-to-year based on the percentage of Bureau resources devoted to the "Reduce Violent Crime" Activity as well as fluctuations in percentage defendants being referred for prosecution on drug related charges. The fluctuations would be a function of changes occurring to the Bureau's most recent analysis of its "net cost of operations" for its three core activities, "Reduce Violent Crime," "Collect the Revenue" and "Protect the Public."

**(3) Financial Plan – Including Reprogramming or Transfers**

No changes were made to the Bureau's Financial Plan that required OHDGP approval per OHDGP Circular dated 12/17/99.

TOTPK #1/94



**FINANCIAL MANAGEMENT**  
**Review of Assertions Included in the**  
**U.S. Customs Service's**  
**Annual Reporting of Fiscal Year 2001**  
**Drug Control Funds**

OIG-02-039

February 01, 2002



**Office of Inspector General**

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The Department of the Treasury

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### U.S. Customs Service's Annual Reporting of Fiscal Year 2001 Drug Control Funds

#### Abbreviations

Customs	United States Customs Service
OIG	Office of Inspector General
ONDCP	Office of National Drug Control Policy
U.S.C.	United States Code

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**OIG**

**Report of the Office of  
Inspector General**

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*The Department of the Treasury  
Office of Inspector General*

Robert C. Borner  
Commissioner  
United States Customs Service

We have reviewed management's assertions in Section B of the accompanying U.S. Customs Service (Customs) Annual Reporting of FY 2001 Drug Control Funds (Submission).

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.

The Submission, including the assertions made, was prepared pursuant to 21 U.S.C. §1704(d) and Office of National Drug Control Policy (ONDCP) Circular: "Annual Accounting of Drug Control Funds" (Circular), and is the responsibility of Customs' management.

In FY 2001, Customs made modifications to its drug methodology, as noted in Section A.2 of the Submission. Although these modifications have been approved orally by the ONDCP, written approval is pending. Customs has disclosed the modifications in its Annual Reporting of Fiscal Year 2001 Drug Control Funds.

Based on our review, nothing came to our attention that caused us to believe that management's assertions included in Section B of

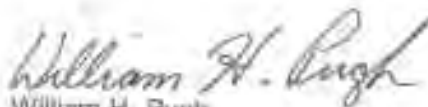
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the accompanying Submission are not fairly stated in all material respects based on the requirements set forth in the Circular.

This report is intended solely for the information and use of the management of Customs, the Department of the Treasury, the ONDCP, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

\*\*\*\*\*

Your staff has reviewed our report, and have no comments. Should you or your staff have any questions, you may contact me at (202) 927-5430 or a member of your staff may contact Tom Moschetto, Director, Financial Management Audits, at (202) 927-5074. We appreciate the cooperation and the courtesies extended to our staff during the course of our review.



William H. Pugh

Deputy Assistant Inspector General for Financial Management and  
Information Technology Audits

January 19, 2002

Appendix I  
Major Contributors To This Report

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Financial Management Audits Division

Thomas Moschetto, Director  
Sunday Okurume, Audit Manager  
Edward Thomas, Auditor

# FY 2001 Accounting of Drug Control Funds

Appendix 2  
Narcotic Distribution

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## The Department of the Treasury

Office of Accounting and Internal Control  
Office of Budget  
Deputy Chief Financial Officer

## U.S. Customs Service

Commissioner  
Assistant Commissioner, Office of Finance  
Director, Evaluation Oversight, Office of Planning  
Executive Director, Budget Division, Office of Finance

## Office of Management and Budget

OIG Budget Examiner

Review of Accounts Included in the U.S. Customs Service's Annual  
Reporting of Fiscal Year 2001 Drug Control Funds (OIG-02-038)

Page 6



U.S. Customs Service

Memorandum

DATE: DEC 4 2001

FILE: BUD-1-OF;BD;FO JLP

TO: James R. Lingebach  
Deputy Chief Financial Officer  
Department of the Treasury

FROM: Executive Director, Budget  
Office of Finance

SUBJECT: Annual Reporting of Fiscal Year 2001  
Drug Control Funds

The U.S. Customs Service Annual reporting of FY 2002 Drug Control funds is attached.

Should there be any questions, please contact Kurt Hahn, Director, Budget Formulation Division at 202 927-4084.

  
Carol A. Johnson

Attachment

cc: Anna Dixon  
Carl Moravitz

TELETYPE

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# FY 2001 Accounting of Drug Control Funds

DEPARTMENT OF THE TREASURY  
UNITED STATES CUSTOMS SERVICE  
Annual Reporting of FY 2001 Drug Control Funds

DETAILED ACCOUNTING SUBMISSION

A. Table of FY 2001 Drug Control Obligations

(Dollars in Millions)

<u>Drug Resources by Goal</u>	
Goal 2	\$ 86,186
Goal 4	487,657
Goal 5	145,721
TOTAL	699,564
<u>Drug Resources by Function</u>	
Intelligence	26,433
Interdiction	494,250
Investigations	171,570
Research and Development	5,309
TOTAL	699,564
<u>Drug Resources by Decision Line</u>	
Salaries and Expenses	560,350
Operations and Maintenance	138,614
Violent Crime Reduction Trust Fund	0
Facilities Construction and Improvements	0
TOTAL	699,564

1. Drug Methodology

Four organizations within Customs, the Office of Investigations, the Office of Field Operations, the Office of Information Technology (Applied Technology Division), and the Office of Training and Development were provided with a copy of the December 17, 1999, Office of National Drug Control Policy (ONDCP) Circular, Annual Accounting of Drug Control Funds. These offices were asked to estimate, on the basis of their expert opinion, what portion of their activities is related to drug enforcement. In addition, they were also asked to only provide data for obligations against budget authority that became available in FY 2001. This was an oversight of last year's submission, and it is hoped that this will provide a more meaningful basis for comparison to budget authority, which is only reported to ONDCP if it becomes available in a given year.

All four organizations identified resources in their financial plans that support the drug enforcement mission of the agency, we deemed the mission support of the Office of Training, while vital to the Customs Service, not entirely drug related. As a consequence, the Office of Training and Development estimates were excluded from this year's submission. In our FY 2000 submission, the Office of Training estimated that they spent \$12.1 million on drug control efforts.



## FY 2001 Accounting of Drug Control Funds

2

### OFFICE OF INVESTIGATIONS

The Office of Investigations can be broken down into two basic resource components, those that support the Air and Marine interdiction function and those that support the remaining investigative function. The Office of Investigations identifies and tracks the hours that its agents spend on a wide variety of cases, including narcotics smuggling and money laundering cases related to narcotics smuggling.

Based on the relationship between total investigative hours spent and those spent on narcotics and money laundering cases, subject matter experts have concluded this year that 82.9 percent of investigative resources are dedicated to the Customs drug enforcement mission and support the goals of the National Drug Control Strategy. Of this amount, 10.8 percent supports goal 2, 52.1 percent supports goal 4, and 27.1 percent supports goal 5 of the Strategy.

Investigative resources supporting goal 2 and goal 4 are broken down further into a 25/75-percentage split for the interdiction and investigative functions respectively. Goal 5 totally supports the investigative function.

Resources that support the Air and Marine interdiction program are considered to be 95 percent drug related. This amount totally supports goal 4 of the Strategy and the interdiction function.

### OFFICE OF FIELD OPERATIONS

The Office of Field Operations has identified 1,742 Inspector positions that are specifically identified with drug enforcement because they are either Contraband Enforcement Team (CET) Inspectors, Outbound Enforcement/ Currency Team Inspectors, Currency Canine Enforcement (CEO) Officers, Narcotics CEOs. The salaries of these positions are assumed to be \$60,000 per annum and to contribute 100 percent of their time to drug enforcement.

There are 6,431 other Customs Inspectors that, in addition to the interdiction of contraband and illegal drugs, also enforce the 400 laws and regulations of many other Federal government agencies such as the Animal, Plant and Health Inspection Service (APHIS), the U.S. Fish and Wildlife Service, the Bureau of Alcohol, Tobacco, and Firearms (ATF), and the Bureau of Export Administration to name a few.

Last year, the U.S. Customs Service did not have a certifiable methodology to determine what portion of an Inspector's time is attributable to drug enforcement if that Inspector's duties were not specifically identified. Initially, 41 percent was used because that approximates the drug enforcement efforts of Inspectors processing passengers and most of the other Inspectors that the Office of Field Operations identified examine cargo. However, this percent does not take into account the wide variety of activities performed by an Inspector. Therefore, the effort of a "non-specific" Inspector has been lowered this year to 30%. This is consistent with the percent attributed to the direct support of an Inspector and captures more realistically captures the wide variety of enforcement activities, drug and non-drug, that a Customs Inspector performs.

Total drug resources for Field Operations support goal 4 of the Strategy and are further broken down into a 12/88-percentage split between the intelligence and interdiction functions.

## OFFICE OF INFORMATION TECHNOLOGY

The Office of Information Technology, which oversees the research, development, acquisition, and support and maintenance of technology such as non-intrusive inspection systems through its Applied Technology Division (ATD), supports the Customs drug enforcement mission.

The Office of Information Technology estimates that 90 percent of base resources, 85 percent of research and development resources, 94 percent of acquisition resources, and 85 percent of support and maintenance resources are dedicated to drug enforcement and support goal 4 of the Strategy.

### 2. Methodology Modifications

- (a) In a departure from the approved methodology that ONDCP approved in February 2001, the Office of Training has been excluded from this year's estimates. If Customs had reported the Office of Training and Development estimates, obligation estimates would increase by approximately \$12 million.
- (b) For this submission, Customs Offices were specifically instructed to only estimate obligations against budget authority appropriated in FY 2001. We believe that this was an oversight of last year's submission and wish to correct it in this submission. As a result, this year's data provide a more reasonable basis for comparison against the estimate of FY 2001 budget authority that was reported to ONDCP in January 2001, \$721.6 million. If Customs had reported obligations against this additional budget authority this year, obligation estimates would have increased by \$72 million.
- (c) Last year's submission used 41% to characterize the contribution to drug enforcement activities of Inspectors that had not been specifically identified as supporting the Customs drug enforcement mission. In this submission, that number is lowered to 30%. If 41% had been used Customs obligation estimate would have increased by \$42.5 million.

Overall, these changes lower the Customs obligation estimates in this submission by \$120-\$130 million, but we believe that they more fairly characterize our efforts and provide a better point for comparison against past estimates. We will be seeking any needed approvals from ONDCP for changes in methodology.

The following changes affected the distribution of resources between goals and functions, but not the overall amount.

- (d) In this submission, the Office of Field Operations changed its intelligence-interruption functional split from 10%/90% to 12%/88%. This will fluctuate from year to year. In addition, this year's submission correctly attributes all Canine and Inspector resources specifically identified as enforcing currency laws to Goal 2, not Goal 4 as was the case in last year's submission. As a consequence, there has been a permanent shift of \$25 million from Goal 4 to Goal 2. This shift will be acknowledged in future drug budget estimates.
- (e) Based on its examination of case hour data, the Office of Investigations attributes 82% of its non-Air and Marine interdiction activity to drug enforcement. Last year that percent was 66%. This estimate will also fluctuate from year to year based on the casework that Customs Special Agents conduct.

## FY 2001 Accounting of Drug Control Funds

-4-

### 3. Material Weakness or Other Findings

None

### 4. Reprogramming or Transfers

None

## B. Assertions

### 1. Drug Methodology

Per our discussions with the Office of National Drug Control Policy and the Office of Management and Budget, the drug methodology used to estimate obligations and FTE utilization is reasonable and accurate. The criteria associated with this assertion are as follows:

#### a. Data

The estimate of drug enforcement related costs is based on the methodology described in section A.1 above. While there have been certain adjustments made to the methodology that ONDCP approved on February 13, 2001, these are seen as necessary to present a fair and accurate picture of the Customs drug enforcement mission.

#### b. Other Estimate Methods

None

#### c. Completeness

All the direct United States Customs Service drug-related activities are presented in this report.

#### d. Financial Systems

The United States Customs Service financial systems are capable of providing data that fairly present, in all material respects, aggregate obligations. The drug methodology described in section A.1 above is used to estimate what portion of these obligations may reasonably be considered to be associated with drug enforcement related activities.

### 2. Application of Methodology

The methodology described in section A.1 above was used to prepare the estimates contained in this report.

### 3. Financial Plan - Including Reprogramming or Transfers

No changes were made to the Customs Service Financial Plan that required ONDCP approval per the ONDCP Circular dated December 17, 1999.

**FINANCIAL MANAGEMENT:**  
**Review of Assertions Included in the**  
**Federal Law Enforcement Training Center's**  
**Fiscal Year 2001**  
**Annual Report of Drug Control Funds**

OIG-02-041

February 6, 2002



**Office of Inspector General**

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The Department of the Treasury

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### Federal Law Enforcement Training Center's Annual Report of FY 2001 Drug Control Funds

#### Abbreviations

FLETC	Federal Law Enforcement Training Center
OIG	Office of Inspector General
ONDCP	Office of National Drug Control Policy
U.S.C.	United States Code

**OIG**

*The Department of the Treasury  
Office of Inspector General*

**Report of the Office of  
Inspector General**

Paul A. Hackenberry  
Acting Director  
Federal Law Enforcement Training Center

We have reviewed management's assertions in Section V of the accompanying Federal Law Enforcement Training Center's (FLETC) Annual Report of Fiscal Year 2001 Drug Control Funds (Submission).

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.

The Submission, including the assertions made, was prepared pursuant to 21 U.S.C. §1704(d) and Office of National Drug Control Policy (ONDCP) Circular, "Annual Accounting of Drug Control Funds" (Circular), and is the responsibility of FLETC's management.

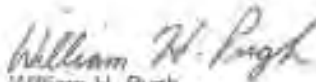
Based on our review, nothing came to our attention that caused us to believe that management's assertions included in Section V of the accompanying Submission are not fairly stated, in all material respects, based on the requirements set forth in the Circular.

This report is intended solely for the information and use of the management of FLETC, the Department of the Treasury, the ONDCP, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

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Our report has been reviewed by your staff. Based on mutual agreement, we are issuing this report as final. Should you or your staff have any questions, you may contact me at (202) 927-6430 or a member of your staff may contact Mike Fitzgerald, Director, Financial Audits, at (202) 927-5788. We appreciate the cooperation and the courtesies extended to our staff.



William H. Pugh

Deputy Assistant Inspector General for Financial Management and  
Information Technology Audits  
January 8, 2002

# FY 2001 Accounting of Drug Control Funds

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Appendix 1  
Major Contributors To This Report

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Financial Audits Division

Michael Fitzgerald, Director  
Kimberly Fleming, Audit Manager



Appendix E  
Report Distribution

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The Department of the Treasury

Office of Accounting and Internal Control

Federal Law Enforcement Training Center

Director

Associate Director for Planning and Resources/ Chief Financial  
Officer

Office of Management and Budget

OIG Budget Examiner

FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF THE TREASURY  
FEDERAL LAW ENFORCEMENT TRAINING CENTER  
CLYNCO, GEORGIA 31824

BUD 14

December 3, 2001

MEMORANDUM TO: James Lingebach  
Acting Deputy Chief Financial Officer

FROM: D. Kenneth Kone   
Associate Director/CEO  
Administrative Directorate

SUBJECT: Annual Report of FY 2001 Drug Control Funds

In accordance with the Office of National Drug Control Policy (ONDCP) Circular dated December 17, 1999, the attachment is provided as the Federal Law Enforcement Training Center's (FLETC) annual report of FY 2001 Drug Control Funds to include the assertions as required by the circular.

If you have any further questions, FLETC's point of contact is Alan L. Yms and may be reached at (912) 267-2946.

Attachment:

cc: Anna F. Dixon  
Director, OF&A  
Office of Enforcement

Joe McAndrew  
Office of Accounting and Internal Control

Miss Fitzgerald  
Office of Inspector General

FY 2001 Accounting of Drug Control Funds

FEDERAL LAW ENFORCEMENT TRAINING CENTER

1. RESOURCE SUMMARY

(Dollars in Millions)

<u>Drug Resources by Goal</u>	FY 2001 <u>Actual</u>
Goal 2	\$29,409
Goal 5	152
Total	\$29,561

<u>Drug Resources by Function</u>	
Investigation	\$28,704
State & Local Assistance	705
International	152
Total	\$29,561

<u>Drug Resources by Decision Unit</u>	
Salaries and Expenses	\$20,492
Acquisition, Construction, Improvement and Related Expenses	7,891
Violent Crime Reduction Program	1,178
Total	\$29,561

<u>Drug Resources Personnel Summary</u>	
Total FTEs (direct only)	121
Total FTEs (w/reimbursable)	128
Total Agency Budget	\$142,118
Drug Percentage	20.8%

46

## FY 2001 Accounting of Drug Control Funds

### II. METHODOLOGY

The Federal Law Enforcement Training Center (FLETC) is an interagency law enforcement training facility providing training to 74 Federal agencies and state, local, and international governments. The FLETC provides premium training programs in support of drug enforcement activities. The following are percentages that have been provided by ONDCP for use in calculating FLETC's drug methodology:

For BASIC TRAINING PROGRAMS— The following agency percentages should be applied to the total student weeks of training by agency:

Forest Service	3%
BIA	1.1%
HEM	.6%
U.S. Fish and Wildlife Service	.1%
National Park Service	.4%
BOP	55.9%
Coast Guard	13.7%
IRS	.7%
TNS	16.6%
USBP	16.6%
Marshall's	39.2%
ATF	45.6%
Customs	31.7%
FinCen	20.0%
USIS	14.0%

For AGENCY ADVANCED TRAINING PROGRAMS— The same above percentages will be applied to the total student weeks of training by agency.

For CENTER ADVANCED TRAINING PROGRAMS— Any program that has a drug nexus will be included 100%.

For STATE AND LOCAL PROGRAMS— The following should be applied:

GREAT Programs	50.0%
Any program that has a drug nexus	100.0%

For INTERNATIONAL TRAINING PROGRAMS— Any program that has a drug nexus and will be included 100%.

1/2

## FY 2001 Accounting of Drug Control Funds

Once the total student weeks of drug related training is identified using the above parameters FLETC will calculate the percentage of student weeks of drug related training to the total student weeks of training. This will be the percentage used to calculate the amount of FLETC resources that were in support of the ONDCP programs.

