



Audit of the Drug Enforcement Administration's Authorized Central Storage Program



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Objective

The objective of this audit was to determine, for fiscal years (FY) 2018 through 2020, the adequacy of supplies, equipment, continuing support, and training that the Drug Enforcement Administration (DEA) provided state and local law enforcement through the Authorized Central Storage (ACS) Program.

Results in Brief

Under the ACS Program, the DEA provides equipment and supplies needed for packaging and storing hazardous drug waste, facilitates related training, and sends out contractors to ACS sites for waste pickup for ultimate disposal. We determined that through the ACS Program, the DEA provided adequate supplies and equipment, training, and continuing support to participating states' law enforcement agencies. In addition, program expenses were properly recorded, authorized, and supported. The DEA took measures to utilize the ACS Program to address the changing trends in drug trafficking in recent years. To ensure participating states continue to benefit from the ACS Program, the DEA implemented a strategy to expand the scope of the ACS Program by leveraging existing equipment and supplies to support the disposal of additional types of drugs.

Recommendation

Our report contains one recommendation for the DEA to expand and enhance its ACS Program. We requested a response to our audit report from the DEA, which can be found in Appendix 2. Our analysis of the response is included in Appendix 3.

Audit Results

From FYs 2018 through FY 2020, the DEA spent \$13.3 million on the ACS Program. The program was designed to save costs associated with the removal of hazardous waste generated by small-volume methamphetamine laboratories by providing for centralized safe storage facilities and waste pickups that were less expensive than individual cleanups. Participating states agreed to secure centrally located waste collection sites and comply with the training requirements for program participation.

Supplies, Equipment, Training, and Continuing Support

Based on our audit work, we believe the DEA provided adequate supplies, equipment, continuing support, and training to participating law enforcement agencies from FYs 2018 through 2020. In addition, our invoice testing showed that expenses related to supplies, equipment, program officials' travel, and contractor pickups were properly recorded, authorized, and supported.

Potential Program Enhancements

The DEA took measures to utilize the ACS Program to address needs related to changing trends in drug trafficking in recent years. In January 2021, the DEA received Congressional approval to expand the laboratory cleanups to include cleanups of laboratories for fentanyl and related substances. The DEA also updated its training material and policy to cover procedures for handling waste related to the production of drugs other than methamphetamine.

To address the changing drug trafficking trends, the DEA should continue its efforts to expand the ACS Program to include additional states or areas within a state when it determines such action is cost effective.

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Introduction

Illicit drug operations can present significant environmental concerns due to the types of chemicals used to produce the drugs and the amount of waste generated. The types of chemicals used in these operations, such as ammonia and sulfuric acid, are dangerous toxic substances that endanger the environment when they are disposed of illegally or improperly. These operations can also threaten the safety and health of law enforcement personnel and the public as there are many instances of these illicit drug laboratories catching fire or exploding. Because of these safety concerns, the Drug Enforcement Administration's (DEA) Illicit Hazardous Environment (IHE) Cleanup Program, formerly referred to as the Clandestine Laboratory Cleanup Program, focuses on the proper removal, adulteration, and disposal of all the ingredients and equipment used in illicit drug operations. For large methamphetamine laboratories and other more hazardous drug laboratories, the DEA sends contractors directly on site for cleanup and removal services. The DEA's Authorized Central Storage (ACS) Program is a part of the broader IHE cleanup effort, focused on securing and disposing of hazardous waste recovered from seized small-volume methamphetamine laboratories.

