



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

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

Audit Report 09-09
January 2009

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

OFFICE OF THE INSPECTOR GENERAL COMMENTARY AND SUMMARY

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

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

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

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

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

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KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Justice

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

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

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

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

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

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

KPMG LLP

January 22, 2009

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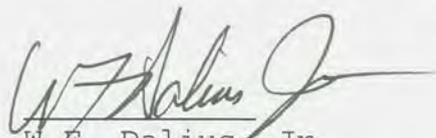
Washington, DC 20534

U.S. Department of Justice
Bureau of Prisons
Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2008

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

1. Obligations reported by budget decision unit are the actual obligations from the BOP's accounting system of record for these budget decision units.
2. The methodology used by the BOP to calculate obligations of budgetary resources by function is reasonable and accurate in all material aspects.
3. The methodology disclosed in this statement was the actual methodology used to generate the Table of Drug Control Obligations.
4. The data presented are associated with obligations against a financial plan that did not require revision for reprogrammings or transfers during the fiscal year.
5. BOP did not have any Office of National Drug Control Policy (ONDCP) Fund Control Notices issued in FY 2008.

We have documented the methodology used by BOP to identify and accumulate FY 2008 drug control obligations in the Table of Drug Control Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007. The BOP drug control methodology has been consistently applied from the previous year.


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

01/22/09
Date

U.S. Department of Justice
Bureau of Prisons
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2008
(Dollars in millions)

FY 2008 Actual Obligations

Drug Obligations by Budget Decision Unit and Function:

Decision Unit: Inmate Care and Programs

Treatment	<u>\$76.192</u>
Total, Inmate Care and Programs	\$76.192
Total Obligations	\$76.192

Disclosure No 1. Drug Control Methodology

The mission of the Bureau of Prisons (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 BOP's drug resources are dedicated one hundred percent to the Drug Treatment Program. The Drug Treatment Program includes: Drug Program Screening and Assessment; Drug Abuse Education; Non-Residential Drug Abuse Treatment; Residential Drug Abuse Treatment; and Community Transitional Drug Abuse Treatment. All drug-related resources support the National Drug Control Strategy, core priority of "Healing America's Drug Users".

The Table of Drug Control Obligations was prepared in accordance with the following Office of National Drug Control Policy (ONDCP) circular: Drug Control Accounting, dated May 1, 2007 and ONDCP's memorandum, Current Budget Issues, dated September 3, 2008. 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 solely for the purpose of drug treatment.

Data - All accounting information for the BOP is derived from the Department of Justice (DOJ) Financial Management Information System (FMIS). FY 2008 actual obligations for Drug Treatment Programs are reported as Drug Control Obligations since the entire focus is drug related.

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

Disclosure No 2. Modifications to Drug Control Methodology

The overall methodology to calculate drug control obligations has not been changed from the prior year (FY 2007). Only direct obligations associated with Drug Treatment Programs in the Table of Drug Control Obligations are reported.

Disclosure No 3. Material Weaknesses and Other Findings

The independent audit of BOP's FY 2008 financial statements resulted in an unqualified or "clean" audit opinion with no material weaknesses. In the Independent Auditors' Report on Internal Control Over Financial Reporting, there was one

significant deficiency related to Information Systems Controls and no findings in the Compliance Report.

During the FY 2008 audit, auditors evaluated the general control environment and selected application controls. General controls are the structure, policies, and procedures that apply to the BOP's overall computer operations. Application controls are the structure, policies, and procedures that apply to the BOP's separate application systems. The evaluation was performed using the U.S. Government Accountability Office's (GAO) Federal Information System Controls Audit Manual (FISCAM) and National Institute of Standards and Technology (NIST), Special Publication (SP) 800-53, Recommended Security Controls for Federal Information Systems. The auditors noted weaknesses in the following FISCAM general control areas: access controls and system software. The BOP has implemented corrective action plans to specifically address each recommendation found in the Independent Auditors' Report on Internal Control Over Financial Reporting. The corrective action plans are reviewed and updated quarterly, at a minimum, and provided to the auditors for review and discussion.

Sources reviewed include: (a) the FY 2008 Independent Auditors' Report on Financial Statements, Independent Auditors' Report on Internal Control Over Financial Reporting, and the Independent Auditors' Report on Compliance and Other Matters; and (b) the DOJ Performance and Accountability Report.

Disclosure No 4. Reprogrammings or Transfers

There were no drug related reprogrammings or transfers during FY 2008.

Disclosure No 5. Public Health Service (PHS) Funding

The BOP allocates funds to the PHS. The PHS provides a portion of the drug treatment for federal inmates. In FY 2008, \$931,000 was transferred from the BOP to PHS, and was designated and expended for current year obligations of PHS staff salaries, benefits, and applicable relocation expenses relating to eight PHS FTEs related to drug treatment during FY 2008. Therefore, the transferred obligations and PHS FTEs were included in BOP's Table of Drug Control Obligations.

Disclosure No 6. Other Disclosures

The BOP did not have any ONDCP fund control notices issued in FY 2008.



KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Justice

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

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

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

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

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

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

KPMG LLP

January 23, 2009

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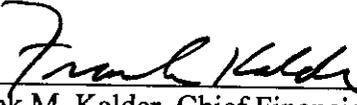
U. S. Department of Justice
Drug Enforcement Administration

**U.S. Department of Justice
Drug Enforcement Administration
Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2008**

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

1. Obligations reported by budget decision unit are the actual obligations from the DEA's accounting system of record for these budget decision units.
2. The methodology used by the DEA to calculate obligations of budgetary resources by function is reasonable and accurate in all material aspects.
3. The methodology disclosed in this statement was the actual methodology used to generate the Table of Drug Control Obligations.
4. The data presented are associated with obligations against a financial plan that was revised during the fiscal year to properly reflect the changes, including Office of National Drug Control Policy's (ONDCP) approval of reprogrammings and transfers in excess of \$1 million affecting drug-related resources.
5. DEA did not have any ONDCP Fund Control Notices issued in FY 2008.

We have documented the methodology used by the DEA to identify and accumulate FY 2008 drug control obligations in the Table of Drug Control Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007. The DEA drug control methodology has been consistently applied from the previous year.



Frank M. Kalder, Chief Financial Officer

1/23/09

Date

**U.S. Department of Justice
Drug Enforcement Administration
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2008
(Dollars in Millions)**

	FY 2008 Actual Obligations
Drug Obligations by Budget Decision Unit and Function:	
Diversion Control Fee Account	
Investigations	\$ 219.797
Intelligence: Domestic Law Enforcement	8.271
State and Local Assistance	0.086
Total Diversion Control Fee Account	\$ 228.154
 Domestic Enforcement	
Investigations	\$ 1,379.362
Intelligence: Domestic Law Enforcement	144.544
State and Local Assistance	109.423
Prevention	1.236
Total Domestic Enforcement	\$ 1,634.565
 International Enforcement	
International	\$ 343.394
Intelligence: International	25.149
State and Local Assistance	0.413
Prevention	0.005
Total International Enforcement	\$ 368.961
 State and Local Assistance	
State and Local Assistance	\$ 2.124
Total State and Local Assistance	\$ 2.124
 Total Obligations	 \$ 2,233.804 *
HIDTA Transfer	\$15.859

* Includes obligations of carryover unobligated balances

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 non-enforcement programs aimed at reducing the availability of illicit controlled substances on the domestic and international markets. In carrying out its mission, the DEA is the lead agency responsible for the development of the overall Federal drug enforcement strategy, programs, planning, and evaluation. The 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 and the Chemical Diversion and Trafficking Act (CDTA) as they pertain to the manufacture, distribution, and dispensing of legally produced controlled substances and chemicals;
- 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 non-enforcement 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;
- Liaison with the United Nations, Interpol, and other organizations on matters relating to international drug control programs; and
- Supporting and augmenting U.S. efforts against terrorism by denying drug trafficking and/or money laundering routes to foreign terrorist organizations, as well as against the use of illicit drugs as barter for munitions to support terrorism.

The accompanying Table of Drug Control Obligations was prepared in accordance with the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007 as revised by a September 3, 2008 memo from ONDCP showing function and decision unit. The table represents obligations incurred by the DEA for drug control purposes and reflects 100 percent of the DEA's mission.

Since the DEA's accounting system, the Federal Financial System (FFS), does not track obligation and expenditure data by ONDCP's drug functions, the DEA uses Managerial Cost Accounting (MCA), a methodology approved by ONDCP to allocate obligations tracked in DEA's appropriated decision units to ONDCP's drug functions.

Data: All accounting data for the DEA is maintained in FFS. FFS tracks obligation and expenditure data by a variety of attributes, including fund type, allowance center, decision unit and object class. One hundred percent of the DEA's efforts are related to drug enforcement.

Other Estimation Methods: None.

Financial Systems: FFS is the information system the DEA uses to track obligations and expenditures. Obligations derived from this system can also be reconciled against enacted appropriations and carryover balances.

Managerial Cost Accounting: The DEA uses allocation percentages generated by MCA to allocate resources associated with the DEA's four decision units to ONDCP's drug functions. The MCA model using an activity-based costing methodology provides the full cost of the DEA's mission outputs (performance costs). The table below shows the allocation percentages based on the DEA's MCA data.