The following is the calculation for FLETC's FY 2001 percentage.

Type of Training	Student-Weeks
Basic Programs	17,619
Agency Advanced Programs	2,075
FLETC Advanced Programs	575
State & Local Advanced Programs	1,232
GREAT Programs	402
International Programs	292
Total Drug Related Programs	22,595

The total number of student-weeks of training conducted by FLETC during FY 2001 was 106,407. The percentage of drug related training to the total training conducted for FY 2001 is 20.9%.

### III. PROGRAM SUMMARY

The FLETC is an interagency training facility serving 74 Federal law enforcement agencies. The major training effort is in the area of basic programs to teach law enforcement skills to investigators and police personnel. The FLETC also conducts advanced programs in areas of common need, such as the use of microcomputers as an investigative tool, marine law enforcement, white collar crime, advanced law enforcement photography and several instructor training programs. In addition, the FLETC offers programs to state, local and international law enforcement officers on a not-to-interfere-with-Federal-training basis.

The FLETC is headed by a Director, who is appointed by the Secretary of the Treasury. The FLETC conducts training in Glynn, Georgia, and in Anstis, New Mexico.

The FLETC's role in supporting the Federal drug control priorities is one of providing training to Federal law enforcement agencies, thus ensuring quality training is provided and eliminating the duplication of training activities. With the training services that FLETC offers to law enforcement officers of Federal, state, local and international agencies, each is better equipped to perform their duties with the ultimate goal of reducing drug production, availability, and use.

## FY 2001 Accounting of Drug Control Funds

The following are the two goals that the FLETC supports in the fight against drugs:

**Goal 2:** Increase the safety of America's citizens by substantially reducing drug related crime and violence.

The total drug control resources for Goal 2 activities for FY 2001 is \$29.409 million.

**Goal 5:** Break foreign and domestic drug sources of supply.

The total drug control resources for Goal 5 activities for FY 2001 is 2.152 million.

The total drug control resources in support of the National Drug Control Strategy for FY 2001 is \$29.561 million.

#### IV. PROGRAM ACCOMPLISHMENTS

The FLETC's actual accomplishments for FY 2001 are as follows:

	FY 2001 Actual
Basic Training: --Student-Weeks	17,619
Agency Advanced Training --Student-Weeks	3,073
Center Advanced Training --Student-Weeks	373
State and Local Training: --Student-Weeks	1,734
International Training: --Student-Weeks	392
Total Training --Student-Weeks	23,985

F/6

V. ASSERTIONS

- (1) Drug Methodology – The methodology used to calculate the percentage of drug related activity is reasonable and accurate.
- (2) Application of Methodology – The methodology used to generate the FY 2001 Drug Control obligations is the same as stated in section II above.
- (3) Financial Plan – The obligations presented for FY 2001 are associated with the financial plan and there were no revisions or changes to the financial plan that affected drug resources in excess of \$5 million.

VI. WORKLOAD STATISTICS

The workload data presented in this report was provided by the Student Information System being used by the FLETC to report workload information. The information provided is the same information provided as the official data by the FLETC in all other external reporting.

All data provided is gathered and reported in accordance with known acceptable guidelines and standards.

VII. MATERIAL WEAKNESSES OR OTHER FINDINGS

The FLETC has no material weaknesses or other findings to report.

h/l

**FINANCIAL MANAGEMENT:**  
*Review of Assertions Included in the  
Financial Crimes Enforcement Network's  
Fiscal Year 2001  
Annual Report of Drug Control Funds*

OIG-02-044

February 11, 2002



**Office of Inspector General**

REPORT

The Department of the Treasury



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### Financial Crimes Enforcement Network's Annual Report of FY 2001 Drug Control Funds

#### Abbreviations

FinCEN	Financial Crimes Enforcement Network
OIG	Office of Inspector General
ONDCP	Office of National Drug Control Policy
U.S.C.	United States Code

**OIG**

*The Department of the Treasury  
Office of Inspector General*

**Report of the Office of  
Inspector General**

James F. Sloan  
Director  
Financial Crimes Enforcement Network

We have reviewed management's assertions in Section B of the accompanying Financial Crimes Enforcement Network's (FinCEN) Annual Report of Fiscal Year 2001 Drug Control Funds (Submission).

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.

The Submission, including the assertions made, was prepared pursuant to 21 U.S.C. §1704(i) and Office of National Drug Control Policy (ONDCP) Circular: "Annual Accounting of Drug Control Funds" (Circular), and is the responsibility of FinCEN's management.

Based on our review, nothing came to our attention that caused us to believe that management's assertions included in Section B of the accompanying Submission are not fairly stated, in all material respects, based on the requirements set forth in the Circular.

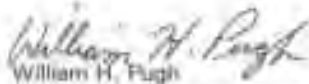
This report is intended solely for the information and use of the management of FinCEN, the Department of the Treasury, the ONDCP, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

Source of Figures Included in the Financial Crimes Enforcement Network's Fiscal Year 2001 Annual Report of Drug Control Funds (OIG-02-044) Page 4

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\*\*\*\*\*

Our report has been reviewed by your staff and their comments have been included in Appendix 1 of this report. Should you or your staff have any questions, you may contact me at (202) 927-5430 or a member of your staff may contact Mike Fitzgerald, Director, Financial Audits, at (202) 927-5789. We appreciate the cooperation and the courtesies extended to our staff.



William H. Pugh

Deputy Assistant Inspector General for Financial Management and  
Information Technology Audits

January 17, 2002

# FY 2001 Accounting of Drug Control Funds

Appendix 1  
Management's Response



DEPARTMENT OF THE TREASURY  
FINANCIAL CRIME ENFORCEMENT NETWORK

FEB 05 2002

MEMORANDUM FOR WILLIAM H. FUGH  
DEPUTY ASSISTANT INSPECTOR GENERAL FOR  
FINANCIAL MANAGEMENT AND INFORMATION  
TECHNOLOGY AUDITS

FROM: Nicholas A. Proscionik   
Assistant Director (Management/CFO)

SUBJECT: Draft Report on the Review of Financial Crime Enforcement  
Network's Fiscal Year 2001 Annual Report of Drug Funds

We have reviewed the draft report on FinCEN's FY 2001 Annual Report on Drug Control Funds and have no comments. We appreciate the professional approach taken by the Inspector General staff in conducting this review and look forward to working with you again next year.

If additional information is needed, I can be reached at (703) 905-5840 or Linda Snyder (Budget Analyst) at (703) 905-3677.

cc: Joa McAndrew  
Office of Accounting and Internal Control

# FY 2001 Accounting of Drug Control Funds

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Appendix 2  
Major Contributors To This Report

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## Financial Audits Division

Michael Fitzgerald, Director  
Kimberly Fleming, Audit Manager  
Ken Harwood, Auditor  
Catherine Yi, Auditor

Review of Auditors included in the Financial Status Statement Appendix  
Fiscal Year 2001 Annual Report of Drug Control Funds (DCG-02-044) Page 2

# FY 2001 Accounting of Drug Control Funds

## Appendix B Report Distribution

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### The Department of the Treasury

Office of Accounting and Internal Control

### Financial Crimes Enforcement Network

Director

Assistant Director, Management / Chief Financial Officer

### Office of Management and Budget

DIG Budget Examiner

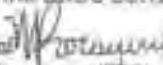
# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF THE TREASURY  
FINANCIAL CRIMES ENFORCEMENT NETWORK

NOV 29 2001

MEMORANDUM FOR DIRECTOR, OFFICE OF PROGRAMS, BUDGET,  
RESEARCH AND EVALUATION  
OFFICE OF NATIONAL DRUG CONTROL POLICY

FROM: Nicholas A. Procaccio   
Assistant Director (Management/CFO)

SUBJECT: Annual Report of FY 2001 Drug Control Funds

Attached is the Financial Crimes Enforcement Network (FinCEN) Annual Report of FY 2001 Drug Control Funds. FinCEN obligated \$6.9 million and utilized 37 FTE in support of the National Drug Control Program.

If additional information is needed, I can be reached at 703-505-3660 or Mary Messeri (Budget Analyst) at 703-905-3615.

Attachment

cc: Anna F. Dixon  
Director, OESA  
Office of Enforcement

Joe McAndrew  
Office of Accounting and Internal Control

Mike Fitzgerald  
Office of the Inspector General

## FY 2001 Accounting of Drug Control Funds

### FINANCIAL CRIMES ENFORCEMENT NETWORK \$000 in millions

#### A. Table of FY 2001 Drug Control Obligations

	FY 2001 Actual
<b>Drug Resources by Goal</b>	
Goal 2	5,579
Goal 5	1,395
Total	6,974
<b>Drug Resources by Function</b>	
Intelligence	6,974
Total	6,974
<b>Drug Resources by Decision Unit</b>	
Salaries and Expenses	6,918
Violent Crime Trust Fund	56
Total	6,974
<b>Drug Resources Personnel Summary</b>	
Total FTEs (direct only)	37
<b>Information</b>	
Total FinCEN BA   Obligations	31.2
Drug Percentage of 21%	7.0



**(1) Drug Methodology**

FinCEN is provided appropriated funding for a law enforcement support effort which exceeds their drug-related criminal investigations. This law enforcement support effort is focused on providing broad-based intelligence and information sharing on money laundering that helps illustrate the financial trail for investigators as they track criminals and their assets. A by-product of FinCEN's efforts to "follow-the-financial-trail" often assists law enforcement in their drug-related investigations.

Several different cost distribution models were examined. The methodology chosen for estimating the % of drug-related investigations is based on the number of drug-related investigative cases supported, with the assumption that this is a reflection on FinCEN's overall drug-related efforts. Each request for case support is assigned a unique case number. All cases are initially screened and drug-related cases are flagged as such in the tracking database. The number of drug-related cases is compared to the total number of cases to determine the overall percentage of drug-related efforts within FinCEN. This percentage is then applied to FinCEN's total Budget Activity 1 direct obligations to estimate the overall support FinCEN provides to law enforcement on drug-related efforts. This methodology is supportable and provides an estimate that fairly represents the support provided to law enforcement's drug-related efforts.

**(2) Methodology Modifications**

None.

**(3) Material Weaknesses or Other Findings**

None.

**(4) Reprogrammings or Transfers**

None.

**B. Assertions**

**(1) Drug Methodology**

The drug methodology used to calculate obligations of budgetary resources in the Table of FY 2001 Drug Control Obligations is reasonable and accurate.

**(2) Application of Methodology**

The methodology based on the number of drug-related cases (discussed above), was the actual methodology used to generate the Table of FY 2001 Drug Control Obligations in part A.

**(3) Phramat Plan**

## FY 2001 Accounting of Drug Control Funds

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The obligations presented are associated with a financial plan and there were no revisions or changes to the financial plan including reprogrammings or transfers affecting drug resources in excess of \$5 million.

**FINANCIAL MANAGEMENT:**  
Review of Assertions Included in the  
Interagency Crime and Drug Enforcement's  
Fiscal Year 2001  
Annual Report of Drug Control Funds

OIG-02-045

February 11, 2002



**Office of Inspector General**

\*\*\*\*\*

The Department of the Treasury

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### Interagency Crime and Drug Enforcement's FY 2001 Annual Accounting of Drug Control Funds

#### Abbreviations

ICDE	Interagency Crime and Drug Enforcement
OIG	Office of Inspector General
ONDCP	Office of National Drug Control Policy
U.S.C.	United States Code

**OIG**

*The Department of the Treasury  
Office of Inspector General*

**Report of the Office of  
Inspector General**

Steven G. App  
Acting Chief Financial Officer  
Interagency Crime and Drug Enforcement

We have reviewed management's assertions in Section 6 of the accompanying Interagency Crime and Drug Enforcement's (ICDE) Fiscal Year (FY) 2001 Annual Accounting of Drug Control Funds (Submission).

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.

The Submission, including the assertions made, was prepared pursuant to 21 U.S.C. §1704(d) and Office of National Drug Control Policy (ONDCP) Circular: "Annual Accounting of Drug Control Funds" (Circular), and is the responsibility of ICDE's management.

The ICDE's Table of FY 2001 Drug Control Obligations presented drug control obligations under two of the ONDCP's Strategy Goals. The allocation of the total obligations between the two goals was determined by the entities that received ICDE funds including the Departmental Offices, the Internal Revenue Service (IRS), the Bureau of Alcohol, Tobacco and Firearms and the United States Customs Service. The IRS allocated its total ICDE drug control obligations between Goal 2 (Increase the Safety of America's Citizens by Substantially Reducing Drug-Related Crime and Violence) and Goal 5 (Break Foreign and Domestic Drug Resources Supplies) by applying certain resource utilization percentages to its

Review of Assertions Included in the Interagency Crime and Drug Enforcement's Fiscal Year 2001 Annual Report of Drug Control Funds (085-02-045)

Page 2

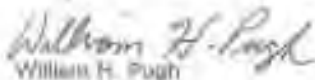
total ICDE drug control obligations. However, the IRS could not provide support to the ICDE for the calculation of these percentages. This matter was first reported in our FY 2000 review report.

Based on our review, with the exception of the matter described in the preceding paragraph, nothing came to our attention that caused us to believe that management's assertions included in Section 2 of the accompanying Submission are not fairly stated, in all material respects, based on the requirements set forth in the Circular.

This report is intended solely for the information and use of the management of ICDE, the Department of the Treasury, the OIGDCP, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

\*\*\*\*\*

Our report has been reviewed by your staff and their comments have been included in Appendix 1 of this report. Should you or your staff have any questions, you may contact me at (202) 927-5430 or a member of your staff may contact Mike Fitzgerald, Director, Financial Audits, at (202) 927-5789. We appreciate the cooperation and the courtesies extended to our staff.



William H. Pugh

Deputy Assistant Inspector General for Financial Management and Information Technology Audits

January 28, 2002

# FY 2001 Accounting of Drug Control Funds

## Appendix I Management's Responses



DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

FEB -7 2001

MEMORANDUM FOR WILLIAM H. PUGH  
DEPUTY ASSISTANT INSPECTOR GENERAL FOR FINANCIAL  
MANAGEMENT AND INFORMATION TECHNOLOGY AUDITS

FROM: Ann F. Dixon *af*  
Director, Office of Financial and Administrative  
Enforcement

SUBJECT: Review of Assurances Included in the Emergency Crime and Drug  
Enforcement's Fiscal Year 2001 Annual Report of Drug Control Funds

Thank you for providing me a draft of the subject report for my review and comment. I note that the report addresses the IRS' inability to document the allocation of funds for Criminal Investigation's (CI) resources between Goal 2 (Increase the Safety of America's Citizens by Substantially Reducing Drug-related Crime and Violence) and Goal 5 (Break Foreign and Domestic Drug Resources Supplies). It is my view that this section of the report should be eliminated based on the following:

1. The allocation of CI's time between Goals 2 and 5 was based on a study conducted by management in 1998. That study determined that approximately 60 percent of resources were devoted to Goal 2 while 40 percent went to Goal 5. Subsequent to the preparation of the final study report, the agent who conducted the study was transferred. Now, almost four years later, the original working papers detailing the formula cannot be located. The only evidence available is an e-mail dated May 13, 1999, in which the agent who conducted the study gives a summarization of the study results and the percentage allocation arrived at for Goals 2 and 5.
2. The breakdown between Goals 2 and 5 are immaterial. This point of view is also shared by ONDCP, which plans on eliminating the allocation of resources between goals for all future reports.
3. Whatever formula or percentage allocation used between Goals 2 and 5, the most important fact is that all ICDE funds (\$67,146,000) payable to CI were obligated and spent during FY 2001 for ICDE specific purposes.

Again, I thank you for the opportunity to review your draft report.

Review of Assurances Included in the Emergency Crime and Drug  
Enforcement's Fiscal Year 2001 Annual Report of Drug Control Funds (200-22-  
949)

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# FY 2001 Accounting of Drug Control Funds

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## Appendix C Major Contributions To This Report

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### Financial Audits Division

Michael Fitzgerald, Director  
Kimberly Fleming, Audit Manager  
Ken Harross, Auditor

Review of Activities Included in the Interagency Civilian and Drug  
Enforcement's Fiscal Year 2001 Annual Report of Drug Control Funds (DC-02-  
045)

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# FY 2001 Accounting of Drug Control Funds

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## Appendix B Report Distribution

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### The Department of the Treasury

Deputy Chief Financial Officer  
Office of Undersecretary for Enforcement  
Office of Financial Management  
Office of Accounting and Internal Control

### Office of Management and Budget

OIG Budget Examiner

## FY 2001 Accounting of Drug Control Funds

### INTERAGENCY CRIME DRUG ENFORCEMENT ANNUAL ACCOUNTING OF DRUG CONTROL FUNDS FY 2001

#### DETAILED ACCOUNTING SUBMISSION

e. Table of FY 2001 Drug Control Obligations  
(\$000)

	DO	ATF	IRS-CI	USCS	Total
<b>Drug Resources By Goal</b>					
Goal 1	\$ 300	\$ 10,067	\$ 27,000	\$ 20,000	\$ 77,367
Goal 2			\$ 25,250		\$ 25,250
<b>Total</b>	<b>\$ 300</b>	<b>\$ 10,067</b>	<b>\$ 52,148</b>	<b>\$ 20,000</b>	<b>\$ 103,242</b>
<b>Drug Resources by Function</b>					
Investigative	\$ 300	\$ 10,067	\$ 53,148	\$ 20,000	\$ 103,242
Intelligence					\$ -
Intersectoral					\$ -
<b>Total</b>	<b>\$ 300</b>	<b>\$ 10,067</b>	<b>\$ 53,148</b>	<b>\$ 20,000</b>	<b>\$ 103,242</b>
<b>Drug Resources by Division Unit</b>					
Reduce Violent Crime		\$ 10,067			\$ 10,067
Protect the Public				\$ 20,000	\$ 20,000
Narcotics Crimes	\$ 300		\$ 53,148		\$ 53,512
<b>Total</b>	<b>\$ 300</b>	<b>\$ 10,067</b>	<b>\$ 53,148</b>	<b>\$ 20,000</b>	<b>\$ 103,242</b>

#### (1.) Drug Methodology

Management of Interagency Crime and Drug Enforcement (ICDE) obligates drug control resources through reimbursable agreements ICED has entered into with ATF, Customs, and IRS-CI. ICDE's drug control obligations also include obligations related to salaries and expenses of two Organized Crime Drug Enforcement Task Force positions within the Departmental Offices. The methodologies the bureaus use to request reimbursements are described below.