DEA Authorized Central Storage Program

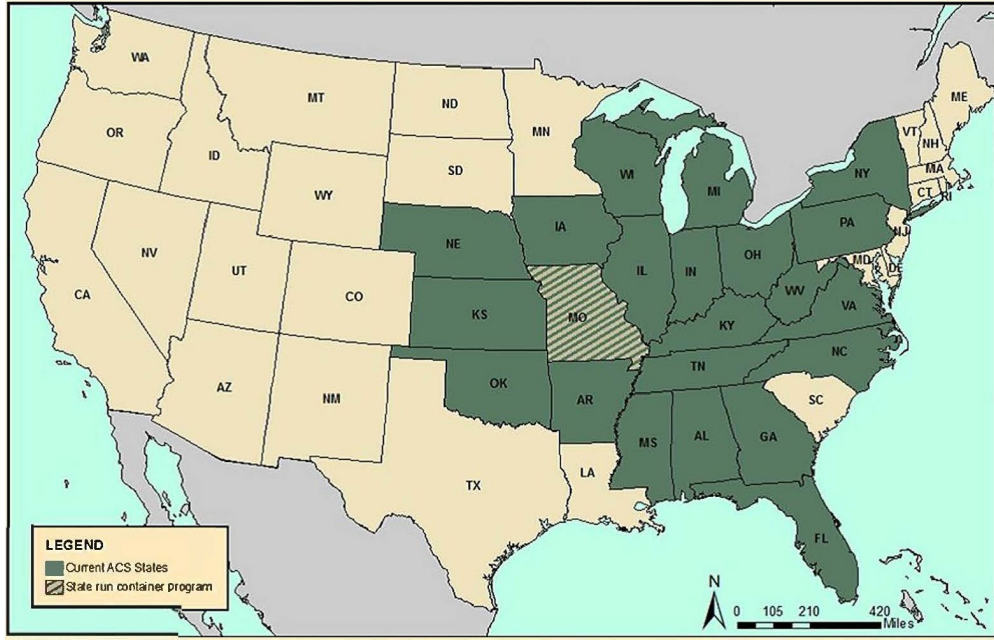
According to the DEA, beginning in 2012, there was a dramatic increase in seizures of small-volume methamphetamine laboratories (methamphetamine waste of 220 pounds or less). Environmental Protection Agency (EPA) regulations define 220 pounds of waste as the threshold for exemption from the requirement to be picked up directly on site by contractors. The ACS program, administered by DEA's Environmental Management Section, was designed to reduce costs associated with the cleanup of the seized small-volume methamphetamine laboratories in states having a sufficient number of these small-scale laboratories.¹ Instead of sending a contractor to clean up every qualifying seized methamphetamine laboratory, specially trained state and local law enforcement officers identify, label, and package the hazardous waste and place it in a secure centralized location equipped with the necessary storage containers. Once the containers are full, a designated state agency program coordinator contacts a DEA regional coordinator to arrange for contractor pickup, paid for by the DEA.

The program requires that the DEA and a state agency, designated with the authority to enforce and oversee the ACS Program within that state, enter into an agreement delineating each party's responsibilities. The DEA provides funding, technical support, and environmental expertise to state and local law enforcement agencies, while the designated state agency secures its ACS sites, maintains law enforcement officer certification through required training, and facilitates local law enforcement's participation in and compliance with the program. Once the agreement is signed, oversight responsibilities—other than providing supplies and support and verifying all supporting documentation prior to issuing payments for contractor pickup services—fall to the state agency. As shown in Figure 1, as of August 2022, 21 states participated in the ACS Program.

¹ The DEA identifies program-eligible states based on data maintained at its El Paso Intelligence Center. The number of small-volume laboratories that is considered sufficient to warrant participation in the program varies from state to state.

Figure 1

ACS Program Participating States as of August 2022²



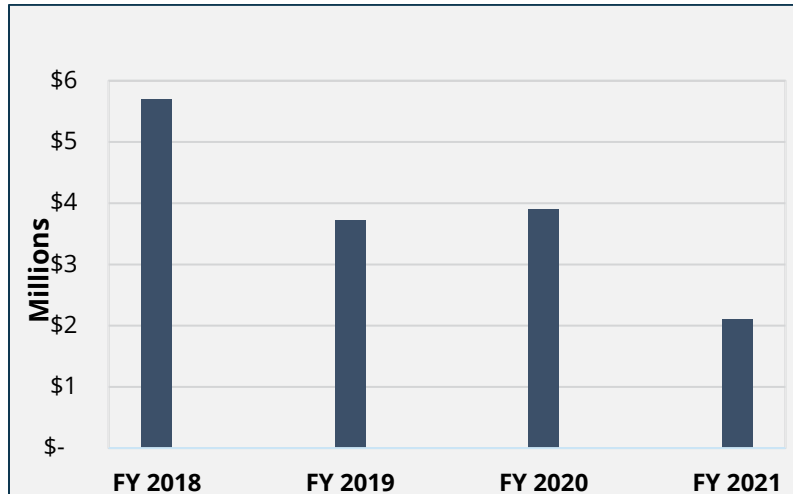
Source: DEA

Since FY 2018, the DEA has typically received \$10 million in annual appropriations to fund its drug cleanup programs. This amount supports both the ACS Program and laboratory cleanups performed through contractor direct responses. Although the DEA does not set aside a specific amount for the ACS Program, the DEA has decreased ACS spending from \$5.7 million in FY 2018 to \$2.1 million in FY 2021 (see Figure 2).