The DEA Decision Unit	Allocation	ONDCP Function
Diversion Control Fee Account	96.34%	Investigations
Domestic Enforcement	84.39%	
Diversion Control Fee Account	3.63%	Intelligence: Domestic Law Enforcement
Domestic Enforcement	8.84%	Intelligence: Domestic Law Enforcement
International Enforcement	6.82%	Intelligence: International
State and Local Assistance	0.00%	Intelligence: Domestic Law Enforcement
International Enforcement	93.07%	International
Diversion Control Fee Account	0.03%	State and Local Assistance
Domestic Enforcement	6.69%	
International Enforcement	0.11%	
State and Local Assistance	100.00%	
Domestic Enforcement	0.08%	Prevention
International Enforcement	0.00%	

The DEA's financial system began recording obligations in the appropriated four decision units in FY 2008.

Decision Units: One hundred percent of the DEA's total obligations by decision unit were associated with drug enforcement. This total is reported and tracked in FFS.

Transfers and Reimbursements: High Intensity Drug Trafficking Area (HIDTA) transfers are shown on a single line below the Total Obligations line from the DEA's Table of Drug Control Obligations. Reimbursable obligations are excluded from the DEA's Table of Drug Control Obligations since they are reported by other sources.

Disclosure 2: Methodology Modification of Drug Enforcement Accounting Method

The DEA's method for tracking drug enforcement resources has not been modified from the method approved in FY 2005. The DEA uses current MCA data to allocate FY 2008 obligations from four decision units to ONDCP's drug functions.

Disclosure 3: Material Weaknesses and Other Findings

The results of the DEA's FY 2008 financial statement audit revealed no material weaknesses that affect the presentation of drug related obligations data.

Disclosure 4: Reprogrammings and Transfers

There was one reprogramming in FY 2008 when the DEA submitted an allocation request in FY 2008 as part of the DEA's FY 2008 spending plan. In compliance with the FY 2008 Joint Resolution, the DEA, through the Department of Justice, submitted its FY 2008 spending plan to Congress for approval. This one-time action reprogrammed \$3 million from the DEA's FY 2008 annual, direct Aviation Operation Salaries & Expenses (S&E) funding and \$1 million from the DEA's FY 2007/2008 Global War On Terror (GWOT) supplemental funding to purchase one \$4 million ATR aircraft for use in Afghanistan. The reprogramming occurred within the International Enforcement's International drug control function and is not identified on Table of FY 2008 Reprogrammings and Transfers. The DEA received approval on its FY 2008 operating plan from the Senate and the House on April 22, 2008.

In addition, the DEA had several transfers during FY 2008 (see the attached Table of FY 2008 Reprogrammings and Transfers). The DEA had 14 transfers into its S&E account - one transfer from Department of Justice totaling \$14,075,000, four transfers from ONDCP's High Intensity Drug Trafficking Area (HIDTA) program totaling \$15,680,552, and nine internal transfers from expired FY 2005/FY 2006/FY 2007 S&E funds of \$70,383,633. Also, the DEA had 20 transfers out of its S&E account - one transfer to the Department of Justice's Wire Management Office totaling \$317,366, nine transfers to DOJ's Working Capital Fund totaling \$13,692,876, one transfer to ONDCP's (HIDTA) program totaling \$443,745, and nine internal transfers from expired FY 2005/FY 2006/FY 2007 S&E funds of \$70,383,633 to the DEA's S&E No-Year funds.

Transfers under the Drug Resources by Function section in the Table of FY 2008 Reprogrammings and Transfers are based on the same MCA allocation percentages as the Table of Drug Control Obligations.

Disclosure 5: Other Disclosures

The DEA did not have any ONDCP Fund Control Notices issued in FY 2008.

Department of Justice
Drug Enforcement Administration
Table of FY 2008 Reprogrammings and Transfers
(Dollars in Millions)

	Reprogrammings	Transfers In	Transfers Out	Total
Drug Resources by Budget Decision Units and Function:				
Drug Diversion Control Fee Account				
Investigations	-	-	-	-
Intelligence: Domestic Law Enforcement State and Local Assistance	-	-	-	-
Diversion Control Fee Account Total	-	-	-	-
Domestic Enforcement				
Investigations	-	71,272	(68,764)	2,508
Intelligence: Domestic Law Enforcement State and Local Assistance Prevention	-	7,469 5,654 0,064	(7,206) (5,455) (0,062)	0,263 0,199 0,002
Domestic Enforcement Total	-	84,459	(81,487)	2,972
International Enforcement				
International Intelligence: International State and Local Assistance Prevention	-	-	(2,706) (0,198) (0,003) (0,000)	(2,706) (0,198) (0,003) (0,000)
International Enforcement Total	-	-	(2,907)	(2,907)
State and Local Assistance				
Intelligence: Domestic Law Enforcement State and Local Assistance	-	-	-	-
State and Local Assistance Total	-	-	-	-
Total	\$ -	\$ 84,459	\$ (84,394)	\$ 0,065
HIDTA Transfers		\$15,681	(\$0,444)	\$15,237

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KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Justice

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

We have reviewed the accompanying Table of Drug Control Obligations and related disclosures of the U.S. Department of Justice's Organized Crime Drug Enforcement Task Forces (OCDETF) Program for the year ended September 30, 2008. We have also reviewed the accompanying Management's Assertion Statement for the year ended September 30, 2008. The OCDETF Program's management is responsible for the Table of Drug Control Obligations, related disclosures, and the assertion statement.

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

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

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

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

KPMG LLP

January 23, 2009

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U.S. Department of Justice

Criminal Division

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

Washington, DC 20530

**U.S. Department of Justice
Organized Crime Drug Enforcement Task Forces Program
Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2008**

On the basis of OCDETF's management control program, we assert that the Organized Crime Drug Enforcement Task Forces (OCDETF) Program's system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. Obligations reported by budget decision unit are the actual obligations from the OCDETF Program's accounting system of record for these budget decision units;
2. The methodology used by OCDETF to calculate obligations of budgetary resources by function is reasonable and accurate in all material aspects;
3. The methodology disclosed in this statement was the actual methodology used to generate the Table of Drug Control Obligations;
4. The data presented are associated with obligations against a financial plan that was revised during the fiscal year to properly reflect the changes including ONDCP's approval of reprogrammings and transfers in excess of \$1 million affecting drug - related resources; and
5. The OCDETF Program did not have any Office of National Drug Control Policy (ONDCP) Fund Control Notices issued in FY 2008.

We have documented the methodology used by OCDETF to identify and accumulate FY 2008 drug control obligations in the Table of Drug Control Obligations and accompanying disclosures in accordance with the guidance of ONDCP's Circular, Drug Control Accounting, dated May 1, 2007. The OCDETF Program's drug control methodology has been consistently applied from the previous year.

Peter Maxey
Budget Officer

1/23/2009
Date

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

Actual 2008 Obligations
Dollars in Millions

Decision Unit Crosswalk

	Annual Appropriated Funds	OCDETF Executive Office	Revised	No-Year Reprogram Reallowed Funds 2/	Total FY 2008 Actual Obligations
Drug Obligations by Decision Unit and Function1/					
Investigations:					
Drug Enforcement Administration (DEA)	\$183.339	\$1.923	\$185.262	\$0.391	\$185.653
Federal Bureau of Investigation (FBI)	113.944	1.195	115.139	2.418	117.557
U.S. Marshals Service (USMS)	8.272	0.087	8.359	0.009	8.368
Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)	11.151	0.117	11.268	0.112	11.380
Subtotal Investigations	<u>316.706</u>	<u>3.322</u>	<u>320.028</u>	<u>2.930</u>	<u>322.958</u>
Drug Intelligence:					
DEA	9.036	0.095	9.131	0.009	9.140
FBI	20.085	0.211	20.296	0.021	20.317
OCDETF Fusion Center (OFC)	11.469	0.000	11.469	0.000	11.469
Subtotal Intelligence	<u>40.590</u>	<u>0.306</u>	<u>40.896</u>	<u>0.030</u>	<u>40.926</u>
TOTAL INVESTIGATIONS DECISION UNIT	<u>357.296</u>	<u>3.628</u>	<u>360.924</u>	<u>2.960</u>	<u>363.884</u>
Prosecutions:					
U.S. Attorneys (USA)	131.526	1.380	132.906	3.640	136.546
Criminal Division	2.653	0.028	2.681	0.000	2.681
Tax Division	0.232	0.002	0.234	0.000	0.234
TOTAL PROSECUTIONS DECISION UNIT	<u>134.411</u>	<u>1.410</u>	<u>135.821</u>	<u>3.640</u>	<u>139.461</u>
Administrative Support:					
OCDETF Executive Office	5.038	(5.038)	0.000	0.000	0.000
Total Obligations	<u>\$496.745</u>	<u>\$0.000</u>	<u>\$496.745</u>	<u>\$6.600</u>	<u>\$503.345</u>
				Expired Oblig	<u>0.000</u>
					<u>503.345</u>

1/ The first column represents the OCDETF Program's four internal decision units: Investigations, Drug Intelligence, Prosecution, and Administrative Support. In conformance with the Administration's proposed restructuring for FY 2008 and to reflect obligations by the prescribed ONDCP drug function, these four decision units have been collapsed into two Decision Units: Investigations and Prosecutions, with Administrative Support pro-rated between decision units based on the percentage of appropriated Interagency Crime and Drug Enforcement (ICDE) Program funding.