#### DO

In 1998, fiscal responsibility for the Interagency Crime Drug Enforcement Program (ICDE) was divided between the Department of Treasury and the Department of Justice, giving the Treasury bureaus a degree of autonomy in the program. Since receiving independence for the ICDE program, the Department of Treasury has recognized that the future success of the program is directly related to its ability to service the needs of the Treasury enforcement bureaus. To this end, the Department of the Treasury, Office of Enforcement created two Organized Crime Drug Enforcement Task Force (OCDETF) Advisory positions. Special agents from the Treasury enforcement bureaus subsequently filled the two positions.

## FY 2001 Accounting of Drug Control Funds

The OCDETF Advisors are responsible for budget formulation, budget execution and policy issues affecting the Department of the Treasury's involvement in the ICDE program. The OCDETF Advisors coordinate the ICDE budget formulation process with the Treasury enforcement bureaus. Based on information received from the Treasury bureaus a consolidated ICDE budget is prepared and forwarded through channels. The advisors follow the budget through the approval process and are responsible for coordinating responses from the Treasury enforcement bureaus during this process. With respect to budget execution, the advisors prepare various year-end reports. In addition, during a data call, information obtained from the bureaus, is consolidated into one report and forwarded to the requesting agency.

The OCDETF Advisors are also involved in the review and evaluation of the OCDETF program and coordinate with the Office of National Drug Control Policy (ONDCP) regarding the High Income Drug Trafficking Program (HIDTA). The Advisors participate in the Black Market Pesos Working Group, Money Laundering Strategy and attend bureau case briefings. The primary purpose for their participation in these areas is to identify issues having a direct impact on the OCDETF Program.

The drug control obligations incurred for DO relate to salaries, travel and other miscellaneous expenses incurred in the assignment of the two full-time OCDETF employees to the ICDE program.

### ATF

These are reimbursable funds received from the Department of the Treasury. The Bureau of Alcohol, Tobacco and Firearms's (ATF) estimate of drug-related obligations (for ICDE only) is developed based on data from the Bureau's Financial Resources Desktop (FrED) utilizing elements such as grant obligations and project codes. All funding spent using the unique project code for ICDE has a drug name. 100% of the resources identified in a query of FrED under this project code are reflected in this report.

### IRS-CI

The Internal Revenue Service, Criminal Investigation (IRS-CI) Drug Control Budget contains two components: the Criminal Investigation (CI) Narcotics Related Financial Crime Program and Currency Reporting Forms Processing.

During FY 2001, information obtained from the Case Management Information System (CMIS) disclosed that IRS-CI dedicated 18.8 percent of its Direct Investigative Time (DIT) to the investigation and prosecution of narcotics organizations and narcotics money laundering. Approximately 81% of total DIT (15.3%) were spent on ICDE investigations. The IRS-CI narcotics program supports Goals 2 (66%) and 5 (49%) of the National Drug Control Strategy. The goal split is based on a resource allocation estimate conducted by IRS-CI. During FY 2001, IRS-CI expended more Direct Investigative Time on ICDE investigations, than actual reimbursement (\$63,146) received.

**Currency Reporting Forms Processing:** IRS resources are expended to process Currency Reporting Forms required by the Bank Secrecy Act (Title 31), namely, Currency Transaction Reports (CTRs) and Cash Currency Transaction Reports (C-CTRs), Suspicious Activity Reports (SAR's), and Foreign Bank Account Reports (FBAR's) as well as Form 8300, Cash Payments in Excess of \$10,000 Received in a Trade or Business, required by the Internal Revenue Code (Title 26). The forms are processed for reporting banks, financial institutions, and money services businesses as well as retail businesses. This

## FY 2001 Accounting of Drug Control Funds

program activity is reported in a separate account in the IRS's budget activities and is accorded an 100 percent drug related, supporting Goals 2 and 5 of the National Drug Control Strategy.

### USCS

The USCS captures its ICDE investigative hours through the Case Management module within the Treasury Enforcement Communications System (TECS). The investigative hours captured in TECS are subsequently translated into expenses and submitted to the Department of the Treasury for reimbursement through the Online Payment and Collection System (OPAC).

### (2.) Methodology Modifications (DO - ATF - IRS - USCS)

None

### (3.) Material Weakness or Other Findings (DO - ATF - IRS - USCS)

None

### (4.) Reprogramming or Transfers (DO - ATF - IRS - USCS)

ICDE made two reprogramming/transfers during FY 2001. Modifications were made in the original agreements and are summarized as follows:

	DO	ATF	IRS-CI	USCS
Original Agreement	\$ 691,000	\$ 10,673,000	\$ 63,218,000	\$ 28,994,000
Modification #1 Reduction	\$ (1,432)	\$ (33,371)	\$ (48,079)	\$ (63,785)
Modification #2	\$ (701,000)	\$ 67,000	\$ 67,000	\$ 67,000
Modification #3	\$ (76,000)			\$ 76,000
<b>Total</b>	<b>\$ 372,568</b>	<b>\$ 10,699,629</b>	<b>\$ 63,145,921</b>	<b>\$ 29,069,215</b>

### (5.) Other Disclosures (DO - ATF - IRS - USCS)

None

#### b. Assertions

##### (1) Drug Methodology

The drug methodology used to calculate obligations of FY 2001 ICDE budgetary resources in the Table is reasonable and accurate.

## FY 2001 Accounting of Drug Control Funds

The management of ICDE relies on the law enforcement bureaus within the Department of the Treasury to provide the methodology they used to derive the drug-related obligations from the funds reimbursed by the ICDE during the fiscal year. Based upon the submissions we received from these Treasury law enforcement bureaus for FY 2001, we assert that the drug methodology used to calculate the obligations presented in the above Table of Drug Control Obligations is reasonable and accurate.

### (2) Application of Methodology

The management of ICDE asserts that the methodology disclosed in section (1) above was the actual methodology that was used to generate the Table of FY 2001 Drug Control Obligations above.

### (3) Financial Plan

ICDE asserts that the data presented is associated with obligations against its financial plan for FY 2001.

**Attestation Review of the Internal Revenue  
Service's Fiscal Year 2001 Annual  
Accounting of Drug Control Funds**

**February 2002**

**Reference Number: 2002-10-053**

This report has cleared the Treasury Inspector General for Tax Administration disclosure review process and information determined to be restricted from public release has been redacted from this document.

# FY 2001 Accounting of Drug Control Funds



OFFICE OF INSPECTOR  
GENERAL  
DEPARTMENT OF THE  
TREASURY

DEPARTMENT OF THE TREASURY  
WASHINGTON, D.C. 20220

February 1, 2002

MEMORANDUM FOR COMMISSIONER ROSSO (T)

FROM:

*Pamela J. Gardiner*  
(for) Pamela J. Gardiner  
Deputy Inspector General for Audit

SUBJECT:

Final Audit Report - Attestation Review of the Internal Revenue  
Service's Fiscal Year 2001 Annual Accounting of Drug Control  
Funds (Audit # 200210006)

This report presents the results of our attestation review of the Internal Revenue Service's (IRS) Fiscal Year (FY) 2001 Office of National Drug Control Policy (ONDCP) detailed accounting submission. The purpose of this review was to express a conclusion about the reliability of each assertion made in the detailed accounting submission.

In summary, except for one matter concerning the IRS' explanation and documentation of estimation methods, nothing came to our attention that caused us to believe that the accompanying IRS FY 2001 ONDCP detailed accounting submission assertions are not presented, in all material respects, based on ONDCP-established criteria. However, we identified several detailed accounting submission report processing controls that could be implemented or strengthened to reduce the risk of reporting misstatements.

We recommend that the IRS' Chief Financial Officer ensure that written procedures are established to fully document and provide guidance for the processes used to compile the accounting submissions; ensure that the accounting submissions are examined by a responsible official who would certify as to their accuracy; and, maintain documentation in such a manner that it is easily associated with the accounting submission.

#### Management's Response

The IRS agreed to implement the TIGTA recommendations included in the report.

Management's complete response to the draft report is included as Appendix V.

Copies of this report are also being sent to the IRS managers who are affected by the report recommendations. Please contact me at (202) 622-6510 if you have any questions.

Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.



# FY 2001 Accounting of Drug Control Funds

## Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual Accounting of Drug Control Funds

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# FY 2001 Accounting of Drug Control Funds

## Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual Accounting of Drug Control Funds

### Background

The Anti-Drug Abuse Act of 1988 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 drug control budgets. The Internal Revenue Service's (IRS) Narcotics Program supports the National Drug Control Strategy through continued support of joint agency task forces including the Interagency Crime Drug Enforcement Task Force and High Intensity Drug Trafficking Area Task Force, through the use of asset forfeiture legislation, and international training and assistance programs.

The Strategy established 5 goals and 31 supporting objectives as the basis for a coherent, long-term national effort. The IRS focuses on two goals, which are to reduce drug-related crime and to reduce sources of supplies.

This review was conducted as required by the National Drug Enforcement Policy (21 U.S.C. § 1704(d)) and the ONDCP Circular, *Annual Accounting of Drug Control Funds*, dated December 17, 1999. The 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 (the ONDCP Circular requires amounts obligated) during the previous fiscal year. Further, it requires such accounting to be authenticated by the Inspector General of each agency prior to its submission.

We conducted our fieldwork in the IRS' Headquarters offices of the Chief Financial Officer (CFO) and Chief, Criminal Investigation (CI) during the period of November 2001 through January 2002. 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 than an examination, the objective of which is the expression of an opinion on the ONDCP detailed accounting submission's assertions. Accordingly, we do not express such an opinion.

The IRS' Fiscal Year (FY) 2001 submission included additional information concerning its efforts to reduce drug-related crime, including information on the

Page 1

## FY 2001 Accounting of Drug Control Funds

### Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual Accounting of Drug Control Funds

#### The Fiscal Year 2001 Detailed Accounting Submission Was Presented Fairly

ONDCP Circular. This information was not reviewed, and accordingly, we do not express any form of assurance on it.

Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

We reviewed the accompanying IRS ONDCP detailed accounting submission and assertions for the fiscal year ended September 30, 2001 (Appendix IV). This submission, including the assertions made, were prepared pursuant to 21 U.S.C. § 1704(d) and the ONDCP Circular, *Annual Accounting of Drug Control Funds*, dated December 17, 1999, and they are the responsibility of the IRS.

The assertions, as required by Section 5.b. of the ONDCP Circular, include that the methodology used is reasonable and accurate, including thorough 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 properly reflects changes if made. ONDCP-established criteria include well-documented sources of data with demonstrated connection to drug control obligations, documented and explained estimations, complete reporting of data, fair presentation of data from financial systems, well-documented calculations, and association with a financial plan that, if revised, properly reflects those revisions, including ONDCP's approval of reprogrammings in excess of \$5 million.

The IRS was unable to thoroughly explain or provide detailed documentation of two estimation assumptions used in its detailed accounting submission. The IRS based its allocation of funds on institutional knowledge for general CI resources and Currency Transaction Reporting resources between goals 2 and 5. Documentation presented to support the general CI resource allocation assumption was an e-mail message from a Special Agent dated May 15, 1998. This e-mail message showed a 60/40 percent allocation for goals 2 and 5 respectively. The IRS also presented the 60/40 percent allocation for goals 2 and 5 used for Currency Transaction Reporting.

Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual Accounting of Drug Control Funds

**Improvements Are Needed to Strengthen the Controls Over the Detailed Accounting Submission Report Process**

resources. Due to this condition, we were unable to verify either allocation assumption.

Based on our review, with the exception of the matter described in the preceding paragraph, nothing came to our attention that caused us to believe that the accompanying IRS-FY 2001 ONDCP detailed accounting submission assertions are not presented, in all material respects, in accordance with ONDCP-established criteria.

We identified several detailed accounting submission report processing controls that could be implemented or strengthened to reduce the risk of reporting misstatements. The IRS currently does not have written guidance on how the submissions should be prepared, supervisory reviews of the completed submissions to ensure that the amounts are accurate, and uniform accumulation of detailed documentation to support the amounts that are included in the submissions.

During the course of our verification testing, we identified various processing and mathematical errors that were corrected by the IRS prior to its final issuance of the detailed accounting submission. These errors could have been prevented if written procedures were available and an accountable official reviewed the work performed prior to the submission being presented for audit.

**Recommendations**

1. The CFO, with participation of the Chief, CI, should ensure that written procedures are established to fully document and provide guidance for the processes used to compile the accounting submissions, including the support for the estimation assumptions used.

**Management's Response:** The IRS agreed to implement the TICFA recommendation.

2. The CFO, with participation of the Chief, CI, should ensure that the accounting submissions are examined by a responsible official who will certify as to their accuracy.

**Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual Accounting of Drug Control Funds**

*Management's Response:* The IRS agreed to implement the TIGTA recommendation.

3. The CFO, with participation of the Chief, CI, should ensure that detailed supporting documentation is maintained in such a manner that it is easily associated with the accounting submission. This would facilitate both a post preparation examination and the auditor's review.

*Management's Response:* The IRS agreed to implement the TIGTA recommendation.

\*\*\*\*\*

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 DNDCE, and the Congress. It is not intended to be, and should not be, used by anyone other than those specified parties.

## Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual Accounting of Drug Control Funds

### Appendix I

#### Detailed Objective, Scope, and Methodology

The overall objective of this review was to perform an attestation review of the Internal Revenue Service's (IRS) reporting of Fiscal Year (FY) 2001 Office of National Drug Control Policy (ONDCP) expenditures for the purpose of expressing a conclusion about the reliability of such assertion made in the detailed accounting submission. To accomplish our objective, we:

- I. Obtained an understanding of the process used to prepare the FY 2001 detailed accounting submission.
  - A. Discussed the process to record and report ONDCP expenditures with responsible IRS personnel.
  - B. Obtained documents such as the detailed accounting submission, written procedures, supporting worksheets, and evidence of the methodology used.
  - C. Prepared a narrative of the process used to prepare the accounting submission including the identification of controls that ensure amounts are accurately recorded and reported.
- 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.
  - C. Verified whether all drug-related activities were reflected in the drug methodology such as investigation and support resources, intelligence, international, etc.
  - D. Identified material weaknesses associated with IRS financial systems that yield data from which the drug related obligation estimates were derived.
  - E. Obtained documentation to support any modifications to the initial drug methodology and verified that the modifications were submitted to the ONDCP for review prior to implementation.
  - F. Verified that any reprogramming or transfers, affecting the drug control budget in excess of \$5 million, were approved by the ONDCP.

**Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual Accounting of Drug Control Funds**

- 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 5 of the ONDCP Circular, *Annual Accounting of Drug Control Funds*.
  - B. Verified that Interagency Crime and Drug Enforcement funds were excluded from the reported obligations.
  - C. Verified that the Table of Drug Control Obligations presented obligations by Strategic Goals, Drug Function, Budget Decision Units, and any other published subdivision displayed in the National Drug Control Strategy Budget Summary.
  - D. Verified that the drug control budget submitted to the ONDCP was consistent with the detailed accounting submission.
  - E. Verified the mathematical accuracy of the obligations presented in the table.
  - F. Traced the information contained in the table to supporting documentation.
  - G. Reviewed the supporting documentation for reasonableness.
  - H. Re-performed the calculations performed by management to obtain the breakout by goal, function, and decision unit. Also, verified the basis for estimates used in the accounting submission.
  - I. Verified that the methodology disclosed was the actual methodology used to generate the table.
  - J. Reviewed the presentation of the data in the table for consistency with prior year submissions.

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**Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual  
Accounting of Drug Control Funds**

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**Appendix II**

**Major Contributors to This Report**

Daniel R. Declin, Assistant Inspector General for Audit (Headquarters Operations and External  
Organizations Programs)  
John E. Wright, Director  
Thomas J. Brunetto, Audit Manager  
Gary D. Pressley, Senior Auditor  
Owen Bryant-Hill, Auditor  
Linda Douglas, Auditor

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Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual  
Accounting of Drug Control Funds

Appendix III

Report Distribution List

Deputy Commissioner N:DC  
Chief Financial Officer N:CFO  
Chief, Criminal Investigation CI  
Department of the Treasury, Deputy Chief Financial Officer MD  
Chief Counsel CC  
National Taxpayer Advocate TA  
Director, Legislative Affairs CL:LA  
Director, Office of Program Evaluation and Risk Analysis N:ADC/R/O  
Office of Management Controls N:CPO/JM  
Audit Liaisons:  
    Chief Financial Officer N:CFO  
    Chief, Criminal Investigation CI

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# FY 2001 Accounting of Drug Control Funds

## Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual Accounting of Drug Control Funds

Appendix IV

### Internal Revenue Service Fiscal Year 2001 Detailed Accounting Submission

#### INTERNAL REVENUE SERVICE ANNUAL ACCOUNTING OF DRUG CONTROL FUNDS

##### DETAILED ACCOUNTING SUBMISSION (Revised 1/23/02)

##### A. Table of FY 2001 Drug Control Obligations

Drug Resources by Fund	IRS (\$000)	ICRF (\$000)
Coal 1	\$27,577	\$77,898
Coal 2	\$23,627	\$25,245
<b>Total</b>	<b>\$51,205</b>	<b>\$103,143</b>
<b>Drug Resources by Function</b>		
Investigation	\$30,977	\$83,146
Intelligence	\$16,217	0
Interconnect	\$4,011	0
<b>Total</b>	<b>\$51,205</b>	<b>\$83,146</b>
<b>Drug Resources by Service Unit</b>		
Narrative Cases	\$10,167	\$83,146
Currency Transaction Reports	\$41,038	0
<b>Total</b>	<b>\$51,205</b>	<b>\$83,146</b>

##### (L) Drug Misstatement

- The Internal Revenue Service's (IRS) Drug Control Budget contains two components: the Central Investigation (CI) Service-Related Element (Central Program) and Currency Reporting Funds (Currency).
- During FY 2001, IRS-CI allocated 18.8 percent of its Direct Investigative Time (DIT) to the investigation and prosecution of non-filer organizations and systems using existing organizations, supporting Coals 2 and 3 of the Internal Drug Control Strategy.
- Currency Reporting Funds Financing: IRS continues to sponsor its present Currency Reporting Funds created by the Bank Secrecy Act (Title 31), namely, Currency Transaction Reports and Casino Currency Transaction Reports, Suspense Activity Reports, and Foreign Bank Account Reports as well as Parts 3180, Cash Payments in Excess of \$10,000 Received at a Trade or Business, required by the Internal Revenue Code (Title 26). The Rules are prepared by respective Service District instructions, and Treasury services businesses as well as

Note: The attached detailed accounting submission was prepared by the IRS and received by FRTA on 12/15/00. The IRS is subject to the audit of the IRS by the FRTA. The IRS is required to provide the FRTA with the information requested in the report. The IRS is required to provide the FRTA with the information requested in the report.