² Missouri administers its own hazardous waste container program, but as of January 2022 planned to join the ACS Program in FY 2023.

Figure 2

Total ACS Spending for FYs 2018 through 2021



Source: DEA

In 2010, the OIG completed an audit of the DEA's Clandestine Drug Laboratory Cleanup Program that identified management and oversight issues. The report also found that the ACS Program led to a significant reduction in cleanup costs for small-volume methamphetamine laboratories, decreasing from an average of between \$3,000 to \$3,600 per cleanup in FYs 2006 through 2008 to less than \$500 at the time the report was issued in 2010. However, the ACS Program was merely in its infancy at that time and has since expanded from 5 states in 2006 to 21 in 2022.

OIG Audit Approach

The audit objective was to determine the adequacy of supplies, equipment, continuing support, and training that the DEA provides to state and local law enforcement through the ACS Program. The scope of our audit was FYs 2018 through 2020.

We interviewed DEA officials responsible for program administration and ACS state program coordinators from 10 states—Alabama, Georgia, Illinois, Kentucky, Michigan, New York, Oklahoma, Tennessee, West Virginia, and Wisconsin. We also obtained and reviewed documentation related to administrative, financial, and operational aspects of DEA's ACS Program and conducted invoice testing to ensure sampled program costs, related to equipment, supplies, training, and contractor pickups were properly recorded, authorized, and supported. Appendix 1 contains further details on our audit objective, scope, and methodology.

Audit Results

We determined that the DEA provided the necessary supplies and equipment, training, and continuing support to ACS Program participating law enforcement agencies. In addition, our invoice testing showed that expenses related to supplies, equipment, travel, and contractor pickups were properly recorded, authorized, and supported. Moreover, we found that the DEA took measures to utilize the ACS Program to address needs resulting from the changing trends in drug trafficking in recent years. In January 2021 the DEA received congressional approval to expand the laboratory cleanups to include cleanups of laboratories for fentanyl and related substances. With this approval, the DEA also updated its training material and policy to cover procedures for drugs other than methamphetamine. With the expansion to include fentanyl and other cleanups, the DEA was willing to expand the program to other states or establish the ACS Program on a regional basis, if there was sufficient data reflecting small-scale drug seizures. Along with the expanded program scope, we believe that the program's reach could be extended beyond the existing 21 participating states given the changing drug trafficking trends.

Supplies and Equipment

We determined from state program coordinators that the DEA had previously fully funded the startup costs for the 10 participating states' collection sites that we selected to review; this included costs for trailers, secure containers, and necessary supplies, such as personal protective equipment. Once the start-up equipment was in place, the DEA monitored the condition of the larger equipment annually by surveying participating states.

To determine whether the DEA provided adequate supplies and equipment to participating states during the period covered by our audit, we spoke with 10 state agency program coordinators, who informed us that the DEA consulted with them or advised them on their startup equipment and supply needs. In addition, we found that the DEA provided guidance for necessary repairs or replacements, offered a standard list of supplies that could be reordered by the participating states, and processed non-routine purchase requests, such as ammonia cylinders, received through official channels. Although states were required to submit supply requests on an annual basis, they were allowed to make additional ad hoc requests, provided that the request was submitted on state letterhead and included justification. All 10 coordinators told us that the DEA never denied their requests for replenishing supplies and the DEA noted that requests were generally granted as long as they did not appear unreasonable.