2/ Total obligated balances include reprogrammed/reallowances of carryover funds in the amount of \$6.600 M. (Dollars in Millions)

No-Year (15X0323):	Amount	DEA	FBI	USMS	ATF	DEA. Intell.	FBI Intell.	USA
Phoenix Task Force	\$0.200	\$0.200	0.000	0.000	0.000	0.000	0.000	0.000
FBI Strike Forces/Operations	2.300	0.000	\$2.300	0.000	0.000	0.000	0.000	0.000
USA Reprogramming	3.500	0.000	0.000	0.000	0.000	0.000	0.000	\$3.500
Financial Training 3/	0.500	0.191	0.118	\$0.009	\$0.012	\$0.009	\$0.021	0.140
ATF Operational Support	0.100	0.000	0.000	0.000	0.100	0.000	0.000	0.000
Total	<u>\$6.600</u>	<u>\$0.391</u>	<u>\$2.418</u>	<u>\$0.009</u>	<u>\$0.112</u>	<u>\$0.009</u>	<u>\$0.021</u>	<u>\$3.640</u>

3/ Financial Training is pro-rated between decision units based on the percentage of appropriated ICDE Program funding.



U.S. Department of Justice

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

Washington, DC 20530

U.S. Department of Justice Organized Crime Drug Enforcement Task Forces Program Management's Disclosure Statement For Fiscal Year Ended September 30, 2008

Disclosure No 1. - Drug Control Methodology

The Organized Crime Drug Enforcement Task Forces (OCDETF) Program is comprised of member agencies from three different Departments: the Department of Justice (DOJ), the Department of Treasury (Treasury), and the Department of Homeland Security (DHS). Beginning in FY 1998 and continuing through FY 2003, OCDETF member agencies were funded through separate appropriations. (Prior to the creation of DHS, which involved the transfer of the U.S. Coast Guard to DHS from the Department of Transportation, OCDETF was funded in DOJ, Treasury and Transportation appropriations.) Currently, only DOJ OCDETF appropriated funding comes from DOJ's Interagency Crime and Drug Enforcement (ICDE) account.

During FY 2004 and FY 2005, the ICDE appropriation included funding to reimburse agencies in the DOJ, Treasury and DHS for their participation in the OCDETF Program. The availability of a consolidated budget has been critical to OCDETF's ability both to ensure the proper and strategic use of OCDETF resources and to effectively monitor Program performance across all Departments and participating agencies. However, Congress repeatedly expressed concern with funding non-DOJ agencies via a DOJ appropriations account, and in FY 2005, Congress decreased base funding for non-DOJ program participants.

Recognizing that uncertainty surrounding funding levels for non-DOJ participants posed great difficulties for OCDETF in terms of program planning and administration, the Administration did not submit a consolidated budget for the program in FY 2007 and FY 2008. Instead, funding for OCDETF's non-DOJ partners was requested through direct appropriations for Treasury and DHS.

OCDETF is directly charged with carrying out the DOJ drug supply reduction strategy, and all of its activities are aimed at achieving a measurable reduction in the availability of drugs in this country. The disruption and dismantlement of drug trafficking networks operating regionally, nationally, and internationally is a critical component of the supply reduction effort. In particular, OCDETF requires that, in *every* OCDETF case, investigators identify and target the financial infrastructure that permits the drug organization to operate. As such, all of OCDETF's efforts support Priority III of the President's National Drug Control Strategy: "Disrupting the Market – Attacking the Economic Base of the Drug Trade" and all of the Program's ICDE resources are considered to be 100 percent drug-related.

The Table of Drug Control Obligations was prepared in accordance with the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007 and ONDCP's memorandum, *Current Budget Issues*, dated September 3, 2008. The Table represents obligations from the ICDE account incurred by OCDETF for drug control purposes. All amounts are net of reimbursable agreements.

Data - All accounting information for OCDETF is derived from DOJ's Financial Management Information System 2 (FMIS2). ICDE resources are reported as 100 percent drug-related because the entire focus of the OCDETF Program is drug control.

Financial Systems - FMIS2 is the financial system used to provide all ICDE obligation data. Obligations that are derived by this system reconcile with the enacted appropriations and carryover balances.

OCDETF Decision Units are divided according to the four major activities of the Task Force -- Investigations, Intelligence, Prosecutions, and Administration -- and reflect the amount of reimbursable ICDE resources appropriated for each participating agency. With respect to the Table of Drug Control Obligations, the calculated amounts were derived from the FMIS2 system as follows:

- a. Investigations Decision Unit - This decision unit includes the reimbursable resources that support investigative activities of the following participating agencies: the Drug Enforcement Administration; Federal Bureau of Investigation; the Bureau of Alcohol, Tobacco, Firearms and Explosives; and the U.S. Marshals Service. The methodology applies 100 percent of the resources that support OCDETF investigative activities.
- b. Intelligence Decision Unit - This decision unit includes the reimbursable resources that support intelligence activities of the following participating agencies: the Drug Enforcement Administration and the Federal Bureau of Investigation including the operational costs associated with the OCDETF Fusion Center. The methodology applies 100 percent of the resources that support OCDETF intelligence activities.
- c. Prosecution Decision Unit - This decision unit includes the reimbursable prosecution resources for the following participating DOJ agencies: the U.S. Attorneys and the Criminal and Tax Divisions of the DOJ. The methodology applies the total of 100 percent of OCDETF's Prosecution resources to the Prosecution Decision Unit.
- d. Administrative Support Decision Unit- This decision unit includes funding for the OCDETF Executive Office for program oversight and support activities, as well as reimbursable resources to provide financial investigative training for member agencies.

Disclosure No 2. - Modifications to Drug Control Methodology

The overall methodology to calculate drug control obligations has not been modified in the Table of Drug Control Obligations. However, the Administration's FY 2008 request for OCDETF reflected a restructuring that collapses the OCDETF Program's four decision units- Investigations, Drug Intelligence, Prosecution, and Administrative Support- into two decision units- Investigations and Prosecutions. Under this new methodology, Law Enforcement activities formerly included in Investigations and Drug Intelligence are now combined under Investigations and the administrative support of the OCDETF Executive Office is pro-rated among decision units based on the percentage of appropriated ICDE Program funding.

Disclosure No 3. - Material Weaknesses or Other Findings

The DOJ Offices, Boards and Divisions (OBDs) FY 2008 Independent Auditors' Report on Internal Control Over Financial Reporting revealed no material weaknesses.

Although no material weaknesses were noted in the FY 2008 OBDs audit report on internal controls, one significant deficiency was reported. The deficiency was identified in the design of controls over Journal Entries related to preparation, review, and approval of Journal Entries recorded in the OBDs' financial management system as "on-top" adjustments within its financial statement preparation database. This finding, while not a material weakness nor specifically directed to OCDETF, is being reported by OCDETF as "other findings" because of their undetermined impact on the presentation of drug-related obligations.

The DOJ Justice Management Division (JMD) Finance Director, Quality Control and Compliance Group (QCCG) and component program managers as well as their respective Budget Officers who are affected, will develop a proactive corrective action plan to address the significant deficiency. The DOJ JMD Finance Director will validate this plan. In addition, the DOJ's JMD Finance Director and program managers will ensure that all weaknesses identified in prior year audits are addressed and that enhancements in policies, processes, and workflow are implemented to provide the best possible support for financial reporting.

Disclosure No 4. - Reprogrammings/Reallowances or Transfers

Total availability consists of enacted budget authority for FY 2008, plus unobligated balances and recoveries brought forward from prior years. OCDETF's FY 2008 obligations include all reallocated carryover funds and transfers. In FY 2008, OCDETF reallocated \$6,600,000 from its no-year account (15X0323) as follows: \$200,000 to establish the Phoenix Strike Force; \$2,300,000 to provide for Federal Bureau of Investigation operational support of the OCDETF Strike Forces; \$3,500,000 for United States Attorneys Reprogramming; \$500,000 for Financial Investigative Training; and \$100,000 to provide operational costs for the Bureau of Alcohol, Tobacco, Firearms and Explosives. Finally, OCDETF also transferred radio resources amounting to \$709,495 to the DOJ Wireless Law Enforcement Communications Account as required by P.L. 110-161 121 Stat. 1898. See the attached Reprogramming and Transfers Schedule.

Disclosure No 5. - Obligations From Carryover Funds

In FY 2008, \$13,058,717 in unobligated balances and prior year recoveries was brought forward from FY 2007 and available for new obligations. Of this amount, \$6,600,000, as reported under Disclosure No 4., was established as new obligations during FY 2008.

Disclosure No. 6 - Other Disclosures

OCDETF asserts that the information presented in the Table of Drug Control Obligations fairly presents the drug control obligations for OCDETF. OCDETF did not have any ONDCP Fund Control Notices issued in FY 2008.