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Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual Accounting of Drug Control Funds

**INTERNAL REVENUE SERVICE  
ANNUAL ACCOUNTING OF DRUG CONTROL FUNDS**

crual business. The program activity is reported in a separate account to the IRS budget activities and is scored as 100 percent drug related, supporting Goals 1 and 3 of the National Drug Control Strategy.

**(L) Methodology Modifications**

None.

**(M) Material Weaknesses or Other Findings**

None.

**(N) Reprogramming or Transfers**

None.

**(O) Other Disclosures**

The information reflects the FY 2001 Service's position as to the drug budget and no policy violations can be assessed.

**B. Assertions**

**(L) Drug Methodology --** The methodology used to calculate obligations of prior-year budgetary resources is reasonable and accurate.

**(a.) Data**

Data is derived from the Criminal Investigation Management Information System (CIMIS) to determine the number of FTE's used in drug control activities. Special agents within CIMIS have reports monthly detailing their activities relating to investigations (total investigative time or DIT). Each investigation is associated with a specific program and sub-program area. The percentage of DIT used on each program area is calculated monthly with a final annual percentage determined after the close of the fiscal year. The annual percentage of DIT used for the Narcotics Related Financial Crimes program is applied to calculate FTE as calculated by the IRS Automated Financial System (AFS) to determine the number of FTE expended on the program. Subsequent FTE are subtracted from the total program FTE's to determine the IRS funded portion of the Criminal Investigation Narcotics-Related Financial Crimes Program.

After the number of FTE included in the IRS-funded portion of the Criminal Investigation Narcotics-Related Financial Crimes program has been determined,

<sup>3</sup> Criminal Investigation has four program areas: the Legal Income Tax Cases Program; the Asset Control Financial Crimes Program and the Narcotics-Related Financial Crimes Program.

Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual Accounting of Drug Control Funds

**INTERNAL REVENUE SERVICE  
ANNUAL ACCOUNTING OF DRUG CONTROL FUNDS**

related dollars are calculated using the total IRS-CI budget obligations and simply dividing this amount by the number of FTE expended.

**(b.) Other Estimation Methods**

None

**(c.) Completeness**

The Internal Revenue Service Drug Control Budget contains two components: Criminal Investigations Narcotics Related Financial Crime Program and Currency Reporting Forms Processing.

**(d.) Financial Systems**

The Service's Automated Financial System is the final authority for IRS resource obligations.

**(2.) Application of Methodology** – The methodology discussed in this section is the actual methodology used to generate the table required by Section 5A of the Office of National Drug Control Policy Circular: Annual Accounting of Drug Control Funds. Calculations are sufficiently well documented to independently reproduce this data and assure consistency of data between reporting years.

ODM uses DIT of agents by program area. The actual percentage of DIT related to Narcotics-Related Financial Crime Programs is then applied to residual FTE as calculated by AFS. The residual FTE are subtracted from the total program FTE to determine the IRS funded Narcotics-Related Financial Crime program. IRS-CI devotes 60 percent of narcotics-related DIT in support of Goal 2 of the National Drug Control Strategy; 40 percent to support Goal 5.

New initiatives are costed using the Service's established Unit Cost Rates for the budget year.

**(3.) Financial Plan – Including Reprogramming or Transfers** – The data presented is associated with obligations against a financial plan and properly reflects any revisions occurring during the fiscal year including the Office of National Drug Control Policy's approval of reprogramming or transfer affecting drug-related resources in excess of \$1 million.

There were no reverses.

Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual Accounting of Drug Control Funds

Appendix V

Management's Response to the Draft Report



DEPARTMENT OF THE TREASURY  
INTERNAL REVENUE SERVICE  
WASHINGTON, D.C. 20224

January 31, 2002



MEMORANDUM FOR PAMELA J. GARDNER  
DEPUTY INSPECTOR GENERAL FOR AUDIT

FROM: W. Todd Grank *WJG*  
Chief Financial Officer

TO: Draft Audit Report - Attestation Review of the Internal Revenue Service (IRS) Fiscal Year 2001 Annual Accounting of Drug Control Funds (Audit #200210006)

We have reviewed the Treasury Inspector General for Tax Administration's (TIGTA) draft report titled, "Attestation Review of the Internal Revenue Service's Fiscal Year 2001 Annual Accounting of Drug Control Funds". We agree to implement your three recommendations:

We request your office make one change to the table in Appendix IV. There are two columns in the Table of FY 2001 Drug Control Obligations. The first column, IRS-CI, includes resources for Currency Transaction Reports. This is not a Criminal Investigation activity. Therefore, we request the column heading be revised to "IRS".

If you have any questions, please contact me at 202.622.6400 or a member of your staff may contact Jeff Cajigas at 202.622.3604 or Dave Berkman at 202.622.4202.

cc: William Campbell

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**FINANCIAL MANAGEMENT:  
Review of Assertions Included in the  
United States Secret Service's  
Fiscal Year 2001  
Annual Report of Drug Control Funds**

DIG-02-050

February 21, 2002



**Office of Inspector General**

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The Department of the Treasury

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### United States Secret Service's Revised Annual Reporting of FY 2001 Drug Control Funds

#### Abbreviations

USSS	United States Secret Service
OIG	Office of Inspector General
ONDCP	Office of National Drug Control Policy
U.S.C.	United States Code

**OIG**

**Report of the Office of  
Inspector General**

*The Department of the Treasury  
Office of Inspector General*

Brian L. Stafford  
Director  
United States Secret Service

We have reviewed management's assertions in Section V of the accompanying United States Secret Service's (USSS) Revised Annual Reporting of Fiscal Year 2001 Drug Control Funds (Submission).

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.

The Submission, including the assertions made, was prepared pursuant to 21 U.S.C. §1704(d) and Office of National Drug Control Policy (ONDCP) Circular: "Annual Accounting of Drug Control Funds" (Circular), and is the responsibility of USSS's management.

Secret Service's drug methodology entailed the calculation of the percentage of time spent on drug-related activities by its Investigative, Protective and Support Operations. These percentages were determined by dividing the drug related full time equivalent (FTE) by the total FTE for each operation. Although Secret Service revised the percentage for Investigative Operations based on FY 2001 FTE information, Secret Service has not reexamined the reasonableness and accuracy of the percentages for Protective and Support Operations since initially established in



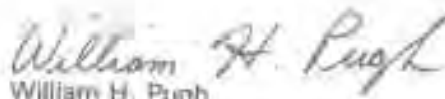
1990. This matter was first reported in our FY 1999 review report.

Based on our review, with the exception of the matter described in the preceding paragraph, nothing came to our attention that caused us to believe that management's assertions included in Section V of the accompanying Submission are not fairly stated, in all material respects, based on the requirements set forth in the Circular.

This report is intended solely for the information and use of the management of USSS, the Department of the Treasury, the ONDCP, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

\* \* \* \* \*

Our report has been reviewed by your staff. Based on mutual agreement, we are issuing this report as final. Should you or your staff have any questions, you may contact me at (202) 927-5430 or a member of your staff may contact Mike Fitzgerald, Director, Financial Audits, at (202) 927-5789. We appreciate the cooperation and the courtesies extended to our staff.



William H. Pugh

Deputy Assistant Inspector General for Financial Management and  
Information Technology Audits

February 5, 2002

# FY 2001 Accounting of Drug Control Funds

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Appendix 1  
Major Contributors To This Report

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Financial Audits Division

Michael Fitzgerald, Director  
Kimberly Fleming, Audit Manager

Review of Assertions Included in the United States Secret Service's Fiscal Year 2001 Annual Report of Drug Control Funds (OIG-02-050) Page 4

Appendix 2  
Report Distribution

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The Department of the Treasury

Office of Accounting and Internal Control

Financial Crimes Enforcement Network

Director  
Assistant Director, Administration / Chief Financial Officer  
Director, Financial Management Division  
Director, Office of Inspection  
Budget Officer  
Deputy Budget Officer

Office of Management and Budget

OIG Budget Examiner

FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF THE TREASURY  
UNITED STATES SECRET SERVICE

February 5, 2002

MEMORANDUM FOR: JAMES R. LINGBACH  
ACTING DEPUTY CHIEF FINANCIAL OFFICER

WILLIAM H. PUGH  
DEPUTY ASSISTANT INSPECTOR GENERAL FOR  
FINANCIAL MANAGEMENT AND INFORMATION  
TECHNOLOGY AUDITS

FROM: STEPHEN T. COLO *Stephen T. Colo*  
ASSISTANT DIRECTOR/CHIEF FINANCIAL OFFICER  
OFFICE OF ADMINISTRATION

SUBJECT: REVISED ANNUAL REPORTING OF DRUG CONTROL  
FUNDS

In accordance with the Office of Inspector General memorandum, *Unreasonable Burden - USS Annual Reporting of FY 2001 Drug Control Funds*, of January 28, 2002, the revised Secret Service Annual Reporting of Drug Control Funds for FY 2001 is attached. As requested, this revision is in full compliance with Section 5 of the Office of National Drug Control Policy Circular: *Annual Accounting of Drug Control Funds*.

Attachment

cc: Director, Office of Finance and Administration  
Office of Enforcement  
Departmental Budget Officer

**UNITED STATES SECRET SERVICE**

**I. RESOURCE SUMMARY(Obligations in Millions)**

	2001 Actual
<b>Drug Resources by Goal</b>	
Goal 1	\$8,809
Goal 2	12,920
Total	\$21,729
<b>Drug Resources by Function</b>	
Investigative	\$8,809
Prevention	12,920
Total	\$21,729
<b>Drug Resources by Decision Unit</b>	
Investigative Operations	\$8,809
Support Operations	9,334
Protective Operations	3,586
Total	\$21,729
<b>Drug Resources Personnel Summary</b>	
Total FTEs (direct only)	144
<b>Information</b>	
Total Agency Budget	\$835,899
Drug Percentage	2.6%

**II. METHODOLOGY**

- The cumulative drug-related funding level for Secret Service is based on estimates of drug-related activities within three Secret Service decision units, Investigative Operations, Support Operations, and Protective Operations. Estimates of drug-related workload for each is based on an analysis of base staff hours expended in support of drug-related activities. An estimated 3.67% of the Service's FY 2001 Investigative Operations workload was drug-related. Also, an estimated 7% and 1% of the FY 2001 workload of the Support Operations and Protective Operations respectively, is drug-related.
- Resources identified are based upon a methodology, which incorporates pay, benefits and support costs of FTE devoted to drug enforcement activities. These include criminal investigations, federal/state/local task force involvement, employee and applicant drug testing, protectee drug-related speeches, and protection for protectees involved in other drug enforcement related activities.
- There is a notable reduction of drug-related funding identified for FY 2001. This is a result of the change in the percentage of staff hours expended in support of drug-related activities for Investigative Operations. The percentage used last year had not been updated since it was first formulated. Starting with FY 2001, the estimated percentage will be based upon an annual analysis of base investigative staff hours expended; therefore, this percentage will

fluctuate annually. The percentages used for Support Operations and Protective Operations have not changed.

### III PROGRAM SUMMARY

- The mission of the Secret Service includes the authority and responsibility to:
  - Protect the President, the Vice President, the President-elect, the Vice President-elect, and members of their immediate families; major Presidential and Vice Presidential candidates; former Presidents, their spouses and minor children; and visiting heads of foreign states/governments;
  - Provide security for the White House Complex and other Presidential offices, for the official residence of the Vice President, and for foreign diplomatic missions in the Washington, DC metropolitan area;
  - Detect and arrest any person committing an offense against the laws relating to currency, coins, obligations, and securities of the United States or foreign governments; and
  - Detect and arrest those persons violating laws pertaining to electronic funds transfer frauds, credit card and debit card frauds, fraud involving federally insured financial institutions, false identification documents or devices, and computer access fraud.

### IV PROGRAM ACCOMPLISHMENTS

- "Plan Colombia" is a reimbursable funding agreement that has allowed the Secret Service to expend funds in order to deter counterfeiting in Colombia. The Secret Service, with the assistance of the Colombian National Police (DJIN) and the Departamento Administrativo de Seguridad (DAS), has been successful in several operations that have resulted in the seizure of millions of dollars in counterfeit U.S. currency, as well as cocaine and heroin. Several of these operations have taken place in areas controlled by the guerrilla group Fuerzas Armadas Revolucionarias de Colombia (FARC). One case originating in Colombia involved a counterfeit ring that was using counterfeit U.S. currency to purchase firearms for the FARC. In a recent case in New Orleans, Louisiana, cargo ships, originating from Colombia, were utilized as a means to transport counterfeit U.S. currency, heroin, and cocaine into the United States. This trend is increasing, and funding from projects such as Plan Colombia allow the Secret Service to actively investigate such networks.
- Since the early 1980's, the Secret Service has seen an increase in the number of financial crimes, affecting financial institutions and individuals in the United States, being committed by organized Nigerian criminal groups. These criminal groups have instituted sophisticated fraud schemes in the area of bank fraud, false identification, insurance fraud and credit card fraud. However, the most prevalent and successful type of fraud perpetrated by Nigerian groups today is advance fee fraud.

Secret Service Nigerian Organized Crime Task Forces currently operate in nine cities across the U.S., and these advance fee fraud schemes remain a priority investigation. These Secret Service task forces are currently evolving into Inter-Agency Nigerian Organized Crime Task

Forces pursuant to the Attorney General's mandate on Nigerian Criminal Activity. In addition to the U.S. Task Forces, the Service established a Task Force in Lagos, Nigeria in January of 1999, which works operationally with the Nigerian National Police Special Frauds Unit and Interpol authorities. As a result of these concentrated task force efforts, the Service has been able to recognize a continued growing trend among the Nigerian organized groups to use the illicit proceeds obtained from fraud schemes, such as advanced fee fraud, to finance other criminal operations, such as narcotic trafficking, or to facilitate anonymity through the use of fictitious identification.

V. ASSERTIONS

The prior year obligations are actual, and the Service asserts that the methodology it uses to calculate its obligations of prior year budgetary resources is reasonable.

It also asserts that the methodology disclosed was the actual methodology used to generate the table required by Section 5a of ONDCP Circular: *Annual Accounting of Drug Control Funds*.

Finally, the Service asserts 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 \$5 million.

**FINANCIAL MANAGEMENT:**  
*Review of Assertions Included in the  
Executive Office for Asset Forfeiture's  
Annual Reporting of Fiscal Year 2001  
Drug Control Funds*

OIG-02-036

January 28, 2002



**Office of Inspector General**

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The Department of the Treasury



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### Executive Office for Asset Forfeiture's Annual Reporting of FY 2001 Drug Control Funds

#### Abbreviations

EOAF	Executive Office for Asset Forfeiture
DIG	Office of Inspector General
ONDCP	Office of National Drug Control Policy
U.S.C.	United States Code

**OIG**

**Report of the Office of  
Inspector General**

*The Department of the Treasury  
Office of Inspector General*

January 28, 2002

Raymond M. Dineen  
Director  
Executive Office of Asset Forfeiture

We have reviewed the assertions in Section b of the accompanying Executive Office for Asset Forfeiture's (EOAF) Annual Reporting of FY 2001 Drug Control Funds (Submission).

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 in Section b of the accompanying Submission. Accordingly, we do not express such an opinion.

The Submission, including the assertions made, was prepared pursuant to 21 U.S.C. §1704(d) and Office of National Drug Control Policy (ONDCP) Circular: "Annual Accounting of Drug Control Funds" (Circular), dated December 17, 1999, and is the responsibility of EOAF's management.

Based on our reviews, nothing came to our attention that caused us to believe that the assertions included in Section b of the accompanying Submission are not presented in all material respects based on the requirements set forth in the Circular.

This report is intended solely for the information and use of the management of EOAF, the Department of the Treasury, the

Review of Assertions Included in the Executive Office for Asset Forfeiture's Annual Reporting of Fiscal Year 2001 Drug Control Funds (OIG 02-035) Page 5

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ONDCP, and Congress, and is not intended to be and should not be used by anyone other than these specified parties.

\* \* \* \* \*

Your staffs have reviewed our report, and have no comments. Should you or your staff have any questions, you may contact me at (202) 927-5430 or a member of your staff may contact Tom Maschetto, Director, Financial Management Audits, at (202) 927-5074. We appreciate the cooperation and the courtesies extended to our staff during the course of our review.



William H. Pugh

Deputy Assistant Inspector General for Financial Management and  
Information Technology Audits  
January 9, 2002

Appendix I  
Major Contributors To This Report

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Financial Management Audits Division

Thomas Moschetto, Director  
Sunday Okurume, Audit Manager  
Ariane Williams, Auditor

Appendix 2  
Report Distribution

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The Department of the Treasury

Office of Accounting and Internal Control  
Office of Budget

Executive Office of Asset Forfeiture

Director  
Assistant Director For Financial Management /  
Chief Financial Officer

Office of Management and Budget

DIG Budget Examiner

# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF THE TREASURY  
OFFICE OF THE UNDER SECRETARY FOR ENFORCEMENT

EXECUTIVE OFFICE FOR ASSET FORFEITURE  
140 15TH ST. N.W. WASHINGTON, D.C. 20230

TELEPHONE: (202) 622-2600  
FAX: (202) 622-2610

JAN 07 2001

MEMORANDUM FOR JAMES LINGEBACH  
ACTING DEPUTY CHIEF FINANCIAL OFFICER

FROM: ERIC E. HAMPL *Eric E. Hampl*  
ASSISTANT DIRECTOR FOR FINANCIAL MANAGEMENT/CFO

SUBJECT: REVISED FY 2001 DRUG CONTROL FUNDS

After preliminary review by the Executive Office for Asset Forfeiture and the Office of Inspector General, we have slightly revised our figures for the Annual Reporting of FY 2001 Drug Control Funds. Our numbers have been revised to reflect our actual obligations for FY 2001 in lieu of an estimated number which we were using as a place holder in early November 2001.