Training

Participating state and local law enforcement officials responsible for the safe packaging and removal of methamphetamine waste are required to become ACS certified. The certification process includes two steps. First, trainees must receive basic safety training to learn the fundamental protocols for handling hazardous materials. Officials can choose to attend a commercial course, a state-sponsored course, or a DEA-provided course. Second, trainees must enroll in DEA's 24-hour ACS training course that is generally held at a central location within a state. This hands-on class teaches law enforcement personnel how to properly identify, segregate, stabilize, and package hazardous waste while on-site and then transport it to the central storage site in accordance with the U.S. Department of Transportation and EPA requirements. Instructors for this class include a DEA training facilitator, a subject-matter expert from the DEA division managing the ACS Program, and one or two contractors. According to a DEA official, state program coordinators were responsible for identifying a training facility and for maintaining the attendee list.

Furthermore, it was the responsibility of the individual states to ensure officers comply with the training requirement and maintain training records.

To determine whether the DEA provided adequate training to participating states, we interviewed the 10 state agency coordinators for the states in our sample. For 7 of the 10 state agencies sampled, the coordinators told us that they were very satisfied with the ACS training sponsored by the DEA and provided through a DEA contractor. The remaining three agencies had not participated in DEA-sponsored training in recent years. Two of these agency coordinators told us that they did not request training because of a lack of small methamphetamine cleanups in their states and one agency coordinator was scheduled to participate in an upcoming training event. We also reviewed supporting documentation of the DEA's communication with participating states about upcoming scheduled classes and arrangements the DEA made for states to receive on-site ACS training. DEA officials also traveled to those states to assist the training contractor with classroom instructions.³ Through our interviews and document examination, we determined that the DEA informed the states of upcoming classes. Overall, the seven state agency coordinators we interviewed who had participated in the ACS training were very satisfied with the training provided.

Continuing Support

We determined that the DEA provided adequate support to participating states through its establishment of a dedicated 24-hour hotline for the ACS Program to address questions or concerns on an as-needed basis, newsletters, and annual conference calls with participating states. All 10 state program coordinators interviewed rated the ongoing support received from the DEA as satisfactory or very satisfactory. In addition, during the COVID-19 pandemic, the DEA informed participating states that all program officials were still available to respond to calls and emails and the DEA also processed purchase orders for equipment and supplies. In addition, when we spoke with state officials, they reported that there were no delays in pickup as a result of COVID-19.

Program Costs

A previous OIG audit indicated that lower cleanup prices and the implementation of the ACS program achieved a reduction in costs from an average of \$3,000 to \$3,600 per cleanup to less than \$500 per cleanup. In this audit, we reviewed cleanup cost documentation provided by the DEA for FYs 2018 through 2020. The information reflected an average ACS cleanup cost of less than \$500 for the period we reviewed.

We reviewed program invoices to verify that from FYs 2018 through 2020, the DEA had provided supplies, equipment, training, and contractor pickups to participating states that administer the ACS program. We tested purchase orders greater than \$10,000, purchase card transactions less than or equal to \$10,000, travel expenses related to ACS training, and contractor billings for pickups related to the safe removal and disposal of hazardous waste.

³ During the COVID-19 pandemic, in-person instruction was suspended. However, the DEA told us that it resumed in-person instruction in the summer of 2021.

From FY 2018 through FY 2020, the DEA spent a total of \$13,312,030 on the ACS Program. We selected a judgmental sample of 36 transactions totaling \$1,022,192. Table 1 shows the breakdown of our transaction testing.

Table 1

Invoice Testing for FYs 2018 through 2020

| Category | Total Transactions | Total Dollars | Transactions Sampled | Total Dollars Tested |
|------------------------|--------------------|---------------------------------|----------------------|----------------------|
| Purchase Orders | 300 | \$11,571,275 | 10 | \$897,961 |
| Purchase Card Requests | 67 | 73,443 | 9 | 31,731 |
| Travel | 11 | 15,320 | 5 | 7,323 |
| Contractor Pickups | 194 | 1,651,992 | 12 | 85,177 |
| Totals: | 572 | \$13,312,030^a | 36 | \$1,022,192 |

^a The DEA spent \$5.7 million in FY 2018, \$3.7 million in FY 2019, and \$3.9 million in FY 2020 for the ACS Program.

Source: OIG Analysis of DEA Data

Our testing included comparing and validating DEA documentation to contractor invoices. We found that transactions were properly recorded, authorized, and supported.