**U.S. Department of Justice
Organized Crime Drug Enforcement Task Forces (OCDETF) Program
Reprogrammings and Transfers
For the Fiscal Year Ended September 30, 2008
(Dollars in Millions)**

Line Item	Unobligated Balances and Recoveries	Enacted Budget Authority	Reprogramming Reallowances 2/	Rescission	Transfer 3/	Total Availability
Drug Resources by Decision Unit and Function 1/						
Investigations:						
Drug Enforcement Administration (DEA)	0.000	186.131	0.391	0.000	-0.664	185.858
Federal Bureau of Investigation (FBI)	0.000	115.159	2.418	0.000	-0.022	117.555
U.S. Marshals Service (USMS)	0.000	8.359	0.009	0.000	0.000	8.368
Alcohol, Tobacco, Firearms and Explosives (ATF)	0.000	11.268	0.112	0.000	0.000	11.380
Subtotal Investigations	0.000	320.917	2.930	0.000	(0.686)	323.161
Drug Intelligence:						
Drug Enforcement Administration (DEA)	0.000	9.155	0.009	0.000	-0.024	9.140
Federal Bureau of Investigation (FBI)	0.000	20.295	0.021	0.000	0.000	20.316
OCDETF Fusion Center Support (OFC)	0.000	11.469	0.000	0.000	0.000	11.469
Subtotal Intelligence	0.000	40.919	0.030	0.000	(0.024)	40.925
TOTAL INVESTIGATIONS DECISION UNIT	0.000	361.836	2.960	0.000	-0.710	364.086
Prosecutions:						
U.S. Attorneys USAs)	0.000	132.902	3.640	0.000	0.000	136.542
Criminal Division (CRM)	0.000	2.681	0.000	0.000	0.000	2.681
Tax Division (TAX)	0.000	0.516	0.000	0.000	0.000	0.516
TOTAL PROSECUTIONS DECISION UNIT	0.000	136.099	3.640	0.000	0.000	139.739
Total Distributed	0.000	497.935	6.600	0.000	(0.710)	503.825
Undistributed	13.059	0.000	-6.600	0.000	0.000	6.459
Total Obligations	\$13.059	\$497.935	\$0.000	\$0.000	(\$0.710)	\$510.284

1/ Decision Units in this table reflect the Administration's restructuring for FY 2008. Under that restructuring, the OCDETF program's four decision units: Investigations, Drug Intelligence, Prosecution, and Administrative Support, have been collapsed into two Decision Units: Investigations and Prosecutions, with Administrative Support pro-rated between decision units based on the percentage of appropriated Interagency Crime and Drug Enforcement (ICDE) Program funding. In order to reflect obligations by the prescribed ONDCP drug function, the administrative support has also been prorated in this table (reflected in the "OCDETF Executive Office" column in the Table of Drug Control Obligations).

2/ Includes realigned carryover funds as follows: No-year funding of \$6.600 M (\$0.200 M for the Phoenix Strike Force; \$2.300 M for FBI Strike Forces/Operations; \$3.500 M for USA Reprogramming; \$.500 M for Financial Investigative Training; and \$.100 M reprogrammed for ATF Operational Support.

3/ Represents radio resources transferred to the DOJ Wireless Law Enforcement Communications Account as required by the FY 2008 DOJ Appropriations Act (P.L. 110-161 121 STAT.1898 signed 12/26/07)

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KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Justice

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

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

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

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

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

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

KPMG LLP

January 22, 2009

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**U.S. Department of Justice
Office of Justice Programs
Detailed Accounting Submission
Management's Assertion Statement
For the Fiscal Year Ended September 30, 2008**

On the basis of the Office of Justice Programs' (OJP's) management control program, we assert that the OJP system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. Obligations reported by budget decision unit are the actual obligations from the OJP's accounting system of record for these budget decision units and also include estimated direct costs and management and administration (M&A) costs.
2. The methodology used by the OJP to calculate obligations of budgetary resources by function is reasonable and accurate in all material aspects.
3. The methodology disclosed in this statement was the actual methodology used to generate the Table of Drug Control Obligations.
4. The data presented are associated with obligations against a financial plan that was revised during the fiscal year (FY) to properly reflect transfers which affected drug-related resources.
5. The OJP did not have any Office of National Drug Control Policy (ONDCP) Fund Control Notices issued in FY 2008.

We have documented the methodology used by the OJP to identify and accumulate FY 2008 drug control obligations in the Table of Drug Control Obligations and accompanying disclosures, in accordance with the guidance of the ONDCP Circular, *Drug Control Accounting*, dated May 1, 2007.



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

1/22/09
Date

U.S. Department of Justice
Office of Justice Programs
Table of Drug Control Obligations
By Budget Decision Unit and Function
For the Fiscal Year Ended September 30, 2008
(in millions of dollars)

	FY 2008 Actual Obligations^{1/}
Drug Obligations by Budget Decision Unit and Function:	
Regional Information Sharing System	
State and Local Assistance	\$38.290
Weed and Seed Program	
State and Local Assistance	33.834
Prevention	<u>3.759</u>
Total Weed and Seed Program	37.593
Enforcing Underage Drinking Laws	
Prevention	25.231
Drug Court Program	
Treatment	18.176
Residential Substance Abuse Treatment Program	
Treatment	10.086
Prescription Drug Monitoring Program	
State and Local Assistance	6.537
Southwest Border Prosecution Initiative	
State and Local Assistance	28.357
Northern Border Prosecution Initiative	
State and Local Assistance	0.161
Drug Prevention Demonstration Program	
Prevention	<u>0.263</u>
Total	\$164.694
Methamphetamine Enforcement and Lab Cleanup ^{2/}	19.900

^{1/} Program obligations reflect direct program obligations plus estimated direct and support management and administrative costs. Therefore, obligations reflected above may exceed the budget authority shown on the Reprogramming and Transfers Schedule.

^{2/} Funding for the Methamphetamine Enforcement and Lab Cleanup Program is transferred from the Office of Community Oriented Policing Services (COPS) to the Drug Enforcement Administration for program administration; therefore, obligations are not tracked by the Office of Justice Programs (OJP). FY 2008 total obligations for the program were reported to OJP by the COPS budget office.

Disclosure 1: Drug Control Methodology

The mission of the Office of Justice Programs (OJP) is to provide federal leadership in developing the Nation's capacity to prevent and control crime, administer justice, and assist crime victims. As such, the OJP resources are primarily targeted to providing assistance to state, local, and tribal governments. In executing its mission, the 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 Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, and ONDCP's memorandum, *Current Budget Issues*, dated September 3, 2008.

The OJP's Office of the Chief Financial Officer, Budget Planning and Performance Division is responsible for the development and presentation of the annual OJP ONDCP Budget. Consistent with the FY 2008 ONDCP budget formulation guidance, the OJP FY 2008 accounting of drug control obligations include total obligations associated with ten budget decision units identified for the National Drug Control Budget. However, funds for nine of these decision units are directly appropriated to the OJP. Funding for the Methamphetamine Enforcement and Lab Cleanup Program is appropriated to the Office of Community Oriented Policing Services (COPS), an office within the Department of Justice's (DOJ's) Offices, Boards and Divisions (OBDs), and transferred to the Drug Enforcement Administration (DEA) for administration. Because the obligations related to the COPS program are reported in the financial statements of the OBDs, they are not included in the FY 2008 actual obligations total on the OJP Table of Drug Control Obligations. Decision units include the following:

- Regional Information Sharing System
- Weed and Seed Program
- Enforcing Underage Drinking Laws
- Drug Court Program
- Residential Substance Abuse Treatment Program
- Prescription Drug Monitoring Program
- Southwest Border Prosecution Initiative
- Northern Border Prosecution Initiative
- Drug Prevention Demonstration Program
- Methamphetamine Enforcement and Lab Cleanup (COPS Program)

In determining the level of resources used in support of nine of these budget decision units (excluding Methamphetamine Enforcement and Lab Cleanup), the OJP used the following methodology:

Drug Program Obligations by Decision Unit: For nine of the budget decision units, data on obligations, as of September 30, 2008, were gathered from OJP's Financial Management Information System (FMIS2). The total obligations presented for the OJP are net of reimbursements and funds obligated under the Crime Victims Fund, Public Safety Officers Benefit Program, and the Office on Violence Against Women.

Management and Administration (M&A) Data. M&A obligations were gathered from OJP's FMIS2. The obligation amounts were allocated by applying the relative percentage of Full-Time Equivalent (FTE) assigned to nine drug-related decision units to total M&A obligations for the OJP. There were no M&A obligations associated with the Methamphetamine Enforcement and Lab Cleanup program, as this program is not administered by the OJP.

Overall, the OJP decision units' activities support all three goals of the National Drug Control Strategy: (1) Stopping Use Before it Starts; (2) Intervening and Healing America's Drug Users; and (3) Disrupting the Market. Functionally, the OJP decision units' activities fall under the following categories: prevention, state and local assistance, and treatment. The method used to allocate the OJP funds to ONDCP functions was derived through an analysis of individual decision unit missions and by surveying its staff. A deliberate effort was made to accurately account for decision unit activities, which resulted in Weed and Seed obligations falling under multiple functions. The Table of Drug Control Obligations shows FY 2008 obligations for the nine decision units, categorized by function.