If further information is required, please contact me on 202-622-2568.

(Attachment)

cc: Joe McAndrew (Office of Accounting and Internal Control)  
Mike Fitzgerald (Office of Inspector General)

FY 2001 Accounting of Drug Control Funds

**TREASURY FORFEITURE FUND  
ANNUAL ACCOUNTING OF DRUG CONTROL FUNDS**

DETAILED ACCOUNTING SUBMISSION

a. Table of FY 2001 Drug Control Obligations

Drug Resources by Goal	
Goal 2	\$168,217
Goal 4	<u>585</u>
Total	\$168,802
Drug Resources by Function	
Interdiction	\$ 585
Investigations	105,273
State and Local Assistance	<u>62,944</u>
Total	\$168,802
Drug Resources by Decision Unit	
Permanent Indefinite Authority	\$168,802

(1) Drug Methodology

Each Treasury law enforcement bureau (including the U.S. Coast Guard) submits to the Forfeiture Fund a percentage of expenses that they project to be drug related for the fiscal year. A cumulative weighted average is then calculated and applied to the Fund's financial plan for that year. For FY 2001, a weighted average of 67 percent of resources expended was calculated and is reflected in the above figures.

(2) Methodology Modifications

None

(3) Material Weaknesses of Other Findings

None

(4) Reprogrammings or Transfers

None

(5) Other Disclosures

The information reflects reliance upon participating bureaus estimates of drug related percentages of effort in case investigations.

b. Assertions

(1) Drug Methodology

Although EOAF relies on the law enforcement bureaus to provide drug-related case percentages processed by their organization during the fiscal year, EOAF asserts that the drug methodology used to calculate obligations of FY 2001 budgetary resources is reasonable and accurate.

(a) Data

Participating bureaus are requested to provide their professional estimate of drug-related cases processed by their organization during the fiscal year. While there are case management systems in these bureaus, there are no specific drug-related database statistics available for accounting costs comparison. This situation is complicated by the cross-application of case requirements. For example, a drug-related case may include fraud, money laundering, firearms and explosives violations, and smuggling. As such, this type of case is not simply a drug-related case.

Data is not available in a case accounting relationship. While case data are captured and cost data are captured by the bureaus, case-cost data is not collected as a regular part of accounting for drug-related costs. Until such time as case cost elements are identified specifically with the case management activity, the Executive Office for Asset Forfeiture must rely on bureau estimates.

(b) Other estimation Methods

None

(c) Completeness

The Forfeiture Fund's Drug Control budget only has one component, estimated share of drug-related activities. Other functions of the Fund are outside the drug control arena and are reported elsewhere as financial fraud, credit card fraud, money laundering, currency reporting violations and smuggling.



(d) Financial Systems

The Forfeiture Fund utilizes the Customs Asset Information Management System (AIMS) as the accounting system of record. Customs is the executive agent for the Fund which relies upon several of the Customs systems for information and processing.

(2) Application of Methodology

The Treasury Forfeiture Fund determines end of year obligations and expenses of operating the Fund for a given fiscal year. These end of year figures are obtained in conjunction with reports and closeout activities of the Customs Service, Departmental Offices and participating bureaus. This activity provides the cost basis of Fund operations. The Bureaus provide the drug-related percentage of their activities for the year. This activity enables the Fund to apply drug-related percentages to bureau reimbursable operations funding. The Coast Guard funding is applied at 100 percent because it applies to interdiction of vessels at sea. The other funding is applied at the adjusted percentage received from the bureaus.

EOAF asserts that the methodology disclosed above was the actual methodology used to generate the Table of FY 2001 Drug Control Obligations above.

(3) Financial Plan - Including Reprogramming or Transfers

EOAF asserts that the data presented is associated with obligations against its financial plan for FY 2001. EOAF made no transfers or reprogrammings affecting drug-related resources in FY 2001.



## Department of Veterans Affairs

# FY 2001 Accounting of Drug Control Funds



DEPARTMENT OF VETERANS AFFAIRS  
Office of Inspector General  
Washington DC 20420

353 | 800

\* Principal Deputy Assistant Secretary for Management (D04)

**Subject: Attestation of the Department of Veterans Affairs "Detailed Accounting Submission" for Fiscal Year 2002 (Report No. 02-06825-78)**

We have reviewed the accompanying "Detailed Accounting Submission" of the Department of Veterans Affairs (VA) for Fiscal Year (FY) 2002 relating to obligations on National Drug Control Program activities. Our review was conducted consistent with standards for attestation engagements 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 the "Detailed Accounting Submission." Accordingly, we do not express such an opinion.

We concluded that:

- 1) Estimated obligations of \$680.0 million reported for FY 2001 are unreliable because patient counts could not be verified, nor could VA's methodology be adequately tested. Patient counts are important because they form the basis for calculating expenditures. Additionally, as reflected in prior attestation reports, our concerns relating to the reliability of cost accounting data produced by VA financial systems have not been satisfied.
- 2) All activities conducted by VA having a drug related nexus are not reflected in the drug methodology. However, the costs associated with unreported drug-related activities may not be material relative to the aggregate costs reported.

Except for the preceding qualifications, nothing came to our attention that caused us to believe that the accompanying "Detailed Accounting Submission" is not presented in conformity with Office of National Drug Control Policy criteria. Considering the significant level of annual reported drug treatment related expenditures, we will continue to work with the Department to attempt to identify a means to verify these expenditures in future attestations.

  
STEPHEN L. GASKELL

Director, Central Office Operations Division (5200)

APPENDICES

# FY 2001 Accounting of Drug Control Funds

## APPENDIX I

### BACKGROUND, SCOPE, AND RESULTS

#### Background

21 United States Code, Section 1704, requires that agencies responsible for implementing any aspect of the "National Drug Control Strategy" submit to the Director, Office of National Drug Control Policy (ONDCP) a detailed accounting for all funds expended by the agency for National Drug Control program activities during the previous year. The statute requires that such accounting be authenticated by the agency's Inspector General (IG) prior to submission.

"ONDCP Circular: Annual Accounting for Drug Control Funds," dated December 17, 1999, implements the statutory requirement and defines IG authentication as an attestation review, consistent with the Statements for Standards of Attestation Engagements, promulgated by the American Institute of Certified Public Accountants.<sup>1</sup> The ONDCP circular also identifies specific assertions required in the "Detailed Accounting Submission," and criteria for the assertions.

#### Scope

We reviewed the VA "Detailed Accounting Submission" for Fiscal Year (FY) 2002 (including the "Table of Prior Year Drug Control Obligations" and required assertions relating to "Drug Methodology," "Application of Methodology," and "Financial Plan - Including Reprogramming and Transfers.") Our scope included a partial review of the data extracted from VA systems used to prepare the "Detailed Accounting Submission." The "Detailed Accounting Submission" is the responsibility of VA management. Our responsibility is to express a conclusion about the reliability of the assertions made in the "Detailed Accounting Submission."

#### Results

##### Required Agency Assertions

ONDCP requires that reporting agencies make explicit assertions regarding: (1) the reasonableness and accuracy of the drug methodology used to calculate obligations of prior year budgetary resources, (2) application of the drug methodology to the annual accounting, and (3) changes to the agency financial plan affecting drug control obligations. Specifically, ONDCP requires the following:

<sup>1</sup> An attestation engagement is one in which the practitioner is engaged to express conclusions regarding the reliability of system assertions. An assertion is any declaration or set of related declarations, taken as a whole by the party responsible for making the assertion.

# FY 2001 Accounting of Drug Control Funds

## APPENDIX I

### Required Assertion

*"An assertion shall be made regarding the reasonableness and accuracy of the drug methodology used to calculate obligations of prior year budgetary resources. The criteria associated with this assertion are as follows:*

*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.*

*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.*

*Completeness – All activities conducted by the agency or bureau that have a drug-related nexus shall be reflected in the drug methodology.*

*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."*

### Conclusion

#### Data and Estimation Methods

VA includes an explanation of the assumptions used for estimating drug-related costs and associates these assumptions with the drug methodology.

VA's substance abuse program is organized around the following types of treatment settings:

- Inpatient substance abuse bed sections (20 units)
- Residential (domiciliary) programs (65 units)
- Intensive outpatient substance abuse clinics (73 units)
- Standard outpatient substance abuse clinics (83 units)

VA reported an estimated \$686.9 million in drug treatment expenditures in FY 2001. VA's inpatient substance abuse program generated 65,552 bed days of care while outpatient substance abuse programs resulted in 2,486,058 clinic visits. Additionally, program officials advised that because of reductions in specific substance abuse programs, many patients were treated in non-substance abuse outpatient clinical settings (1,267,288 patient visits) and in inpatient non-substance abuse bed sections that included psychiatric care units (77,459 bed days of care), medical (9,054 bed days of care), intermediate (954 bed days of care), and surgical (131 bed days of care).

# FY 2001 Accounting of Drug Control Funds

## APPENDIX I

VA asserted that the FY 2001 drug control-related obligations reported in the FY 2002 "Resource Summary" were based on a methodology that uses the Inpatient Treatment File (ITF) and the Outpatient Treatment File (OTF) from the VA medical center based Veterans Information Systems and Technology Architecture computer systems. When combined with data from all VAMCs and outpatient clinics, these files are called the "National Patient Care Database (NPCD)."

VA considers substance abuse to include both alcohol abuse and drug abuse. Both conditions are treated in VA substance abuse clinics. The ONDCJ law requested that VA provide information only on drug abuse patients. To that end, VA has determined the percentage of patients treated in substance abuse settings for Domesticity Substance Abuse, Inpatient Treatment in Specialized Substance Abuse Bed Sections, and Outpatient Substance Abuse Clinics. VA relies on the Cost Distribution Report (CDR) to determine costs in various bed sections and clinical settings. The following table lists the CDR cost totals and drug abuse treatment percentages for the past two fiscal years.

**Department of Veterans Affairs**  
**Revised Detailed Accounting Report**  
**For Fiscal Years 2000 and 2001**  
 Dollars in thousands of dollars (\$K)

DESCRIPTION	2000 - CDR			2001 - CDR			Increase	
	2000 CDR	Drug Abuse %	2000 Report	2001 CDR	Drug Abuse %	2001 Report	Net Increase	Percent Increase
<b>Specialized Treatment Costs</b>								
Domesticity Substance Abuse	\$14,802	55.72%	\$8,281	\$48,807	64.21%	\$31,224	\$14,403	55.47%
Inpatient Substance Abuse	\$123,412	64.46%	\$79,602	\$120,961	66.81%	\$80,901 <sup>1</sup>	\$6,289	8.42%
Outpatient Substance Abuse	\$177,498	85.89%	\$152,398	\$196,028	85.96%	\$170,022	\$18,645	11.39%
Total Specialized Treatment Costs			\$264,914			\$282,098	\$46,176	15.15%
<b>Not Specialized Treatment Costs</b>								
	Patients	Per Day		Patients	Per Day			
Inpatient Substance Abuse Treated in a Non-Substance Abuse Setting	43,838	Various	\$55,442	85,598	Various	\$52,704	\$7,302	11.18%
Outpatient Substance Abuse Treated in a Non-Substance Abuse Setting	962,878	628.42	\$176,877	1,247,188	628.27	\$384,957	\$25,482	13.53%
Total Costs Based on Approved Reporting Methodology			\$596,831			\$667,713	\$72,888	11.87%
Reversals			\$7,791			\$1,136	\$3,183	43.93%
<b>Grand Total, Drug Treatment</b>			\$554,638			\$666,577	\$112,267	22.77%

<sup>1</sup> A reporting error of \$70,550 existed in measurement of expenditures for specialized treatment with reported substance abuse programs reported for FY 2001. This amount was later amended to correct the reporting error that occurred.

# FY 2001 Accounting of Drug Control Funds

## APPENDIX I

We ascertained that the information above accurately represents values from the CDR. VA used patient counts from NPCD and CDR data to calculate per diem rates. VA determined the non-specialized care expenses by multiplying the patient counts obtained by applying their methodology to the NPCD times the per diem rates for each category.

For the specialized substance abuse treatment bed sections and clinics, VA used CDR data. Costs were allocated based on a proportional distribution for indirect expenses such as Education & Training - Trainee Salary, Education & Training-Instructional Support, Education & Training -Administrative Support, Education & Training-Continuing Education, Medical Research Support, Prosthetic Research Support, Administration, Environmental Management, Depreciation, and Engineering. For treatments in non-substance abuse clinics, VA used the appropriate International Classification of Diseases (ICD-9-CM<sup>3</sup>) diagnostic codes to determine the number of patients treated and applied a per diem rate for each clinical setting to calculate the costs.

The following is a description of the methodologies the Program Evaluation and Resource Center (PERC) uses to compute the costs and full-time equivalent employees (FTEE) associated with treating patients with substance abuse disorders in specialized and non-specialized treatment settings.<sup>4</sup> This is the revised methodology approved by ONDCP. We asked VA to provide us with examples of output from queries to establish the basis of their reporting on patient visits. VA could not provide us with auditable evidence that supported the methodology used to accumulate data regarding patients treated. VA used various computer programs to create multiple sets of data from the NPCD. We could not independently query NPCD in order to ascertain whether the data reported accurately reflects the methodology used.

### Identifying Days Of Specialized Substance Abuse Inpatient Care For Patients With Drug Abuse Diagnoses

The FTEE is used to identify all bed section episodes of care for patients discharged from a substance abuse bed section with a drug abuse diagnosis during that treatment episode (i.e., ICD-9-CM coded discharge diagnosis of 292, 304, or 305). Substance abuse bed sections include the following: substance abuse residential rehabilitation, substance abuse compensated work therapy treatment, alcohol treatment, drug treatment, substance abuse psychiatric substance intensive care, substance abuse detoxification, and substance abuse extended treatment and rehabilitation. Drug use disorder diagnoses include ICD-9-CM codes 292, 304, and 305.

<sup>3</sup> ICD-9-CM is a Medical Industry standard listing of diagnostic codes for diseases and procedures for treatment of patients developed by the U.S. Department of Health and Human Services, Health Care Financing Administration. By using the standard codes, medical practitioners communicate the diagnosis of a patient and treatment procedures used with various patients in their practice. VA adopted this system in 1978 to ease the billing of third party payers for medical care and recovery. VA has implemented patient treatment files for several years. By incorporating the ICD-9-CM diagnosis and treatment codes into the database for all medical centers and all patients, VA can track patient diagnosis and treatment in various clinical settings throughout the entire VA Health Care system, and can query the database to determine the numbers of patients and the treatments afforded patients on a national basis.

<sup>4</sup> Prepared by the Question Department of Veterans Affairs Program Evaluation and Resource Center, March 09, 2000.

## APPENDIX I

All days of care for these bed section episodes are summed to calculate the total number of days of specialized substance abuse inpatient care for patients with drug diagnoses.

### **Inpatient Days Of Care For Patients With Drug Disorder Diagnoses Treated Outside Of Specialized Substance Abuse Treatment Units**

Using the PTF, all bed section episodes of care in units other than specialized substance abuse treatment units (psychiatric units, medical units, surgical units, and intermediate units) were identified. From these treatment episodes, episodes in which the patients' primary discharge diagnosis was drug abuse are identified. "Primary diagnoses" are defined as the first of the five ICD-9-CM coded discharge diagnoses. The total number of days for each bed section type is calculated and the sum across bed sections is used to assess the total days of care of non-specialized substance abuse treatment for patients with drug abuse disorders.

### **Other Related Medical Costs For Inpatients With Drug Disorders**

The total number of days of care for patients with drug diagnoses treated in non-substance abuse bed sections was calculated as described above. VA then multiplied the number of days of psychiatric, medical, surgical, and intermediate bed section care by their respective per diem rates as reported in the "Traditional Activity Table" for the fiscal year to generate the cost of care in each bed section type. The sum of the cost of care across bed sections was reported as the other related medical costs for patients with primary drug diagnoses.

### **Other Related FTEE For Inpatients With Drug Disorders**

The total number of episodes of psychiatric, medical, surgical, and intermediate bed section care for patients discharged with a drug diagnosis was calculated. Episodes are defined as separate discharges in the PTF file. The total number of episodes of care in each bed section type was then multiplied by the staffing ratios (FTE/1000 patients treated) from the "Traditional Activity Table." The products are then added to produce the total FTEE across all non-substance abuse bed sections. Episodes of care in specialized substance abuse units for patients with drug abuse diagnoses also were identified and the FTEE for these episodes of care were calculated using the ratio for psychiatric care.

### **Visits To Specialized Substance Abuse Clinics For Patients With Drug Diagnoses**

Using the OPTF, all episodes of outpatient care in specialized substance abuse clinics were identified, and from these episodes, visits by patients with a drug abuse diagnosis during that clinic visit were counted. Substance abuse clinic visits include the following:

<sup>1</sup> This is a per diem calculation ratio prepared by VHA that is used to determine individual activity per diem rates in the table. VA brings together the CARE adjusted obligations for various activities (bed sections, medical facilities, and outpatient clinics), the FTEE associated with each activity, the total patients treated, and the average daily census. By dividing the obligations for each activity by the patients treated, the activity per diem rate is obtained.



## APPENDIX I

(drug dependency individual session, alcohol treatment individual session, substance abuse individual session, substance abuse home visit, compensated work therapy/substance abuse, compensated work therapy treatment substance abuse, substance abuse/PTSD, substance abuse HLD/VASH, methadone visit, intensive substance abuse, substance abuse day hospital, drug dependency group session, alcohol treatment group session, and substance abuse group session. Visits were counted regardless of whether the drug abuse diagnosis was the first, second, or another listed ICD-9 code. The total number of specialized substance abuse clinic visits for drug abuse patients was then calculated.

### Visits To Other Clinics For Patients With Drug Diagnoses

Using the QPTE, all episodes of outpatient care in clinics other than specialized substance abuse clinics were identified. From these episodes, visits by patients with a primary drug abuse diagnosis during that clinic visit were selected, where "primary" is defined as the first listed ICD-9 code. The total numbers of such visits were then calculated.