Potential Program Enhancement

The DEA took measures to utilize the ACS Program to address needs related to the changing trends in drug trafficking in recent years. Notably, the DEA received Congressional approval in January 2021 to expand the laboratory cleanups to include cleanups of laboratories for fentanyl and related substances. Based on the approved program expansion, in December 2021, the DEA updated its Guidelines for Law Enforcement Cleanup of Illicit Hazardous Environments to include language pertaining to fentanyl. In addition, the DEA made necessary updates to its training material to cover procedures for drugs other than methamphetamine and informed participating states and DEA coordinators of the expanded program scope. The DEA’s efforts to expand the program have the potential to better serve state and local law enforcement agencies in addressing the ever-changing drug-trafficking environment.

In addition, with the approved expansion to include fentanyl and related cleanups, the DEA stated that it was willing to expand the program to other states or allow an area within a state to participate in the ACS Program if there was sufficient data reflecting small-scale drug seizures. However, officials cautioned that, even with the expansion of the ACS program, any outreach to potential participants must target those areas under the purview of the program that have seizures of 220 pounds or less of waste as defined by EPA

regulations.⁴ The DEA indicated that although it had not conducted any comprehensive cost-benefit analysis, any decision to include additional states in the program is based upon a matter of identified need and assistance requested from the state and local partners. In addition, the size and terrain of western states can present logistical challenges to implementing the ACS Program in those locations and the DEA would not expect to experience the same level of cost savings. Based on the cost savings experienced through the ACS Program, we believe that the DEA should assess whether the program should be implemented in additional locations. Therefore, we recommend that the DEA perform a cost-benefit analysis regarding the potential expansion of the ACS Program to additional states or areas within a state to determine whether such action is cost effective and mutually beneficial to both the DEA and participants.

⁴ The El Paso Intelligence Center maintains seizure data that the DEA uses to identify areas to target.

Conclusion and Recommendation

As a result of our audit testing, we determined that the DEA provided adequate supplies and equipment, support, and training to state and local law enforcement through the ACS Program to clean up small methamphetamine seizure sites in a safe and cost-effective manner. In addition, the DEA was successful in expanding the program scope to include the cleanups of additional drugs for existing participants. With this increased scope, the DEA also has the opportunity to expand the program to additional states or areas within a state.

We recommend that the DEA:

1. Perform a cost-benefit analysis regarding the potential expansion of the ACS Program to additional states or areas within a state to determine whether such action is cost effective and mutually beneficial to both the DEA and participants.

APPENDIX 1: Objective, Scope, and Methodology

Objective

The audit objective was to determine the adequacy of supplies, equipment, continuing support, and training that the DEA provides to state and local law enforcement through the ACS Program.

Scope and Methodology

The scope of this audit, unless otherwise indicated, is the period of fiscal years 2018 through 2020. We interviewed DEA officials to understand the DEA's administration of the ACS program. We also interviewed officials from participating states to determine the support they received from the DEA. We examined summary accounting records for ACS expenditures related to supplies, equipment, training, and contractor hazardous waste pickups. As a result of the COVID-19 pandemic response, we performed our audit fieldwork exclusively in a remote manner.

Statement on Compliance with Generally Accepted Government Auditing Standards

We conducted this performance audit in compliance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Internal Controls

In this audit, we performed testing of internal controls significant within the context of our audit objective. We did not evaluate the internal controls of DEA to provide assurance on its internal control structure as a whole. DEA management is responsible for the establishment and maintenance of internal controls in accordance with OMB Circular A-123. Because we do not express an opinion on the DEA's internal control structure as a whole, we offer this statement solely for the information and use of the DEA.⁵

Through this testing, we did not identify any deficiencies in the DEA's internal controls that are significant within the context of the audit objective and based upon the audit work performed that we believe would affect the DEA's ability to operate effectively and efficiently, to correctly state financial and performance information, and to ensure compliance with laws and regulations.

Sample-Based Testing

To accomplish our audit objective, we performed sample-based testing to verify invoices related to ACS program supplies, equipment, training, and contractor pickup transactions. In this effort, we employed a judgmental sampling design to obtain broad exposure to numerous facets of the areas we reviewed.

⁵ This restriction is not intended to limit the distribution of this report, which is a matter of public record.