For the Table of Drug Control Obligations, amounts were calculated as follows:

- | | |
|-----------------------|--|
| Function: | The appropriate drug-related percentage was applied to each program/decision unit line item and totaled by function. |
| Decision Unit: | In accordance with the ONDCP circulars, 100 percent of the actual obligations for each of the budget decision units was included. |
| Full-Time Equivalent: | FTE data originates from the U.S. Department of Agriculture's National Finance Center, and is obtained by the OJP through the DOJ, Justice Management Division Data Center. The same percentage that is applied to calculate FTE, was also applied to the M&A obligations. |

Disclosure 2: Modifications to Drug Control Methodology

In FY 2008, the OJP is reporting 100 percent of the obligations related to the nine budget decision units included in the National Drug Control Budget, as specified in the ONDCP Circular, *Budget Formulation*, dated May 1, 2007.

The methodology used to determine the total FY 2008 obligations related to the nine decision units appropriated to the OJP is the same used in the FY 2007 Table of Drug Control Obligations. To calculate M&A obligations related to these decision units, the OJP is continuing to use the method it employed in FY 2007, which 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 decision units 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 FTE across decision unit activities. This methodology first assigns FTE by decision unit based on a survey of its managers and then distributes M&A obligations based on the percentage of FTEs, by function, to total FTE.

Disclosure 3: Material Weaknesses and Other Findings

The FY 2008 Independent Auditors' Report on Internal Control Over Financial Reporting found no material weaknesses. However, two significant deficiencies were identified during the audit and are noted below, along with recommendations and OJP management responses.

1) Weaknesses Exist in the Information System Controls Environment

During the fiscal year 2008 financial statement audit, the general control environment and selected application controls were evaluated. General controls are the structure, policies and procedures that apply to OJP's overall computer operations. Application controls are the structure, policies and procedures that apply to OJP's separate application systems. In addition, a review of the DOJ consolidated IS general controls environment that provides general control support for several DOJ components' financial applications, one of which is OJP, was also performed.

Weaknesses were noted in the following FISCAM general control areas: program change and access controls.

Program Change Control

System change request process did not adequately address potential risks

OJP's Office of the Chief Information Officer executed System Change Request (SCR) No. 15911 in July 2008, which was designed to improve the performance of a screen within the Grant Management System (GMS). As a result of the change, certain grant data was calculated incorrectly and subsequently uploaded into the general ledger. We reviewed SCR No. 15911 and

determined that the scope of the approved test plan did not properly capture the potential adverse effects of the changes to OJP's financial systems and data. The Standard Operating Procedures (SOP) version 4.0 for change control does not have a procedure for considering the potential impact to financial system(s) and data.

NIST SP 800-53, Configuration Change Control states: "The organization authorizes, documents, and controls changes to the information system. Supplemental Guidance: The organization manages configuration changes to the information system using an organizationally approved process (e.g., a chartered Configuration Control Board). Configuration change control involves the systematic proposal, justification, implementation, test/evaluation, review, and disposition of changes to the information system, including upgrades and modifications."

Inadequate or inconsistent change control implementation procedures may lead to wasted resources, unauthorized changes, data integrity issues, and contribute to system security weakness.

We recommend that OJP:

Develop and implement a process to ensure personnel responsible for developing and testing of all system change requests also consider the potential impact to financial system(s) and data.

Management Response:

OJP concurs with the recommendation. The OCIO will review their current change management process, procedures, and policies and make appropriate revisions to ensure that personnel responsible for developing and testing change requests consider the impact on the financial system(s) and data.

Emergency system change request procedures have not been developed

OJP did not establish emergency system change request process in its SOP "OJP Change Control version 4.0."

Department of Justice (DOJ) ITS Standard, *Configuration Management (CM) Control Family*, Version 1, December 2006, CM-3, states: "The component documents and controls changes to the information system. Appropriate component officials approve information system changes in accordance with component policies and procedures. The component assigns responsibility to specific parties and defines specific actions to ensure that configuration change control is implemented. The change control process involves the systematic proposal, justification, implementation, test/evaluation, review, and disposition of changes to the information system, including upgrades and modifications. The component includes emergency changes in the configuration change control process, including changes resulting from the remediation of flaws.

The approvals to implement a change to the information system include successful results from a security analysis of the change.”

The lack of documented emergency SCR procedures could lead to emergency changes that negatively affect OJP’s data and operations.

We recommend that OJP:

Formally document its emergency system change request process in its SOP OJP Change Control.

Management Response:

OJP concurs with the recommendation. The OCIO will update its current change management process, procedures, and policies to formally document its emergency system change request process.

Access Control

During our review of the change history related to SCR No. 15911, we noted a lack of separation of duties. Specifically, we noted that one of the team members performed four of the critical stages for the SCR testing. OJP does not have a policy that defines roles and responsibilities and identifies the conflicts of interest for each group that participates in the system and data change request process.

DOJ ITS Standard, – *Access Control (AC) Control Family*, Version 2.2, June 2008, AC-05 “Separation of Duties” states: “The information system enforces separation of duties through assigned access authorization. No user has access authorizations or privileges that may allow the user to perform multiple security functions for which the duties should be performed by separate people.”

Defining individual roles and responsibilities and identifying their conflicts of interests reduces the risk of users performing fraudulent activities and/or implementing inaccurate system changes that may not be prevented, detected, and corrected.

We recommend that OJP:

Document the roles and responsibilities for groups involved with responding to system and data change requests and define conflicts between the groups.

Management Response:

OJP concurs with the recommendation. The OCIO will review their current change management process, procedures, and policies and make appropriate revisions to include clear roles and responsibilities for groups involved with responding to system and data change requests, as well as define conflicts between groups.

2) Improvements are Needed in Certain Grant Processes

During our testing of grants, we noted that improvements are needed in the grant de-obligation and grant advance estimation processes.

Improvements are Needed in the Grant De-obligation Process

During our testing of undelivered orders (UDO) at March 31, 2008, and June 30, 2008, we noted that although improvements have been made to OJP's grant close out process, additional progress is needed in the timely de-obligations and closeout of grants. Specifically, we identified approximately 1,200 out of 17,800 grants as of March 31, 2008, and 1,000 out of 18,300 grants as of June 30, 2008, had not been fiscally closed out and/or de-obligated within 180 days after the grant end date.

Office of the Chief Financial Officer Policy Statement (OCFOPS) 4031.1D, *Financial Closeout of OJP Grants*, which was implemented on March 31, 2008, describes OJP's policies on the grant closeout process. The purpose of a grant closeout is to finalize programmatic and financial activities on grants and to comply with Federal government requirements on grant administration. OCFOPS 4031.1D states, "Grantees are required to submit all closeout documents and complete all closeout requirements within 90 days after the end date of the grant. Program offices must submit closeout packages to the OCFO Control Desk within 120 days after the end date of the grant. The OCFO must complete closeouts within 180 days after the end date of the grant (30 to 60 days for processing)." The policy goes on to state that "If a grantee fails to provide the program office with the information necessary to complete a standard closeout for submission to the OCFO Control Desk within 120 days of the end date of the grant, an administrative closeout is required. An administrative closeout is generated by the Grants Management System (GMS) on the 91st day following the end date of the grant." An administrative closeout is similar to a standard closeout in that the grant agreement is both programmatic and fiscally closed, however, in the case of administrative closeouts the grantee does not submit all of the required documentation.

Since September 30, 2007 OJP has made progress by reducing the number of open grants pending closeout from approximately 1,600 to approximately 770 as of September 30, 2008. However, grants pending closeout continues to be an issue due to the backlog of open grants with expired end dates. While OJP has decreased the backlog of open grants with expired end dates,

additional grants are expiring throughout the year, which also need to be closed and/or de-obligated. The current grants that are expiring are delayed in getting closed out because OJP is focused on eliminating the earlier backlog.

Based on our analysis of grants that had expired, but for which an unliquidated obligation remained in the accounting records, the UDO balance in OJP's financial statements at March 31, 2008, and June 30, 2008, were overstated by approximately \$73.3 million and \$63.3 million, respectively. We noted during fiscal year 2008 that OJP implemented a Phase IV adjustment to its quarterly grant accrual process, which also addresses the unliquidated obligations for expired grants. Based on historical data, OJP estimates the amount of UDOs that needs to be liquidated or de-obligated. At March 31, 2008 and June 30, 2008, the Phase IV adjustment recorded by OJP was approximately \$62.4 million and \$40.6 million, respectively. After the adjustment, OJP's financial statements at March 31, 2008, and June 30, 2008, were overstated by approximately \$11.0 million and \$22.7 million, respectively. OJP's March 31, 2008 and June 30, 2008 total UDO balances were approximately \$2.9 billion and \$3.1 billion, respectively.

At September 30, 2008, there were approximately \$53.4 million of outstanding award balances related to grants that had been expired for 6 months or more. Of this \$53.4 million, OJP recorded an accrued expenditure for \$11.6 million and de-obligated \$29.7 million. The remaining balance of expired grant UDOs was approximately \$12.1 million.