### Other Related Medical Costs For Outpatients With Drug Disorders

The total cost of non-substance abuse outpatient care for patients with a drug diagnosis was calculated by summing the number of visits in clinics other than substance abuse clinics in which a patient received a primary drug diagnosis. VA then multiplied that total by the per visit cost of outpatient care in the "Traditional Activity Table."

### Other Related FTEE For Outpatients With Drug Disorders

"Other related FTEE" for outpatient care was calculated by multiplying the total number of non-substance abuse outpatient visits for patients receiving a primary drug diagnosis by the FTEE/1000 visits estimate in the "Traditional Activity Table."

### Reported Drug Treatment Costs Increased Significantly in FY 2001

In FY 2001, VA reported \$680.0 million in drug treatment related expenditures. This represents a significant increase (22.8 percent) over the \$554.6 million in the drug treatment related expenditures reported in FY 2000. Reported costs increased even though VA had closed all but 20<sup>6</sup> inpatient substance abuse bed sections and moved patients to either Substance Abuse Residential (Domestic) program or its outpatient programs.

When comparing prior year patient treatment levels, this increase in costs is also attributed to the fact that VA reported nearly a 29 percent increase in patients treated in non-substance abuse outpatient clinical settings — 982,878 in FY 2000 to 1,267,288 in FY 2001 — resulting in a 33 percent increase in costs. VA's reported increase in costs in this area is also due to the increase

<sup>6</sup> According to Results of the 2000 Drug and Alcohol Program Survey, dated July 2001, Table 3, page 18.

<sup>7</sup> According to Results of the 2000 Drug and Alcohol Program Survey, dated July 2001, page 19.

# FY 2001 Accounting of Drug Control Funds

## APPENDIX I

in the national per diem rate that is used to calculate these costs, which increased from \$230.42 in FY 2000 to \$238.27 in FY 2001.

### Completeness

All activities conducted by VA having a drug-related nexus were not reflected in the drug methodology, specifically workload and costs associated with:

- Accounting and inventory control of pharmaceuticals, narcotics, and controlled substances
- Investigation of theft or losses of VA pharmacy inventory.
- Investigation of crime involving illegal drug use on VA property.
- Investigation of crime involving illegal drug use by VA employees.

We were not able to determine VA obligations for these activities because their costs have not been captured and aggregated. VA should identify the costs of these activities and determine if they are sufficiently material to be included in future accounting submissions.

### Reliability of VA Financial Systems

VA's drug cost methodology acquired drug control-related costs from VA's CDR. This cost accounting system has been shown to produce inconsistent and unreliable data. VA should disclose the reliability of cost data used to prepare the Resource Summary in future "Detailed Accounting Submissions." VA intends to eventually implement a replacement cost accounting and management information system—the Decision Support System (DSS). In our opinion, DSS has the potential to produce more reliable and consistent data that would yield a more accurate accounting of drug control-related expenditures.

### Required Assertion

*Application of Methodology – Each report shall include an assertion that the methodology disclosed in this section was the actual methodology used to generate the table required by Section 5a. Calculations will be sufficiently well documented to independently reproduce these data. Calculations should also provide a means to ensure consistency of data between reporting years.*

### Conclusion

#### Application of Methodology

We cannot certify that the methodology described was in fact the methodology used to calculate reported drug treatment related expenditures. As a result, we were not able to verify the accuracy of the estimated \$680.9 million in expenditures reported for FY 2001. The accuracy of VA's reported data is dependent on two factors: (1) per diem rates used to calculate patient

# FY 2001 Accounting of Drug Control Funds

## APPENDIX I

treatment costs, and (2) the total number of patients treated. VA provided sufficient data to support the per diem rates used for calculating patient drug treatment costs. However, VA did not provide adequate support for the number of patients treated. We requested supporting documentation on inpatient stays and visits that were applied against various per diem rates to allow us to reconstruct the reported number of patients associated with drug treatment. Because of inadequate supporting data, we were unable to verify the reliability of the data used for calculating the number of patients treated. Appropriate verification of this data was also important since VA reported a significant increase (29 percent) in the number of patients treated in non-substance abuse clinic settings. This increase in workload also contributed to a significant increase (33 percent) in reported drug treatment costs.

### Required Assertion

*Financial Plan – Including Reprogramming 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 OMB's approval of Reprogramming or transfers affecting drug related resources in excess of \$5 million.*

### Conclusion

According to VA's Budget Office, there were no budget reconciliation laws during FY 2001, but there were no reprogramming of funds because of federal budget deficits. Reprogramming of funds does not specifically affect drug control-related funding because drug control expenditures are reported on the basis of patients served in various VA clinical settings.

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# FY 2001 Accounting of Drug Control Funds

## APPENDIX II

### DEPARTMENT OF VETERANS AFFAIRS (VA)

#### DETAILED ACCOUNTING SUBMISSION FOR FY 2002<sup>1</sup>

#### I. RESOURCE SUMMARY

	(Budget Authority in Millions)		
	2001 Final	2002 Enacted	2003 Request
<b>Drug Resources by Function</b>			
Treatment	\$669,764	\$697,119	\$728,283
Research and Development	11,180	13,298	13,527
Total	\$680,944	\$710,417	\$741,810
<b>Drug Resources by Disease Unit</b>			
Medical Care	\$669,764	\$697,119	\$728,283
Research	11,180	13,298	13,527
Total	\$680,944	\$710,417	\$741,810
<b>Drug Resource Personnel Summary</b>			
Total FTEs (Direct only)	3,872	3,872	3,872
<b>Information</b>			
Total Agency Budget	\$47,831.8	\$50,824.7	\$56,570.8
Drug Percentage	1.4%	1.4%	1.3%

#### II. METHODOLOGY

- Specialized Treatment Costs - VA's drug budget estimates include all costs generated by the treatment of patients with drug use disorders treated in specialized substance abuse treatment programs.
- Other Related Treatment - VA's drug budget estimates also include all costs generated by the treatment of patients with a primary drug use diagnosis treated in any other treatment setting. No "other costs" associated with secondary and associative diagnosis is factored into the drug budget. Indeed, a primary drug abuse diagnosis suggests that a drug use disorder was the focus of treatment in the non-specialized setting.
- Non-specialized Substance Abuse Visits - The Program Evaluation and Resource Center (PERC) is currently reviewing the FY 2001 actual data for "Non-Specialized Substance Abuse Visits made by outpatients with a Primary Drug Diagnosis." Therefore, until PERC's review is complete, the drug budget estimates include the following:
  - Includes straight line estimates for Non-Specialized Substance Abuse Visits made by outpatients with a Primary Drug Diagnosis; and

<sup>1</sup> The "Detailed Accounting Submission" for FY 2002 is the responsibility of VA management.

## APPENDIX II

- Only allowing for inflationary increases in the FY 2002 and FY 2003 estimates for Specialized Outpatient and Domiciliary programs.

### III. PROGRAM SUMMARY

- VA, through its Veterans Health Administration, operates a network of substance abuse treatment programs located in the Department's VA medical centers (VAMC), domiciliarys and outpatient clinics. VA plays a major role in the provision of services to veterans who are "service connected" or indigent. (The term "service connected" refers to injuries sustained while in military service, especially those injuries sustained as a result of military action).
- The investment in health care and specialized treatment of veterans with drug abuse problems, funded by the resources in Medical Care, helps avoid future health, welfare and crime costs associated with (illegal) drug use.
- In coordination with the Center for Substance Abuse Treatment (CSAT) on how to best employ outreach models, VA has been a participant in the Treatment Improvement Protocol (TIP) initiative. A component of this project is the specific development of TIP number 27, relating to case management and the associated facilitation of access to treatment.
- The dollars expended in research help to acquire new knowledge to improve the prevention, diagnosis and treatment of disease, and acquire new knowledge to improve the effectiveness, efficiency, accessibility and quality of veterans' health care.
- In keeping with modern medical practice, continues to improve service delivery by expanding primary care and shifting treatment services to lower cost settings when clinically appropriate. Included in this shift to more efficient and cost effective care delivery has been VA's substance abuse treatment system. Initial data suggest these shifts in care delivery may impact budgets in future years. The exact nature of the impact, if any, cannot be determined until additional trend data becomes available.

### IV. BUDGET SUMMARY

#### 2002 Program

- In FY 2002, VA will spend \$697.3 million for medical care, which includes \$117.5 million for specialized treatment and \$379.6 million for other related treatment.
- The FY 2002 funding also includes \$12.3 million for research and development to be applied toward drug abuse related research.

#### 2003 Request

- The total FY 2003 request is \$741.8 million, which consists of \$728.3 million for medical care and \$13.5 million for drug abuse related research. This represents a \$32.4 million increase over FY 2002 enacted levels.

## APPENDIX II

- In conjunction with the Department of Health and Human Services (HHS) and the Department of Defense (DoD), VA will make available to both Departments its expertise in drug treatment theory and program development. The emphasis will be on the establishment of a treatment continuum, the implementation of patient/treatment matching and methods of evaluating treatment outcome, and implementing and assessing the effectiveness of clinical practice guidelines. VA will be able to accomplish this within existing resources, primarily through its Center of Excellence in Substance Abuse Treatment and Education (CESTATE) and its PERC. These two entities already provide these services within VA and will be made available for integration into similar activities within HHS and DoD.
- Increase treatment efficiency and effectiveness. Provide information on successful methods in various programs and the number of referrals that enter treatment. The dollars expended in research help to meet this goal and objective by: (1) acquiring new knowledge to improve the prevention, diagnosis and treatment of disease, and (2) acquiring new knowledge to improve the effectiveness, efficiency, accessibility and quality of veterans' healthcare.
- Use effective outreach referral and case management efforts to facilitate early access to treatment. In coordination with CSAT on how best to employ outreach models, VA has been and will continue to be a participant in the TIP initiative developed by CSAT of SAMHSA, in HHS. A component of this project is the specific development of a TIP relating to case management and the associated facilitation of access to treatment. Previously tested TIPs have been made available to VA treatment programs, and have been used in VA's continuing education activities. This effort will continue in the future.

### V. PROGRAM ACCOMPLISHMENTS

- Specialized substance abuse treatment services are available at 153 VA medical facilities. These are predominantly ambulatory treatment programs.
- VA continues to provide inpatient treatment services to veterans with significant substance abuse and psychosocial problems. Among patients with drug diagnosis treated in specialized inpatient substance abuse units, 56 percent abuse cocaine, 34 percent abuse opioids, and 38 percent have coexisting psychiatric diagnoses.
- Through the Quality Enhancement Research Initiative (QUERI) program, VA is steadily expanding the availability of methadone maintenance clinics for heroin-dependent veterans.
- The PERC, Palo Alto Healthcare System, is conducting a major process-outcome evaluation of substance abuse treatment programs. PERC is focusing on substance abuse treatment programs at 15 VAMCs that follow a traditional 13-step and/or a cognitive-behavioral (C-B) treatment approach. These are the two most prevalent treatment orientations in VA programs. Intake and discharge data have been collected on over 3,000 patients; one- and two-, and five-year follow-ups have been conducted.

# FY 2001 Accounting of Drug Control Funds

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## APPENDIX 10

### FINAL REPORT DISTRIBUTION

#### VA Distribution

Principal Deputy Assistant Secretary for Management (904)  
Chief Financial Officer, Veterans Health Administration (17)

#### Non-VA Distribution

Chief, Divisidn Branch, Office of National Drug Control Policy



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF NATIONAL DRUG CONTROL POLICY  
Washington, D. C. 20503

May 30, 2002

TO: THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

FROM: JOHN P. WALTERS  
DIRECTOR

SUBJECT: New or Revised Office of National Drug Control Policy  
(ONDCP) Circulars

In February, the Administration announced a proposal to bring greater accountability and oversight to the National Drug Control Budget by better associating these resources with actual account-level detail in the annual Budget of the President. To implement this proposal, today I have issued the attached circulars, which define the new budget structure, as well as highlight ONDCP's authority over the budget and drug policy. These documents include the following:

- **Budget Formulation** – This circular provides instructions for agencies and bureaus in preparing drug control budget proposals to be submitted to ONDCP for review, certification, and inclusion in the National Drug Control Budget.
- **Budget Execution** – ONDCP has several authorities related to the obligation and spending of funds. This circular includes procedures for reprogramming requests, the transfer of drug control funds between accounts, and the establishment of financial plans for certain bureaus. This document also details ONDCP's Fund Control Notice authority, which may limit the obligation of all or part of an amount appropriated to a National Drug Control Program agency.
- **Policy Coordination** – This circular provides guidance for agencies in obtaining ONDCP's approval for initiating a change in drug policy. Advance approval of a policy change is required by law. Also, to ensure the close coordination of the drug control program of the President, this circular outlines the procedures for ONDCP review of agency reports and testimony that may have a drug control nexus.
- **Drug Control Accounting** – By statute, agencies are required to conduct an annual detailed accounting of all funds expended for National Drug Control Program activities. Further, this accounting is authenticated by agency Inspectors General. This circular provides the procedures for producing these accounting reports.

To assist ONDCP, I request that you require appropriate budget and policy officials of your agency to become familiar with these circulars.

Attachments





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF NATIONAL DRUG CONTROL POLICY  
Washington, D. C. 20503

**ONDCP Circular: Budget Formulation**

May 30, 2002

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**TO: THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS**

**SUBJECT:** Budget Formulation

1. **Purpose.** This circular provides instructions for use by National Drug Control Program agencies when preparing drug control budgets to be submitted to the Office of National Drug Control Policy (ONDCP) for review, certification, and inclusion in the consolidated National Drug Control Budget.
2. **Rescission.** This circular rescinds and replaces the ONDCP Circular, *Budget Instructions and Certification Procedures*, dated May 5, 1999.
3. **Authority.** *The Office of National Drug Control Policy Reauthorization Act of 1998* (P.L. 105-277, dated October 21, 1998) provides the authority for review and certification of budget requests of National Drug Control Program agencies and for preparation and submission of an annual consolidated National Drug Control Budget. In relevant part, this law has been codified at 21 U.S.C. § 1701-1712.
4. **Definitions.** As used in this circular -
  - a. **National Drug Control Program** means, pursuant to 21 U.S.C. § 1701(6), "... programs, policies, and activities undertaken by National Drug Control Program agencies pursuant to the responsibilities of such agencies under the National Drug Control Strategy."
  - b. **National Drug Control Program Agency** (hereinafter referred to as "agency") means, pursuant to 21 U.S.C. § 1701(7), "... any agency that is responsible for implementing any aspect of the National Drug Control Strategy, including any agency that receives Federal funds to implement any aspect of the National Drug Control Strategy, but does not include any agency that receives funds for drug control activity solely under the National Foreign Intelligence Program, the Joint Military Intelligence Program or Tactical

Intelligence and Related Activities, unless such agency has been designated – (A) by the President; or (B) jointly by the Director [of ONDCP] and the head of the agency.” Attachment A enumerates the National Drug Control Program agencies.

- c. **Bureau** means any component of an agency.
- d. **Drug Methodology** means the process by which drug-related financial statistics identified for certain agencies or bureaus are calculated. The following bureaus utilize a drug methodology for calculating their aggregate portion of the National Drug Control Budget: the Immigration and Naturalization Service, the U.S. Customs Service, the U.S. Coast Guard, and the Veterans Health Administration. All bureaus utilize a drug methodology for presenting their drug budget by drug control function.

Principal criteria for an agency or bureau’s drug methodology are (1) that it provide a reasonable basis for consistent estimation, and (2) that financial statistics derived through the application of this methodology fairly quantify the agency or bureau’s involvement in drug control activities. Agencies and bureaus may use any of a variety of reasonably articulable methods, relying on workload data, grants data, statistical data, or professional judgment to estimate the drug-related portion of their programs. Once initially established, any material modification to a drug methodology must be submitted to ONDCP for review and approval before it can be implemented.

- e. **Drug Control Functions** correspond to the nine specific program areas that encompass all possible drug control activities. A complete list of drug control functions, as well as the associated definitions of these functions, is presented at Attachment D.
- f. **Budget Decision Units** correspond to discrete program categories that are identifiable components of budget accounts enumerated in the Budget of the President.

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

6. **Drug Budget Review and Certification Process.** Pursuant to 21 U.S.C. § 1703(c)(1), agencies are required to submit drug control budget requests to the Director for review and certification. This is a two-tier process, consisting of a summer review of bureau submissions and a fall review/certification of agency submissions. This requirement applies to the list of bureaus and agencies in Attachment A. (See Sections 9 and 10 of this circular.) Bureau heads will transmit their drug control budget proposals to ONDCP at the same time their budget requests are sent to their respective agency heads. For this purpose, the submission by a bureau head of a budget proposal to the agency’s Chief Financial Officer, Budget Director, or other senior level financial executive, triggers the same requirement under the statute to submit this budget material to ONDCP.

In the fall, the agencies prepare their drug budget submissions to ONDCP, consisting of the individual budget proposals of each agency bureau. These agency submissions will be transmitted to ONDCP before they are sent to the Office of Management and Budget (OMB).

In addition to the two-tier budget review process, the Director may elect to require specified bureau components to submit program budgets for review under the authority of 21 U.S.C. § 1703(c)(1)(A). Program budgets reviewed under this authority would be requested by separate correspondence, and submissions would be reviewed by ONDCP using the Summer Certification Review process (see Section 9).

**7. Structure of the National Drug Control Budget.** This circular gives effect to a significant restructuring of the National Drug Control Budget, as outlined in the Fiscal Year 2003 Budget of the President. To the maximum extent possible, resources included in the drug budget will now tie directly to identifiable line items in the Budget of the President or agency budget justifications for Congress, accompanying the budget.

- a. **Account Structure:** The first drug budget formulated under this circular will support an update of the *National Drug Control Strategy (Strategy)*, to be issued in February 2003. The drug budget is defined by the account structure presented in Attachment B. Agencies and bureaus with responsibilities under the updated *Strategy* are listed in Column A. For each bureau, Column B displays the budget accounts in the Budget of the President that are associated with drug control activities. Column C identifies the specific budget decision units for accounts that are included in the drug budget. Unless otherwise noted, 100 percent of the funding for each budget decision unit listed is part of the National Drug Control Budget. Budgets for the following multi-mission bureaus are an exception to this general principle: the Immigration and Naturalization Service, the U.S. Customs Service, the U.S. Coast Guard, and the Veterans Health Administration. For each of these bureaus, the drug control budget is defined by an established drug methodology.
- b. **Amendments to Account Structure:** The National Drug Control Budget defined in Attachment B is consistent with the account structure presented in the FY 2003 Budget of the President. If subsequent appropriations substantively modify this account structure by adding or eliminating programs with a drug control nexus, then the Associate Director for Planning and Budget, ONDCP, shall notify the senior budget officials of affected agencies of the changes by decision unit that would define the revised National Drug Control Budget.
- c. **Certain Presidential Initiatives:** In order to simplify the display of the National Drug Control Budget in *Strategy* documents, certain initiatives shall be consolidated into one line item – *Presidential Initiatives*. Initiatives included in this line item may change each year, depending on final funding decisions for the President's Budget.