We requested that the DEA provide detailed and summary accounting records for ACS expenditures incurred during FYs 2018 through 2020, to include those for supplies, equipment purchases, continuing support, and associated training costs. We selected a judgmental sample from each category and tested the validity of these transactions against supporting documents provided to us by the DEA. This non-statistical sample design did not allow projection of the test results to the universe from which the samples were selected.

Computer-Processed Data

During our audit, we obtained information from the United Financial Management System. We did not test the reliability of those systems as a whole, therefore any findings identified involving information from those systems were verified with documentation from other sources.

APPENDIX 2: The Drug Enforcement Administration Response to the Draft Audit Report



U. S. Department of Justice
Drug Enforcement Administration

www.dea.gov

Washington, D.C. 20537

MEMORANDUM

TO: Jason R. Malmstrom
Assistant Inspector General for Audit
Office of the Inspector General

FROM: Mary B. Schaefer
Chief Compliance Officer
Office of Compliance

MARY
SCHAEFER

Digitally signed by MARY
SCHAEFER
Date: 2022.09.12 12:58:55 -04'00'

SUBJECT: DEA Response to the OIG Formal Draft Report: "Audit of the Drug Enforcement Administration's Authorized Central Storage Program"

The Drug Enforcement Administration (DEA) has reviewed the Department of Justice (DOJ) Office of the Inspector General's (OIG) Audit Division report titled, "*Audit of the Drug Enforcement Administration's Authorized Central Storage Program.*" DEA appreciates OIG's review and assessment of this important program. Per the OIG's review, DEA provides the ACS Program with adequate supplies, equipment, training, and continues to support participating states' law enforcement agencies. DEA is also properly recording, authorizing and supporting the ACS Program's expenses. Critically, the OIG found no deficiencies and recognized that DEA is using the ACS Program to address trends in drug trafficking.

OIG made one recommendation that involves the completion of an effort already underway at DEA.

Recommendation 1. Perform a cost-benefit analysis regarding the potential expansion of the ACS Program to additional states or areas within a state to determine whether such action is cost effective and mutually beneficial to both the DEA and participants.

DEA RESPONSE

DEA concurs with the recommendation and has already begun a cost-benefit analysis to assist the program in determining whether it can potentially expand the ACS Program to additional states. The Environmental Management Section is reviewing the support that is currently provided to states where DEA assists with clean-up operations outside of the ACS program to

assess that information against the cost of setting up an ACS site, fully outfitting an ACS response trailer, and the training cost for state personnel.

The analysis will be caveated to acknowledge variations in drug patterns across the nation, the needs of state partners, and DEA's own budgetary constraints. Upon completion of the cost-benefit analysis, DEA will provide OIG the cost-benefit analysis's results and request that OIG close this recommendation.

Thank you for the opportunity to respond and address the OIG's concerns. If you have any questions regarding this response, please contact DEA's Audit Liaison Team at 571-776-3119.

APPENDIX 3: Office of the Inspector General Analysis and Summary of Actions Necessary to Close the Audit Report

The OIG provided a draft audit report to the Drug Enforcement Administration (DEA). The DEA's response is incorporated in Appendix 2 of this final report. In response to our draft audit report, the DEA concurred with our recommendation and, as a result, the status of the audit report is resolved. The following provides the OIG analysis of the response and the summary of actions necessary to close the report.

Recommendation for the DEA:

- 1. Perform a cost-benefit analysis regarding the potential expansion of the Authorized Central Storage (ACS) Program to additional states or areas within a state to determine whether such action is cost effective and mutually beneficial to both the DEA and participants.**

Resolved. The DEA concurred with our recommendation. The DEA stated that it had already begun a cost-benefit analysis to determine whether it could potentially expand the ACS Program to additional states. The DEA also stated that its Environmental Management Section was reviewing the support it provides non-ACS states with its clean-up operations. For these states, the DEA plans to evaluate the current arrangement against the potential cost of setting up an ACS site, fully outfitting an ACS response trailer, and the training cost for state personnel. According to the DEA, once the analysis is completed, it will share the results with the OIG and request that the OIG close this recommendation.

This recommendation can be closed when the DEA provides the OIG documentation that it performed a cost-benefit analysis regarding the potential expansion of the ACS Program to additional states or areas within a state to determine whether such action is cost effective and mutually beneficial to both the DEA and participants.