We recommend that OJP:

1. Develop reasonable benchmarks for the quantity and dollar value of expired grants that are 180 days or more past the grant end date. The benchmarks should be based on what management believes is an acceptable and appropriate volume of grants to remain open that are 180 days or more past their end date taking into account OJP's business operations.

Management Response:

OJP concurs with the recommendation. OJP will research and evaluate benchmarks to determine an acceptable volume of grants to remain open that are 180 days or more past their end date taking into account OJP's business operations.

2. Use the set benchmarks to implement performance metrics that measure the inflow, status, and outflow of open expired grants on a monthly basis. These performance metrics should be used to target, prevent, and resolve processing bottlenecks by grant program.

Management Response:

OJP concurs with the recommendation. Based on the benchmarks developed, OJP will review expired grants on a monthly basis.

3. Continue its efforts to reduce the backlog of grants that are 180 days or more past their end dates and are pending close out. OJP management should also continue enforcing the revised grant closeout policy and continue to consistently utilize the grant closeout process to facilitate a more timely review of grants that are beyond the end date or for which a final SF-269 was submitted.

Management Response:

OJP concurs with the recommendation. It should be noted in April 2006, new emphasis was placed on closeouts. From the beginning of that new effort through the end of FY 2008, OCFO worked with the OJP and OVW program offices to close over 19,000 grants. As of September 30, 2008, OJP had a remaining backlog of approximately 770 grants (down from 1,600 one year ago). OJP fully expects to complete the remaining backlog in early FY 2009.

As of September 30, 2008, OJP reflected a \$12.1 million overstatement of UDOs, out of a total UDO balance of approximately \$4.4 billion. OJP will continue its diligent efforts to ensure grants are closed out timely.

Improvements Needed in Controls Over Grant Advance Estimation

During our testing of OJP's fiscal year 2008 grant accrual methodology, we noted certain variances relating to OJP's advances estimation at March 31, 2008. Specifically, we noted that OJP's grant accrual methodology was overstating the estimated advance amount. In addition, during our review of OJP's look back analysis, we noted that the variance between the estimated advance and the actual advance (based on the subsequently submitted SF-269s, *Financial Status Reports*) increased significantly from September 30, 2007, to March 31, 2008. For the quarters ending September 30, 2007, December 31, 2007, and March 31, 2008, the variances were 4%, 14%, and 22%, respectively.

The OJP Office of the Chief Financial Officer Policy Statement 1210.12C, *Policy and Procedure for Validating the Estimated Grant Accrual*, provides guidance for periodically reviewing, analyzing and validating the OJP grant accrual amounts posted to the general ledger accounts. The policy states that "For accurate reporting on its quarterly financial statements, OJP calculates and posts a quarterly estimated accrual for grants. To ensure that the grant accrual methodology remains reasonable and appropriate, OJP management will validate the approach each quarter based on receipt of additional SF269 data, and if appropriate, will revise the methodology. It is critical that the methodology incorporates management's current judgment about the adequacy of the accrual for grants." The policy also states that the results of the accrual should be reviewed by the OCFO and that documentation should be maintained by the Accounting Reports Branch. The policy is required to ensure that OJP is in compliance with *SFFAS 1, Accounting for Selected Assets and Liabilities*; *SFFAS 5, Accounting for Liabilities of the Federal Government*; *OMB Circular A-123*; and *Public Law 31 US Code 3513*.

OJP's portfolio of block grants has changed significantly over the past few years. In previous years, block grants consisted primarily of Local Law Enforcement Block Grants (LLEBG) and Juvenile Accountability Incentive Block Grants (JAIBG). Both LLEBG and JAIBG allowed grantees to draw down funds in advance, but they had to draw down all of the money at one time. Beginning in fiscal year 2005, OJP discontinued LLEBG and replaced it with the Justice Assistance Grants (JAG). JAG operates differently from LLEBG and JAIBG in that grantees are allowed to make multiple draw downs or draw down all funds at once in advance of expenditure. OJP's grant accrual methodology for advances was originally designed to account for LLEBG and JAIBG, but it does not adequately estimate the JAG grants, which have a different expenditure pattern. Currently, JAG makes up approximately 87% of the outstanding award balance for block grants. OJP did make certain revisions to its grant accrual methodology at the beginning of the fiscal year to address the changes in the grant portfolio. However, the grant accrual methodology was still unable to reasonably estimate the grant advance amount.

As a result, the advance balance was overstated by a likely amount of \$40 million as of March 31, 2008. The issues noted above were also outstanding as of June 30, 2008. However, OJP modified its methodology for calculating the grant advance balance to address this issue for the period ended September 30, 2008.

We recommend that OJP:

4. Strengthen its review and analysis of the grant advance estimate and grant portfolio to better identify significant trends and fluctuations in order to timely modify its grant accrual methodology.

Management Response:

OJP concurs with the recommendation. It should be noted that at the beginning of the fiscal year, OJP revised its grant accrual process to take into account the change in the grant portfolio mix. While the changes were effective for estimating the grant expense accrual, the advance balance estimate was overstated by a likely amount of \$40 million, out of a total asset balance of approximately \$6.6 billion.

OJP's process of reviewing the grant accrual balances on a quarterly basis will continue throughout FY 2009. In addition, OJP will determine if additional changes to the grant accrual are warranted.

Disclosure 4: Reprogrammings or Transfers

In accordance with the ONDCP's Circular, *Drug Control Accounting* dated May 1, 2007, the OJP made drug-related transfers-out of \$6.5 million in FY 2008. See the attached Reprogrammings and Transfers Schedule.

Disclosure 5: Other Disclosures

- In FY 2008, the OJP received no ONDCP Fund Control Notices.
- Of the total FY 2008 actual obligations amount, \$48 million are a result of carryover unobligated resources. See the attached Reprogrammings and Transfers Schedule.

U.S. Department of Justice
Office of Justice Programs
Reprogrammings and Transfers Schedule
For the Fiscal Year Ended September 30, 2008
(Dollars in Millions)

Table Line Item	Unobligated Balances Forward & Recoveries	Enacted BA	Rescission	Reprogrammings	Transfers ^{1/}		Total Availability
					In	Out	
Drug Obligations by Function:							
Regional Information Sharing System							
State and Local Assistance	0.026	40.000	0.024	---	---	(2.117)	37.885
Weed and Seed Program							
State and Local Assistance	3.401	28.890	---	---	---	---	32.291
Prevention	0.378	3.210	---	---	---	---	3.588
Total Weed and Seed Program	3.779	32.100	---	---	---	---	35.879
Enforcing Underage Drinking Laws							
Prevention	1.901	25.000	1.093	---	---	(1.214)	24.594
Drug Court Program							
Treatment	8.198	15.200	2.689	---	---	(0.738)	19.971
Residential Substance Abuse Treatment Program							
Treatment	2.792	9.400	2.299	---	---	(0.457)	9.436
Prescription Drug Monitoring Program							
State and Local Assistance	2.636	7.050	0.408	---	---	(0.342)	8.936
Southwest Border Prosecution Initiative							
State and Local Assistance	28.148	30.080	0.966	---	---	(1.461)	55.801
Northern Border Prosecution Initiative							
State and Local Assistance	---	2.820	---	---	---	(0.137)	2.683
Drug Prevention Demonstration Program							
Prevention	0.516	0.000	---	---	---	---	0.516
Total.....	47.998	161.650	7.479	0.000	0.000	(6.466)	195.701
Methamphetamine Enforcement and Lab Cleanup ^{2/}	---	19.900	---	---	---	---	19.900

^{1/} Per Congressional transfer authority, Transfers Out reflect management and administrative requirements, as well as Sec. 3712 program requirements, except for the Weed and Seed Program which has no transfer authority. Actual obligations for the Weed and Seed Program include \$1.859 million for management and administrative and Sec. 3712 requirements.

^{2/} Funding for the Methamphetamine Enforcement and Lab Cleanup Program is transferred from COPS to DEA for program administration, therefore, obligations are neither tracked by, nor calculated in OJP obligations. FY 2008 budget authority for the program was reported to OJP by the COPS budget office.