- d. **Financial Plans for Multi-Mission Bureaus:** To ensure that all drug control funding under the revised budget structure closely links with the President's Budget, the multi-mission bureaus identified in Section 7a. shall establish a detailed financial plan for the budget year under formulation. This plan shall identify how drug funding calculated by a bureau's drug methodology will support in the year of execution each budget decision unit and the major programs, projects, and activities under those decision units. The ONDCP Circular, *Budget Execution*, dated May 30, 2002, provides guidance on these financial plans. ONDCP requests that a draft of this financial plan be included as part of the following documents: (1) bureau budget proposals to agency heads, (2) agency head budget proposals to OMB, and (3) Congressional budget justification documents accompanying the President's Budget.

**8. Budget Submission Elements.** Budget submissions by agencies or bureaus shall include the following components:

- a. **Transmittal Letter:** A cover letter shall be included to transmit each drug control budget submission, addressed from the responsible budget official to the Director, Office of Planning and Budget, ONDCP. The cover letter shall summarize the budget request, including major changes to base funding and key funding initiatives.
- b. **Resource Summary Table:** Attachment C provides an example of a resource summary table highlighting budget authority (net of offsetting collections) by function and budget decision unit. Transfers and reimbursements from the Organized Crime Drug Enforcement Task Forces Program and the High Intensity Drug Trafficking Areas Program shall not be included in the agency's or bureau's total budget authority but shall be shown as separate line entries. Agencies and bureaus shall report decision units as those reflected in their Congressional budget submissions.
- c. **Copy of Budget Submission:** In the summer, the budget submission to ONDCP shall include a copy of the relevant sections of the bureau head's budget proposal that was transmitted to the agency head. In the fall, the budget submission to ONDCP shall include a copy of the relevant sections of the agency head's budget proposal that has been prepared for OMB. Relevant sections of the budget are those components that justify spending for budget decision units related to drug control and are identified in Attachment B of this circular. As an alternative to extracting this information from these budget documents, agencies and bureaus may provide ONDCP with a copy of their entire bureau-level submission to the agency or agency-level submission to OMB. For multi-mission bureaus, budget submissions to ONDCP shall also include a copy of the financial plans referenced in Section 7d. of this circular.
- d. **Ranking of Priorities:** Budget submissions to ONDCP shall include an exhibit that disaggregates both base funding and funding for new initiatives into discrete program elements. These program elements for base funding and proposed new funding then shall

be ranked to identify high priorities and low priorities. In preparing this exhibit, all programs need not be ranked – only the several high and low priorities, as defined by the agency or bureau.

- e. **Strategic Plan, Performance Plan, and Performance Report:** Budget submissions shall include the portions that relate to drug control of the current Strategic Plan, as well as the Annual Performance Plan and Annual Performance Report submitted to OMB pursuant to the *Government Performance and Results Act* (GPRA). For a bureau-level submission to ONDCP, this information may constitute the bureau's input to the agency for these key GPRA documents. If applicable, beginning with the FY 2005 Budget, the requirement to submit a Strategic Plan may be met by representing in the transmittal letter to ONDCP that the plan submitted for the FY 2004 Budget remains in effect.

9. **Review of Summer Drug Budget Submissions.** The Director (ONDCP) will review bureau summer drug control budget submissions to determine if they are adequate to implement the *Strategy*. Requests will be evaluated on the basis of how closely proposed funding corresponds to priorities identified by ONDCP pursuant to 21 U.S.C. §1703(b)(8). (See Section 11 of this circular.) This review and evaluation will result in one of the following actions:

- a. **Adequate Requests** – The Director will issue a written notice to the bureau head, with a copy to the agency head, confirming the adequacy of the bureau's budget request to implement the *Strategy* (21 U.S.C. §1703(c)(3)(B)(ii)); or
- b. **Inadequate Requests** – The Director will issue a written notice to the bureau head that the bureau's budget request is not adequate to implement the *Strategy*. This correspondence will outline funding levels and specific initiatives that would make the request adequate (21 U.S.C. §1703(c)(3)(B)(i)). In addition, the Director will notify the agency head with responsibility for the bureau of the specific requirements for additional funding. The Director's certification under Section 10a. will depend on the inclusion of these changes in the agency's fall budget.

10. **Review and Certification of Fall Budget Submissions.** Pursuant to 21 U.S.C. §1703(c)(3)(D), the Director shall review and certify each agency's fall drug control budget submission. (As highlighted in Section 6, agency budget submissions consist of the individual drug budget proposals of each agency bureau.) As with the summer process, the Director will review agency fall drug control budgets prepared in accord with Section 8 of this circular to determine if they are adequate to implement the *Strategy*. Requests will be evaluated based on how closely proposed funding corresponds to priorities identified by ONDCP (see Section 11) and whether requests address enhancements identified in Section 9b. of this circular. This fall review and evaluation will result in one of the following actions:

- a. **Adequate Requests: Certification** – The Director will issue a written notice to the agency head certifying as to the adequacy of their fall budget submission to implement the *Strategy* (21 U.S.C. § 1703(c)(3)(B)(ii)); or
- b. **Inadequate Requests: Decertification** – The Director will issue a written notice to the agency head that their fall budget submission is not adequate to implement the *Strategy* and is decertified (21 U.S.C. § 1703(c)(3)(D)(ii)). As a consequence of the Director's decertification, the following additional actions shall be taken by the agency and ONDCP:
  - (1) **Amended OMB Budget Request** – The Director shall submit to the agency head a written description of the funding levels and specific initiatives that would make the fall budget request adequate to implement the *Strategy* (21 U.S.C. § 1703(c)(3)(B)(i)), and the agency head shall include the funding levels and initiatives described by the Director in the budget submission for that agency to OMB (21 U.S.C. § 1703(c)(3)(C)(i)).
  - (2) **Impact Statement** – The head of an agency that has altered a budget submission under Section 10b(1) shall include as an appendix to the OMB budget submission an impact statement that summarizes the changes made to the budget and the impact of those changes on the ability of that agency to perform its other responsibilities, including any impact on specific missions or programs of the agency (21 U.S.C. § 1703(c)(3)(C)(ii)). Further, the agency head shall submit a copy of any impact statement prepared under this section to the Senate and the House of Representatives at the same time the budget for the agency is submitted to Congress under section 1105(a) of title 31, United States Code (21 U.S.C. § 1703(c)(3)(C)(iii)).
  - (3) **ONDCP Congressional Notification** – In addition to the agency Congressional notification required under Section 10b(2), the Director shall transmit to the Senate and the House of Representatives a copy of the decertification and new funding requirements identified under Section 10b(1), along with a copy of the ONDCP funding priorities issued pursuant to 21 U.S.C. § 1703(b)(8) (see Section 11 of this circular) that support the Director's requirement for additional funding (21 U.S.C. § 1703(c)(3)(D)(ii)).

11. **Funding Priorities.** In formulating drug control budgets, each agency and bureau should consider resource needs to support the *Strategy*'s funding priorities over a five-year budget period. Five-year funding guidance will be issued each year prior to July 1, pursuant to 21 U.S.C. § 1703(b)(8). Until updated guidance is issued, prior five-year guidance issued under 21 U.S.C. § 1703(b)(8) remains in effect for agency and bureau budget formulation purposes.

12. **Coordination with Office of Management and Budget.** To the maximum extent possible, ONDCP will closely coordinate with OMB. Consistent with the requirements of 21 U.S.C. §  
 Budget Formulation

1703(c)(2) to prepare a consolidated budget proposal to implement the *Strategy*. ONDCP shall provide OMB with specific drug funding recommendations by agency, bureau, and account, prior to preliminary decisions on the President's Budget in November.

13. **Preparation of Budget Summary.** In the fall, ONDCP will issue separate guidance for the preparation of the *National Drug Control Strategy Budget Summary*. The *Budget Summary* guidance will specify format requirements for this document, which, at a minimum, will include detail by function and budget decision unit at the same level of detail as presented in Attachment C. The resource summary data displayed in the *Budget Summary* shall include final budget authority enacted in the prior year, current year enacted budget authority, and requested budget authority for the budget year under formulation.

14. **Annual Estimate: Cost of Drug Use to Society.** The National Drug Control Budget, as restructured, does not include budget estimates associated with the secondary consequences of drug control enforcement. Funding for certain activities of agencies where drug control is incident to broader agency missions is also excluded from the modified drug budget. Although this funding is not associated with specifically assigned agency responsibilities under the *Strategy*, these resources represent a real cost of drug use. Each year, ONDCP will conduct a special analysis to estimate the aggregate cost of drug use to society, which will include an estimate of aggregate federal spending devoted to drug-related activities. This estimate will capture both resources displayed in the restructured drug budget, as well as drug-related funding associated with the secondary consequences of drug enforcement and certain other activities. Generally, these costs will be consistent with the aggregate drug budget estimates reported by bureau under the drug budget presentation and methodologies employed prior to May 2002. Drug control agencies and other affected agencies, including the Departments of Interior and Agriculture, will receive a separate annual detailed request for these data.

15. **ONDCP Point of Contact.** Agencies and bureaus shall provide their drug control budget submissions to the following address:

Associate Director for Planning and Budget  
Office of National Drug Control Policy  
750 17<sup>th</sup> Street, N.W.  
Washington, DC 20503



John P. Walters  
Director

## NATIONAL DRUG CONTROL PROGRAM AGENCIES

### (A) Drug Control Program Agency (fall budget submissions)

Department of Defense

Department of Education

Department of Health and Human Services

Department of Justice

Department of State

Department of Transportation

Department of the Treasury

Department of Veterans Affairs

Attachment A

### (B) Bureau(s) Submitting Budgets (summer budget submissions)

Office of the Assistant Secretary for  
Special Operations and Low Intensity  
Conflict

Office of Elementary and Secondary  
Education

Substance Abuse and Mental Health  
Services Administration

National Institutes of Health –  
National Institute on Drug Abuse

Bureau of Prisons

Drug Enforcement Administration

Office of the Deputy Attorney  
General – Organized Crime Drug  
Enforcement Task Forces Program

Office of Justice Programs

Immigration and Naturalization Service

Bureau of International Narcotics and  
Law Enforcement Affairs

United States Coast Guard

U.S. Customs Service

Office of the Under Secretary for  
Enforcement – Organized Crime Drug  
Enforcement Task Forces Program

Veterans Health Administration



## NATIONAL DRUG CONTROL PROGRAM AGENCIES

(A) Drug Control Program Agency  
(fall budget submissions)

(B) Bureau(s) Submitting Budgets  
(summer budget submissions)

Corporation for National and Community Service

Bureau level submission not applicable

Small Business Administration

Bureau level submission not applicable

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Note: In addition to these agencies, the Office of National Drug Control Policy is also a National Drug Control Program agency, as defined by 21 U.S.C. § 1701(7).

**DEFINITION OF NATIONAL DRUG CONTROL BUDGET**

(A) <u>National Drug Control Program Agency</u>	(B) <u>Account Name – President's Budget</u>	(C) <u>Applicable Budget Decision Units</u>
1. Department of Defense		
Office of the Assistant Secretary for Special Operations and Low Intensity Conflict	<i>Drug Interdiction and Counter-drug Activities</i>	A)
2. Department of Education		
Office of Elementary and Secondary Education	<i>School Improvement Programs</i>	<ul style="list-style-type: none"> <li>* Safe and Drug-Free Schools and Communities (With the exception of those National Programs, which by statute have no clear drug control nexus – e.g., Community Service Grant Program, Mentoring Program, Project SERV)</li> </ul>
3. Department of Health and Human Services (HHS)		
Substance Abuse and Mental Health Services Administration	<i>Substance Abuse and Mental Health Services</i>	<ul style="list-style-type: none"> <li>* Programs of Regional and National Significance                             <ul style="list-style-type: none"> <li>– Prevention</li> <li>– Treatment</li> </ul> </li> <li>* Substance Abuse Block Grant</li> <li>* Program Management</li> </ul>

(A) <u>National Drug Control Program Agency</u>	(B) <u>Account Name – President's Budget</u>	(C) <u>Applicable Budget Decision Units</u>
3. HHS (continued)	National Institutes of Health – National Institute on Drug Abuse	All
4. Department of Justice	Bureau of Prisons	* Inmate Care and Programs – Drug Treatment
	Drug Enforcement Administration	All
	Organized Crime Drug Enforcement Task Forces	All
	Office of Justice Programs	* Regional Information Sharing System * National Institute of Justice – Arrestee Drug Abuse Monitoring System
	State and Local Law Enforcement Assistance	* Drug Courts * Residential Substance Abuse Treatment

(A) National Drug Control Program Agency	(B) <u>Account Name – President’s Budget</u>	(C) Applicable <u>Budget Decision Units</u>
4. Department of Justice (continued)	Office of Justice Programs (continued)	<ul style="list-style-type: none"> <li>* Drug Prevention Program</li> <li>* Incentive Grants to Prevent Juvenile Crime – Enforcing Underage Drinking Laws</li> </ul>
	<i>Juvenile Justice Programs</i>	All
	<i>Weed and Seed Program Fund</i>	* Southwest Border Prosecutors
	<i>Community Oriented Policy Services</i>	
5. Office of National Drug Control Policy	Immigration and Naturalization Service	<p>A portion of the following decision unit is scored as drug-related, according to an approved drug methodology:</p> <ul style="list-style-type: none"> <li>* Border Enforcement – Border Patrol</li> </ul>
	<i>Immigration Enforcement</i>	
	<i>Executive Office of the President</i>	* Office of National Drug Control Policy (Salaries and Expenses)
	<i>High Intensity Drug Trafficking Areas</i>	All
	<i>Special Forfeiture Fund</i>	All
	<i>Counterdrug Technology Assessment Center</i>	All

(A)	(B)	(C)
National Drug Control Program Agency	Account Name – President’s Budget	Applicable Budget Decision Units
6. Department of State Bureau of International Narcotics and Law Enforcement Affairs	<i>International Narcotics and Law Enforcement</i>	All but international crime decision units
	<i>Andean Counterdrug Initiative</i>	All
7. Department of Transportation	<i>Operating Expenses</i>	For each Coast Guard account, decision units, and portions scored as drug-related for each, are defined by an approved drug methodology.
United States Coast Guard	<i>Acquisition, Construction, and Improvements</i>	
	<i>Research, Development, Test, and Evaluation</i>	
8. Department of the Treasury	<i>Operation, Maintenance, and Procurement</i>	All
U.S. Customs Service	<i>Air and Marine Interdiction Programs</i>	
	<i>Salaries and Expenses</i>	For this account, decision units, and portions scored as drug-related for each, are defined by an approved drug methodology.
Office of the Under Secretary for Enforcement	<i>Interagency Crime and Drug Enforcement</i>	All

<u>(A)</u> <u>National Drug Control Program Agency</u>	<u>(B)</u> <u>Account Name -- President's Budget</u>	<u>(C)</u> <u>Applicable Budget Decision Units</u>
9. Department of Veterans Affairs	Veterans Health Administration (VHA)	For each VHA account, decision units, and portions scored as drug-related for each, are defined by an approved drug methodology.
	<i>Medical Care</i>	
	<i>Medical and Prosthetic Research</i>	
10. Corporation for National and Community Service	<i>National and Community Service Programs Operating Expenses</i>	* Parents Drug Corps
11. Small Business Administration	<i>Salaries and Expenses</i>	* Non-Credit Programs -- Drug-Free Workplace Grants

**FORMAT – DRUG CONTROL BUDGET RESOURCE SUMMARY**

	CY	RY	BY
	BA	BA	BA
<b>Drug Resources by Drug Control Function:</b>			
Intelligence	\$x,xxx	\$x,xxx	\$x,xxx
Interdiction	\$x,xxx	\$x,xxx	\$x,xxx
International	\$x,xxx	\$x,xxx	\$x,xxx
Investigations	\$x,xxx	\$x,xxx	\$x,xxx
Prevention	\$x,xxx	\$x,xxx	\$x,xxx
Prosecution	\$x,xxx	\$x,xxx	\$x,xxx
Research & Development	\$x,xxx	\$x,xxx	\$x,xxx
State & Local Assistance	\$x,xxx	\$x,xxx	\$x,xxx
Treatment	\$x,xxx	\$x,xxx	\$x,xxx
<b>Total</b>	<b>\$xx,xxx</b>	<b>\$xx,xxx</b>	<b>\$xx,xxx</b>
<b>Drug Resources by Budget Decision Unit:</b>			
XXXXXXXXXXXX	\$x,xxx	\$x,xxx	\$x,xxx
XXXXXXXXXXXX	\$x,xxx	\$x,xxx	\$x,xxx
XXXXXXXXXXXX	<u>\$xx,xxx</u>	<u>\$xx,xxx</u>	<u>\$xx,xxx</u>
<b>Total</b>	<b>\$xx,xxx</b>	<b>\$xx,xxx</b>	<b>\$xx,xxx</b>
<b>HIDTA Transfer</b>	\$x,xxx	\$x,xxx	\$x,xxx
<b>ICDE Resources</b>	\$x,xxx	\$x,xxx	\$x,xxx

BA = Budget Authority

CY = Current fiscal year

RY = Request fiscal year

BY = Budget fiscal year under formulation

Note: Funding for the Interagency Crime and Drug Enforcement Accounts (ICDE) and HIDTA should be included in this display only on the lines shown. This funding should not be displayed by function or decision unit, and this funding should not be included as part of agency totals in these categories.