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

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KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Justice

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

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

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

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

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

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

KPMG LLP

January 22, 2009

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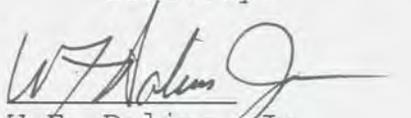


Washington, DC 20534

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

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

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


W.F. Dalius Jr.
Assistant Director
for Administration

01/22/09
Date

Performance Summary Report

I. Performance Information

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

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

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

Measure:

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

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

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

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KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Justice

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

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

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

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

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

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

KPMG LLP

January 23, 2009

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**U. S. Department of Justice
Drug Enforcement Administration**

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

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

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

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



Frank M. Kalder, Chief Financial Officer

1/23/09

Date

The Drug Enforcement Administration's FY 2008 Performance Summary Report

I. PERFORMANCE INFORMATION

Performance Measures

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

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

Data Validation and Verification

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

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

PTO Projection Methodology

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

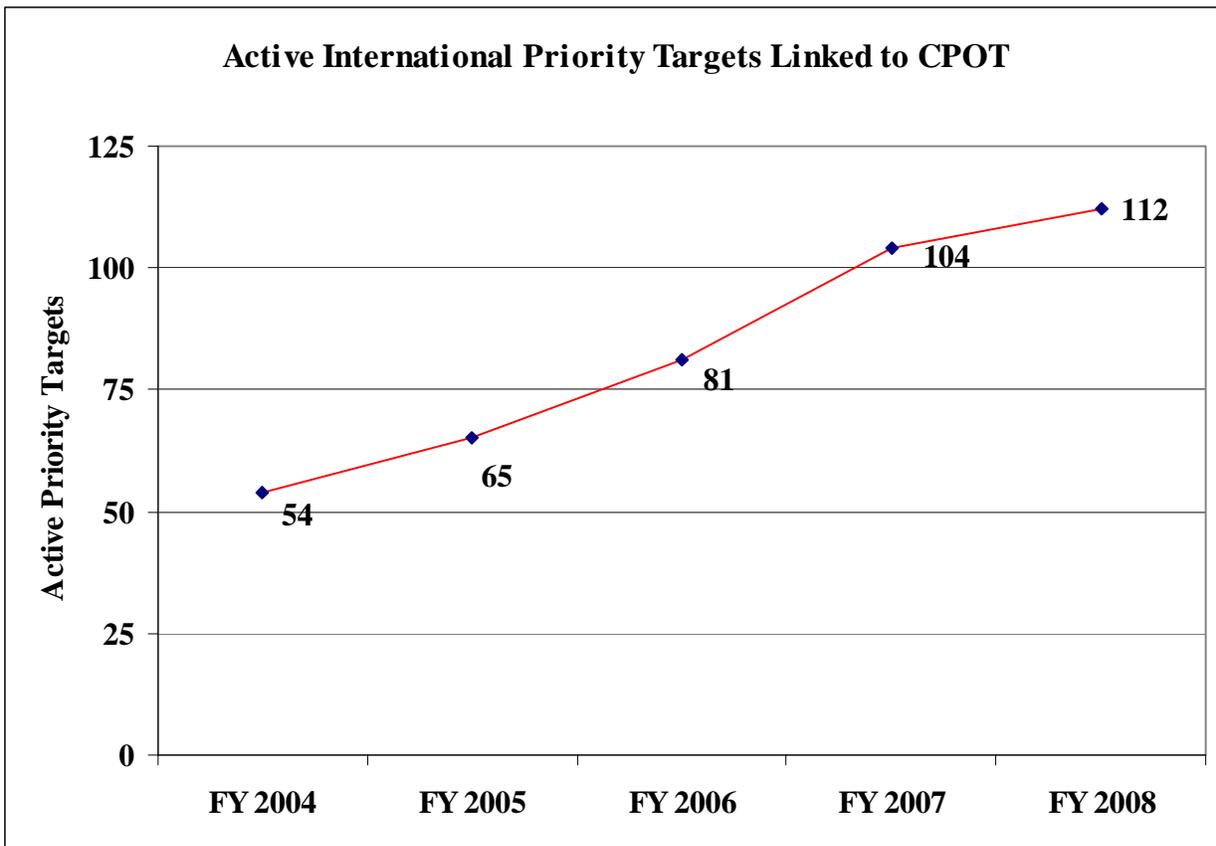
disruptions¹ and dismantlements². In response, the DEA refined its projection methodology by using regression analysis to determine the relative weight of many independent variables and their ability to forecast the number of Priority Targets disrupted and dismantled. This refined methodology was used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

Decision Unit: International Enforcement

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

Table 1: Measure 1

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



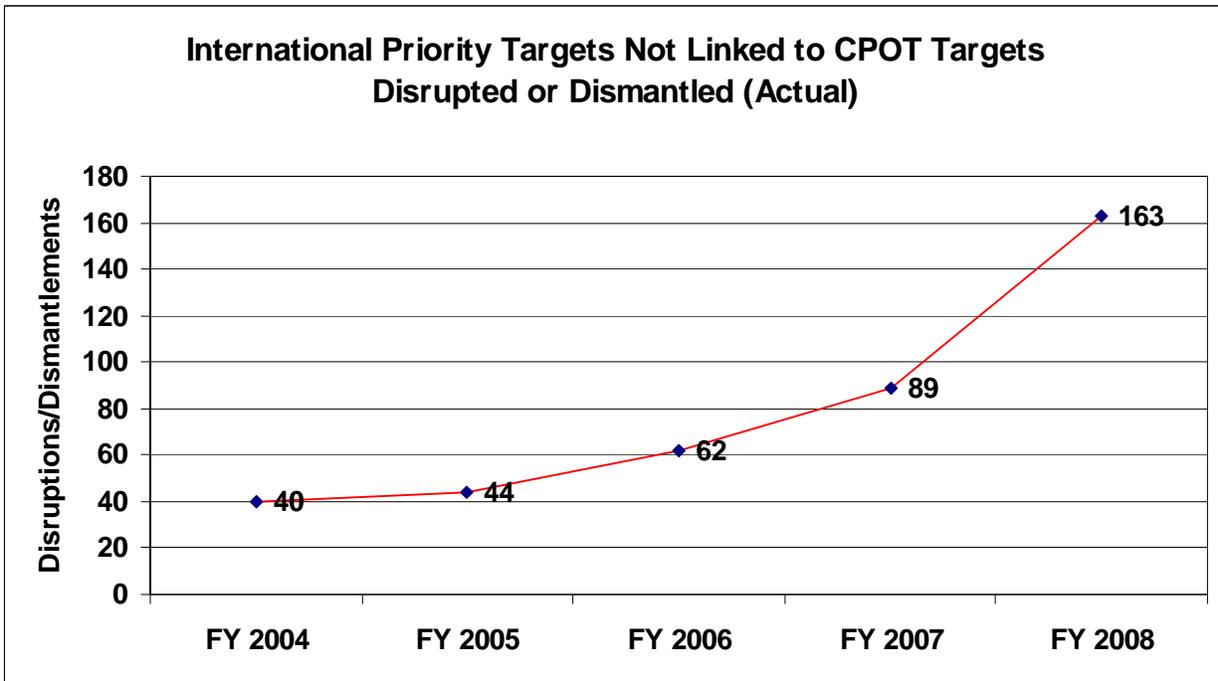
¹ A disruption occurs when the normal and effective operation of a targeted organization is impeded, as indicated by changes in organizational leadership and/or changes in methods of operation, including financing, trafficking patterns, communications, or drug production.

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

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

Table 2: Measure 2

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



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

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

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

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

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

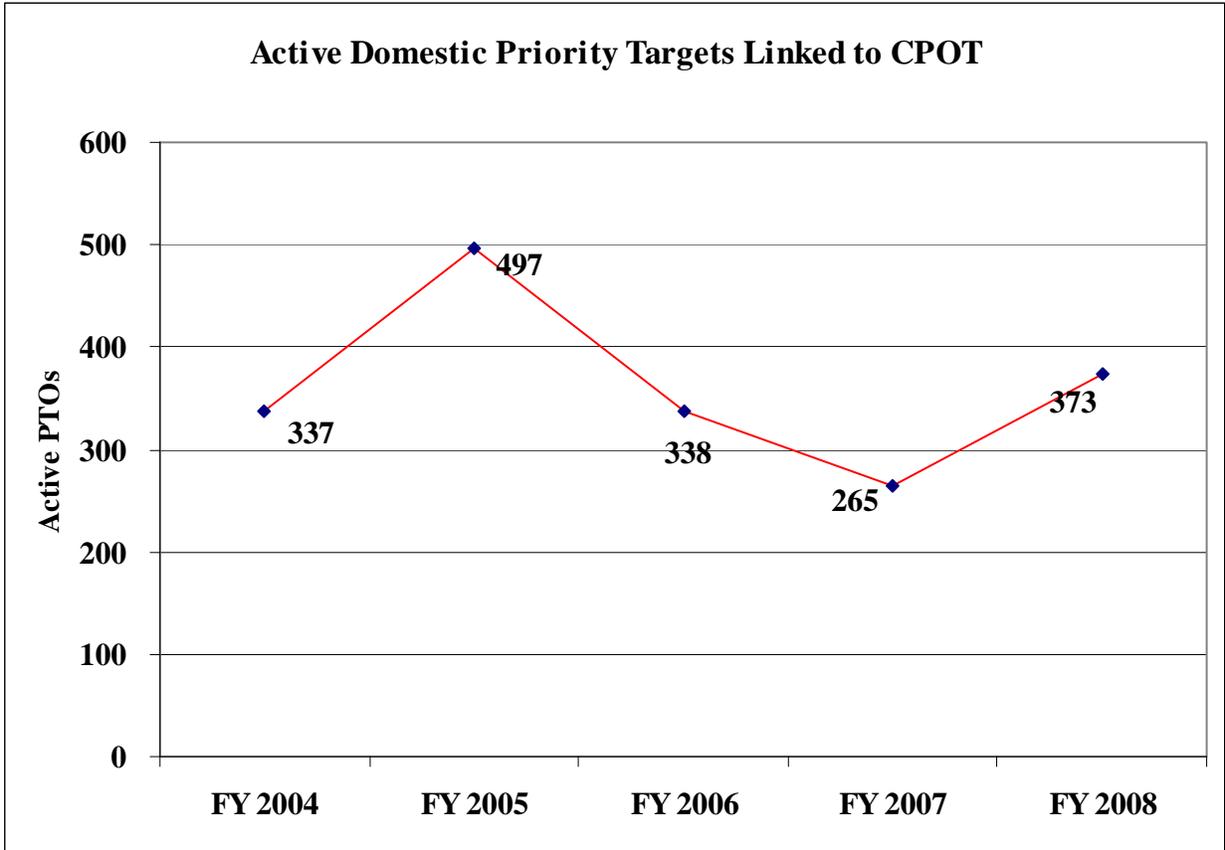
The current FY 2009 targets are 135 active international Priority Targets linked to CPOT and 170 disruptions or dismantlements of international Priority Targets not linked to CPOT. The Priority Target program will continue to be the DEA's focus.