## DEFINITIONS OF DRUG CONTROL BUDGET FUNCTIONS

FUNCTION	DESCRIPTION
Intelligence	Activities or programs with a primary focus to provide guarded information for use by national policy makers, strategic planners, or operational/tactical elements, primarily in the areas of national security and law enforcement. Activities include collecting, processing, analyzing, and disseminating information related to drug production and trafficking organizations and their activities (including production, transportation, distribution, and finance/money laundering) and the willingness and ability of foreign governments to carry out effective drug control programs. (Amounts allocated for drug interdiction, international, and domestic law enforcement should be separately identified.)
Interdiction	Activities designed to interrupt the trafficking of illicit drugs into the United States by targeting the transportation link. Specifically, interdiction encompasses intercepting and ultimately disrupting shipments of illegal drugs, their precursors and the fruits of drug distribution.
International	Activities primarily focused on or conducted in areas outside of the United States, including a wide range of drug control programs to eradicate crops, seize drugs (except air and riverine interdiction seizures), arrest and prosecute major traffickers, destroy processing capabilities, develop and promote alternative crops to replace drug crops, reduce the demand for drugs, investigate money laundering and financial crime activities, and promote the involvement of other nations in efforts to control the supply of and demand for drugs.
Investigations	Federal domestic law enforcement activities engaged in preparing drug cases for the arrest and prosecution of leaders and traffickers of illegal drug organizations, seizing drugs and assets, and ensuring that federal laws and regulations governing the legitimate handling, manufacturing, distribution, etc. of controlled substances are properly followed.
Prevention	Activities focused on discouraging the first-time use of controlled substances and outreach efforts to encourage those who have begun to use illicit drugs to cease their use.
Prosecution	Federal activities related to the conduct of criminal proceedings against drug trafficking and money laundering organizations, with the aim of bringing a civil or criminal judgment against their members, forfeiting their assets, divesting leaders of their power, and, as appropriate, extraditing, deporting and excluding their members.
Research & Development	Activities intended to improve the capacity, efficiency, or quality of drug control activities. (Amounts allocated for drug interdiction, international, treatment, prevention and domestic law enforcement research should be separately identified.)
State & Local Assistance	Federal drug control assistance to help state and local law enforcement entities to reduce drug related violent crime and the availability of illegal drugs.
Treatment	Activities focused on assisting regular users of controlled substances to become drug-free through such means as counseling services, in-patient and out-patient care, and the demonstration and provision of effective treatment modalities, etc.





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF NATIONAL DRUG CONTROL POLICY  
Washington, D.C. 20503

**ONDCP Circular: Budget Execution**

May 30, 2002

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**TO: THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS**

**SUBJECT:** Budget Execution

1. **Purpose.** This circular provides guidance to National Drug Control Program agencies on ONDCP's authorities related to the execution of the National Drug Control Budget. This includes information and procedures related to reprogramming requests, the transfer of drug control funds between accounts, Fund Control Notices, and the establishment of financial plans for certain bureaus.
2. **Authority.** *The Office of National Drug Control Policy Reauthorization Act of 1998* (P.L. 105-277, dated October 21, 1998) provides the authority for ONDCP's oversight of the National Drug Control Budget. In relevant part, this law has been codified at 21 U.S.C. § 1701-1712.
3. **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 30, 2002. These terms include: *National Drug Control Program, National Drug Control Program Agency, Bureau, Drug Methodology, Drug Control Functions, and Budget Decision Units.*
4. **Coverage.** The provisions of this circular apply to all National Drug Control Program agencies. Further, consistent with 21 U.S.C. § 1701(7), the provisions of Sections 5, 6, and 7 of this circular apply to agencies that receive funding included in the National Drug Control Budget by transfer from a National Drug Control Program agency. Such funds continue to be part of the National Drug Control Budget.
5. **Reprogramming Requests.** As referenced in this circular, a reprogramming or transfer is any change to an agency or bureau's financial plan that requires Congressional notification.
  - a. **ONDCP Review:** Pursuant to 21 U.S.C. § 1703(c)(4)(A), "[n]o National Drug Control Program agency shall submit to Congress a reprogramming or transfer request with respect to any amount of appropriated funds in an amount exceeding \$5,000,000 that is included in the National Drug Control Program budget unless the request has been approved by the Director [of ONDCP]." For a change in a financial plan to accomplish a single purpose, agencies or bureaus shall not structure multiple reprogramming or transfer transactions of less than \$5 million in order to limit ONDCP's opportunity to review such proposals.

- b. **Reporting Requirements:** Each agency reprogramming request to ONDCP shall include the following elements:
- (1) **Revised Financial Plan** – As referenced here, a financial plan is the detailed presentation of the agency or bureau’s budget that has been presented to the Congress. The reprogramming or transfer request to ONDCP shall include a presentation showing the changes in funding levels between budget decision units, or changes in the programs, projects and activities within budget decision units, that comprise the proposed revisions to the financial plan for the current fiscal year.
  - (2) **Explanation of Changes** – The request shall provide a narrative explanation of the proposed changes to the financial plan, which highlights the effects of these changes on the National Drug Control Program.
  - (3) **Effect on Future Fiscal Years** – The reprogramming or transfer proposal shall also discuss how the proposed changes to the financial plan in the current fiscal year will affect agency resource levels for the highlighted budget decisions units, as well as programs, projects and activities, in future fiscal years.
  - (4) **Draft Notification to Congress** – The material provided to ONDCP for review shall include the draft letter notifying Congress of the proposed changes.
- c. **ONDCP Action:** After prompt review of the material provided by the agency under Section 5b., the Director’s determination under this Section will be communicated in writing to the responsible agency official.
- d. **Agency Appeals:** Pursuant to 21 U.S.C. § 1703(c)(4)(B), an agency head may appeal to the President for the reconsideration of the Director’s disapproval of a reprogramming or transfer request under Section 5c. of this circular.

6. **Transfers.** In order to address particular needs during the year, the Director of ONDCP may transfer funds from one account of the National Drug Control Budget to another account of the National Drug Control Budget (21 U.S.C. § 1703(d)(8)), with such accounts defined in the ONDCP Circular, *Budget Formulation – Attachment B: Definition of the National Drug Control Budget*. A proposal to transfer funds between accounts may be initiated by the Director or may be recommended by the head of any agency. Agency proposals submitted to ONDCP for a transfer of funds shall detail the programs, projects and activities affected in the sending and receiving accounts. ONDCP may execute such transactions, subject to the following conditions:

- a. **Limitation:** The authority to make such transfers may be limited in annual appropriations acts or other provisions of law (21 U.S.C. § 1703(d)(8)(A)).
- b. **Agency Concurrence:** This authority may only be exercised with the concurrence of the head of each affected agency (21 U.S.C. § 1703(d)(8)(B)).

- c. **Transfer Limit:** In the case of an interagency transfer, the total amount of transfers in a fiscal year under this authority may not exceed 3 percent of the total amount of funds made available for National Drug Control Strategy programs and activities to the agency from which those funds are to be transferred (21 U.S.C. § 1703(d)(8)(C)).
- d. **Authorized Programs:** Funds transferred to an agency under this authority may only be used to increase funding for programs or activities that have been authorized by Congress (21 U.S.C. § 1703(d)(8)(D)).
- e. **Reports to Congress:** On the approval by ONDCP of any transfer proposals under this section, the Director shall notify Congress of the transfer proposal before giving it effect. Notifications shall include correspondence to the Committees on Appropriations of the Senate and House of Representatives, ONDCP's authorizing committees, and any other committees of jurisdiction (21 U.S.C. § 1703(d)(8)(E)).

7. **Fund Control Notices.** The Director of ONDCP may limit the obligation of all or part of the amount appropriated to a National Drug Control Program agency through a Fund Control Notice (21 U.S.C. § 1703(f)). Funds subject to a Fund Control Notice are those included in the National Drug Control Budget, as defined in Attachment B of the ONDCP Circular, *Budget Formulation*, dated May 30, 2002.

- a. **Control Categories:** Pursuant to 21 U.S.C. § 1703(f) –

“A fund control notice may direct that all or part of an amount appropriated to the National Drug Control Program agency account be obligated by –

- (A) months, fiscal year quarters, or other time periods; and
- (B) activities, functions, projects, or object classes.”

- b. **Responsible Agency Officials:** A Fund Control Notice shall be issued in writing to the Chief Financial Officer, or comparable level senior financial executive, of the affected agency or bureau. This official is responsible for ensuring compliance with this ONDCP guidance.
- c. **Prohibited Actions:** An officer or employee of a National Drug Control Program agency shall not make or authorize an expenditure or obligation contrary to a Fund Control Notice (21 U.S.C. § 1703(f)(2)).
- d. **Violations:** Pursuant to 21 U.S.C. § 1703(f)(3), “...[i]n the case of a violation of [a Fund Control Notice] by an officer or employee of a National Drug Control Program agency, the head of the agency, upon the request of and in consultation with the Director, may subject the officer or employee to appropriate administrative discipline, including, when circumstances warrant, suspension from duty without pay or removal from office.”

**8. Financial Plans for Certain Multi-Mission Bureaus.** All funding included in the National Drug Control Budget must be closely associated with account-level detail in the Budget of the President. Linking the drug budget with the operating budget of each agency and bureau provides policy officials with the information they need to make resource allocation decisions as part of the budget formulation process, as well as adjustments to agency and bureau financial plans during the year of execution. Much of the drug control budget is a subset of identifiable components of the President's Budget. For some bureaus, however, aggregate drug funding is calculated pursuant to a drug methodology that is subject to ONDCP's approval. These bureaus include:

- U.S. Customs Service,
- U.S. Coast Guard,
- Immigration and Naturalization Service (INS), and
- Veterans Health Administration (VHA)

Drug funding for these bureaus must be reflected in agency and bureau financial systems of record with a level of accountability that is comparable to drug control funding identified for all other bureaus. For other bureaus, this is accomplished through the appropriations process – funding is provided consistent with the established account structure defined by the President's Budget. For the multi-mission bureaus identified in this section – Customs, Coast Guard, INS, and VHA – the same level of accountability will be imposed administratively, rather than through the appropriations process. ONDCP will require that financial systems of record recognize drug control funding for these bureaus. This will be accomplished through the development of bureau financial plans for drug control funding and ONDCP review and approval of these plans in the year of budget execution.

- ii. Bureau Financial Plans:** For the year of budget execution, each of the bureaus identified in this section shall develop a detailed financial plan for their drug control funding. This plan shall identify how: (1) drug funding calculated pursuant to the bureau's approved drug methodology supports specific accounts included in the Budget of the President; and (2) how this funding by account further supports particular bureau budget decision units and projects under those budget decision units. Within these parameters, the format and content of these financial plans is at the discretion of the bureaus. Details of a plan could consolidate elements included in portions of the Congressional budget justification documents relating to drug control, if such language provided an adequate explanation. However, such plans should include sufficient detail to explain fully the connection between the bureau's drug budget calculation and the programs described in the bureau's budget justification documents accompanying the President's Budget.


Bureau financial plans shall be submitted to ONDCP for review as soon as possible after final appropriations are enacted. Also, ONDCP requests that versions of these financial plans, consistent with the President's Budget, be included in the bureau's Congressional budget justification documents. This will provide Congress and the public with an explanation of how drug funding relates to the bureau's operating budget. It also will facilitate an expeditious review of the bureau's financial plan, once appropriations are enacted.

b. **ONDCP Oversight:** To ensure bureau compliance with the provisions of this section, ONDCP shall issue a Fund Control Notice pursuant to Section 7 of this circular that will limit the obligation of drug control funding until the Director of ONDCP has reviewed a bureau financial plan, based on final annual appropriations, prepared pursuant to Section 8a of this circular. To ensure continued recognition of drug control funding in agency financial systems of record throughout the fiscal year, the Director may issue further Fund Control Notices that would limit the obligation of drug control funding by time period.

9. **Coordination with the Office of Management and Budget (OMB).** In implementing the authorities enumerated in this circular, ONDCP will closely coordinate its actions with OMB. This will avoid potential conflicts in guidance and will ensure full compliance with all federal laws governing budget execution.

10. **ONDCP Point of Contact.** The ONDCP point of contact for all matters referenced in this circular is:

Associate Director for Planning and Budget  
Office of National Drug Control Policy  
750 17<sup>th</sup> Street, N.W.  
Washington, DC 20503



John P. Walters  
Director



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF NATIONAL DRUG CONTROL POLICY  
Washington, D.C. 20503

ONDCP Circular: Policy Coordination

May 30, 2002

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**TO: THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS**

**SUBJECT:** Policy Coordination

1. **Purpose.** This circular provides guidance for National Drug Control Program agencies for obtaining approval for initiating a change in drug policy. Also, to ensure the close coordination of the drug control program of the President, this circular outlines the procedures for ONDCP review of agency reports and testimony that may have a drug control nexus.

2. **Authority.** *The Office of National Drug Control Policy Reauthorization Act of 1998* (P.L. 105-277, dated October 21, 1998) provides the authority for ONDCP's oversight of the National Drug Control Program. In relevant part, this law has been codified at 21 U.S.C. § 1701-1712.

3. **Coverage.** The provisions of this circular apply to all National Drug Control Program agencies, as well as all of their constituent bureaus that are involved in any aspect of drug control.

4. **Definitions.** As used in this circular, key terms related to the National Drug Control Program are defined in Section 4 of the ONDCP Circular, *Budget Formulation*, dated May 30, 2002. These terms include *National Drug Control Program*, *National Drug Control Program agency*, and *bureau*.

5. **Certification of Policy Changes.** Pursuant to 21 U.S.C. § 1704(b), "the head of a National Drug Control Program agency shall, unless exigent circumstances require otherwise, notify the Director [of ONDCP] in writing regarding any proposed change in policies relating to the activities of that agency under the National Drug Control Program prior to implementation of such change. The Director shall promptly review such proposed change and certify to the head of that agency in writing whether such change is consistent with the National Drug Control Strategy."

a. **Exigent Circumstances.** Pursuant to 21 U.S.C. § 1704(b)(2), if prior notice of a proposed change under this Section is not practicable, then -

(1) "the head of the National Drug Control Program agency shall notify the Director of the proposed change as soon as practicable; and"

(2) "upon such notification, the Director shall review the change and certify to the head of that agency in writing whether the change is consistent with the National Drug Control Program."

b. **Annual Report on Policy Changes.** To assist in the development of the National Drug Control Strategy under 21 U.S.C. § 1705, by August 1 of each year every agency head shall report to ONDCP on the effects of all changes in policy initiated and implemented by their agency and its bureaus during the previous 12 months, which were related to activities under the National Drug Control Program. If applicable, the report under this section may be brief correspondence, highlighting that the agency has initiated no change in drug control policy in the past year.

6. **Review of Testimony and Reports.** Pursuant to 21 U.S.C. § 1704(a), "...[u]pon the request of the Director [of ONDCP], the head of any National Drug Control Program agency shall cooperate with and provide to the Director any statistics, studies, reports, and other information prepared or collected by the agency concerning the responsibilities of the agency under the National Drug Control Strategy that relate to ... drug abuse control; or ... the manner in which amounts made available to that agency for drug control are being used by that agency." Consistent with this provision, and to ensure that drug control policy is well coordinated throughout the Executive Branch, proposed reports or testimony prepared for Congress with any nexus to drug control shall be provided to ONDCP for review, prior to the delivery of this information. Exceptions to this requirement are as follows:

a. **Survey Data:** Reports associated with routine, periodic collection of data related to drug use or drug law enforcement are not subject to an advance review under this section. However, agencies and bureaus shall provide ONDCP with a timely copy of such reports when issued.

b. **OMB Process:** Reports or testimony cleared through the process established by OMB's Circular A-19, *Legislative Coordination and Clearance*, are exempt from the requirements of this section. ONDCP will comment on this material as part of the established OMB process for reviewing Legislative Referral Memoranda.

7. **ONDCP Point of Contact.** The ONDCP point of contact for all matters referenced in this circular is:

Associate Director for Planning and Budget  
Office of National Drug Control Policy  
750 17<sup>th</sup> Street, N.W.  
Washington, DC 20503



John P. Walters  
Director



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF NATIONAL DRUG CONTROL POLICY  
Washington, D.C. 20503

**ONDCP Circular: Drug Control Accounting**

May 30, 2002

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**TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS**

**SUBJECT:** Annual Accounting and Authentication of Drug Control Funds

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.

2. **Rescission.** This circular rescinds and replaces the ONDCP Circular, *Annual Accounting of Drug Control Funds*, dated December 17, 1999.

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 ONDCP to "... monitor implementation of the National Drug Control Program, including – (A) conducting program performance audits and evaluations; and (B) requesting assistance from 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 30, 2002. These terms include: *National Drug Control Program*, *National Drug Control Program Agency*, *Bureau*, *Drug Methodology*, *Drug Control Functions*, and *Budget Decision Units*. Further, *Reprogramming*s and *Fund Control Notices* referenced in Section 6 of this circular are



defined in Section 5 and Section 7 of the ONDCP Circular, *Budget Execution*, dated May 30, 2002.

5. **Coverage.** The provisions of this circular apply to all National Drug Control Program agencies. The reports and accounting requirements defined by this circular apply to Fiscal Year 2002 and each fiscal year thereafter. Any outstanding FY 2001 Accounting Reports due to ONDCP by February 1, 2002 shall be prepared pursuant to the ONDCP Circular, *Annual Accounting of Drug Control Funds*, dated December 17, 1999.

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.<sup>1</sup> 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, Coast Guard, the Immigration and Naturalization Service, and the Veterans Health Administration (VHA) – obligations reported by Budget

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<sup>1</sup>Consistent with reporting requirements of the ONDCP Circular, *Budget Formulation*, dated May 30, 2002, resources received from the following accounts are excluded from obligation estimates: (1) ONDCP – High Intensity Drug Trafficking Areas (HUDTA) and (2) the Organized Crime Drug Enforcement Task Forces 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 30, 2002.)

- (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.<sup>3</sup>
  - (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.
6. **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

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<sup>3</sup>For changes that did not receive prior approval, the agency or bureau shall submit such changes to ONDCP for approval under separate cover.

Customs, Coast Guard, INS, 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 \$5 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 7 of the ONDCP Circular, *Budget Execution*, dated May 30, 2002.

7. **Inspector General Authentication.** Each report defined in Section 6 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.

8. **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 report will be accompanied by statements from the CFO, or accountable senior level executive, and the agency Inspector General 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.

9. **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 Section 6, along with the IG's authentication(s) defined in Section 7, to the attention of the Associate Director for Planning 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 7 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