Decision Unit: Domestic Enforcement

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

Table 3: Measure 1

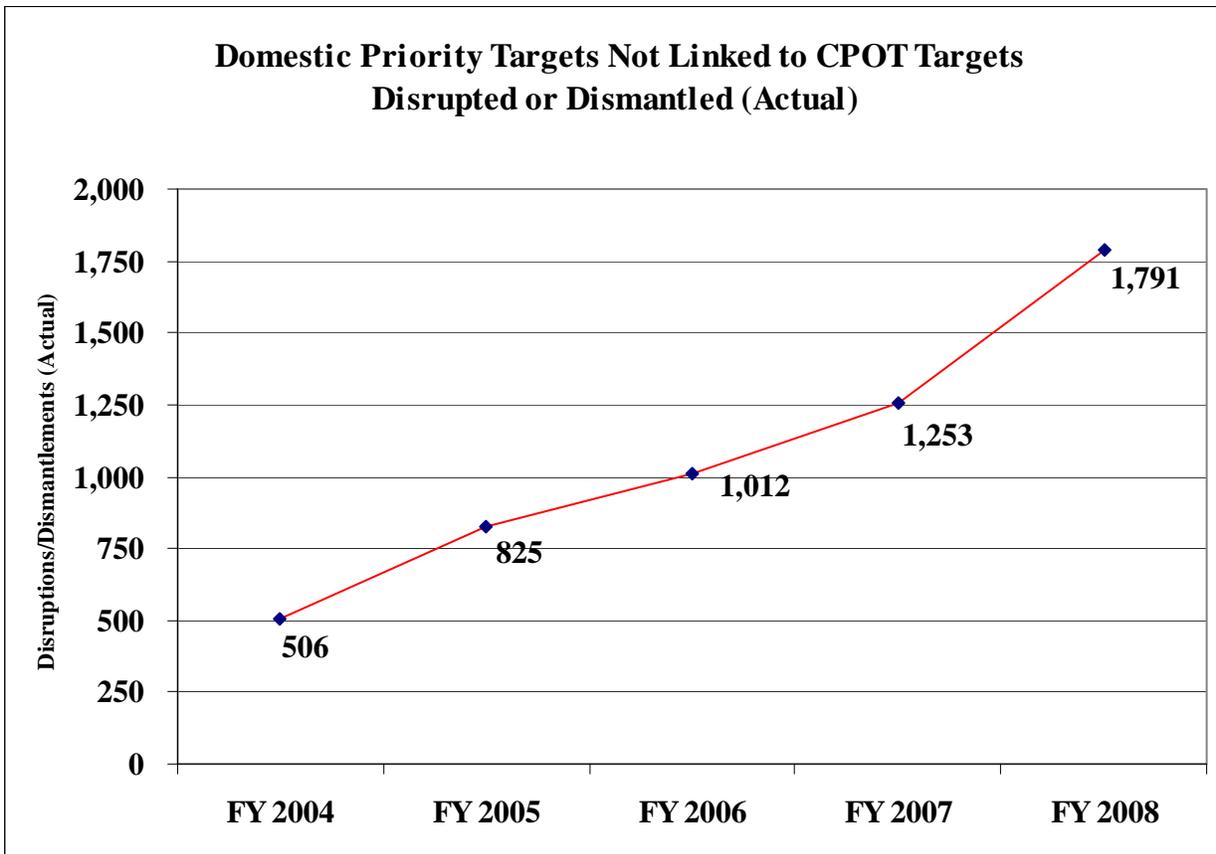
FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2008 Actual	FY 2009 Target
337	497	338	265	300	373	400



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

Table 4: Measure 2

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



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

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

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

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

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

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

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

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

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

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

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KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Justice

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

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

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

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

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

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

KPMG LLP

January 23, 2009

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U.S. Department of Justice

Criminal Division

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

Washington, DC 20530

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

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

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

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

Peter Maxey
Budget Officer

1/23/09
Date

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

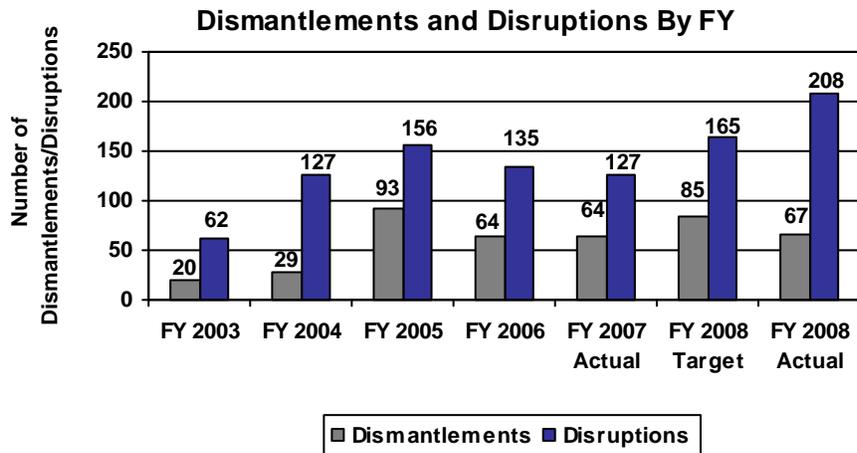
Drug Control Decision Units: Investigations/Prosecutions

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

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

Table 1: Measure

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



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

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

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

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

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

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

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

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



KPMG LLP
2001 M Street, NW
Washington, DC 20036

Independent Accountants' Report

Inspector General
U.S. Department of Justice

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

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

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

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

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

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

KPMG LLP

January 22, 2009

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

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

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

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



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



Date

I. PERFORMANCE INFORMATION

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

Decision Unit: Residential Substance Abuse Treatment (RSAT) Program

Measure 1: Number of participants in the RSAT Program

Table 1: Number of Participants in the RSAT Program

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

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

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

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

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

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

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

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

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

Decision Unit: Drug Court Program

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

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

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

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

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

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

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

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

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

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

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

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APPENDIX

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ONDCP Circular: Drug Control Accounting

May 1, 2007

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

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

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

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

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

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

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

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

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

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

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

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

- (2) **Methodology Modifications** – Consistent with ONDCP’s prior approval, if the drug methodology has been modified from the previous year, then the changes, their purpose, and the quantitative differences in the amount(s) reported using the new method versus the amount(s) that would have been reported under the old method shall be disclosed.²
 - (3) **Material Weaknesses or Other Findings** – Any material weakness or other findings by independent sources, or other known weaknesses, including those identified in the Agency’s Annual Statement of Assurance, which may affect the presentation of prior year drug-related obligations data, shall be highlighted. This may be accomplished by either providing a brief written summary, or by referencing and attaching relevant portions of existing assurance reports. For each material weakness or other finding, corrective actions currently underway or contemplated shall be identified.
 - (4) **Reprogrammings or Transfers** – All prior year reprogrammings or transfers that affected drug-related budgetary resources shall be identified; for each such reprogramming or transfer, the effect on drug-related obligations reported in the table required by this section also shall be identified.
 - (5) **Other Disclosures** – Agencies may make such other disclosures as they feel are necessary to clarify any issues regarding the data reported under this circular.
- b. **Assertions** – At a minimum, each report shall include a narrative section where the following assertions are made regarding the obligation data presented in the table required by Section 6a:
- (1) **Obligations by Budget Decision Unit** – With the exception of the multi-mission bureaus noted in Section 6a(1)(b), reports under this section shall include an assertion that obligations reported by budget decision unit are the actual obligations from the bureau’s accounting system of record for these Budget Decision Units.
 - (2) **Drug Methodology** – An assertion shall be made regarding the reasonableness and accuracy of the drug methodology used to calculate obligations of prior year budgetary resources by function for all bureaus and by budget decision unit for the CBP, Coast Guard, ICE, IHS, BIA, and VHA. The criteria associated with this assertion are as follows:

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

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

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

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

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

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

The criteria associated with these assertions are as follows:

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

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

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

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

John P. Walters
Director