



# **ANNUAL ACCOUNTING AND AUTHENTICATION OF DRUG CONTROL FUNDS AND RELATED PERFORMANCE FISCAL YEAR 2009**

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

Audit Report 10-15  
January 2010



# **ANNUAL ACCOUNTING AND AUTHENTICATION OF DRUG CONTROL FUNDS AND RELATED PERFORMANCE FISCAL YEAR 2009**

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

This report contains the fiscal year 2009 attestation review reports of the Federal Bureau of Prisons, Drug Enforcement Administration, Organized Crime Drug Enforcement Task Forces Program, and Office of Justice Programs 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 101.89. 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 its attention that caused it 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 25, 2010, and the conclusions expressed in the reports. However, our review 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 2009**

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**Independent Accountants' Reports and  
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KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

## Independent Accountants' Report

Inspector General  
U.S. Department of Justice

Director  
Federal Bureau of Prisons  
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, 2009. We have also reviewed the accompanying Management's Assertion Statement for the year ended September 30, 2009. The BOP's management is responsible for the Table of Drug Control Obligations, related disclosures, and Management's 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, 2009, 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 BOP, 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 25, 2010

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U.S. Department of Justice

Federal Bureau of Prisons

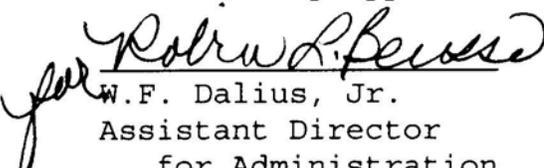
Washington, DC 20534

**U.S. Department of Justice  
Bureau of Prisons  
Detailed Accounting Submission  
Management's Assertion Statement  
For Fiscal Year Ended September 30, 2009**

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 2009.

We have documented the methodology used by BOP to identify and accumulate FY 2009 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

01/25/10  
Date

U.S. Department of Justice  
Bureau of Prisons  
Table of Drug Control Obligations  
For Fiscal Year Ended September 30, 2009  
(Dollars in millions)

FY 2009 Actual Obligations

Drug Obligations by Budget Decision Unit and Function:

Decision Unit: Inmate Care and Programs

Treatment	<u>\$79.683</u>
Total, Inmate Care and Programs	<u>\$79.683</u>
Total Obligations	<u>\$79.683</u>

## 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, policy goal of "Improve the public health and public safety of the American people by reducing the consequences of drug use".

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 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 2009 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 2008). 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 2009 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 and no findings in the Independent Auditors' Report on Compliance and Other Matters. However, in the Independent Auditors' Report on Internal Control Over Financial Reporting the auditors identified certain deficiencies in internal control over financial reporting that the auditors considered to be a significant deficiency. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During the FY 2009 audit, auditors evaluated the general control environment. General controls are the structure, policies, and procedures that apply to the BOP's overall computer operations. They also performed a review of the DOJ consolidated information systems general controls environment that provides general control support for several DOJ components' financial applications, one of which is the BOP. 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*; and as established by Office of Management and Budget Circular A-130, *Management of Federal Information Resources*.

The auditors noted weaknesses in the following FISCAM general control areas: access controls and configuration management. 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 2009 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 2009.

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 2009, \$650,000 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 six PHS FTEs related to drug treatment during FY 2009. Therefore, the transferred obligations and PHS Full Time Equivalent positions (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 2009.

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KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

## Independent Accountants' Report

Inspector General  
U.S. Department of Justice

Acting Administrator  
Drug Enforcement 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, 2009. We have also reviewed the accompanying Management's Assertion Statement for the year ended September 30, 2009. The DEA's management is responsible for the Table of Drug Control Obligations, related disclosures, and Management's 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, 2009, 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 DEA, 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 25, 2010

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**U.S. Department of Justice  
Drug Enforcement Administration  
Detailed Accounting Submission  
Management's Assertion Statement  
For Fiscal Year Ended September 30, 2009**

On the basis of the Drug Enforcement Administration's (DEA) 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 2009.

We have documented the methodology used by the DEA to identify and accumulate FY 2009 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.

A handwritten signature in blue ink that reads "Frank Kalder".

Frank M. Kalder, Chief Financial Officer

A handwritten date in blue ink that reads "1/25/2010".

Date

U.S. Department of Justice  
Drug Enforcement Administration  
Table of Drug Control Obligations  
For Fiscal Year Ended September 30, 2009  
(Dollars in Millions)

	FY 2009 Actual Obligations
<b>Drug Obligations by Account/Budget Decision Unit and Function:</b>	
<b>Diversion Control Fee Account</b>	
Investigations	\$ 216.246
<b>Total Diversion Control Fee Account</b>	<b>\$ 216.246</b>
<b>Domestic Enforcement</b>	
Investigations	\$ 1,519.544
Intelligence: Domestic Law Enforcement	118.546
Prevention	1.280
<b>Total Domestic Enforcement</b>	<b>\$ 1,639.370</b>
<b>International Enforcement</b>	
Investigations	\$ 409.168
Intelligence	19.321
<b>Total International Enforcement</b>	<b>\$ 428.489</b>
<b>State and Local Assistance</b>	
State and Local Assistance	\$ 4.539
<b>Total State and Local Assistance</b>	<b>\$ 4.539</b>
<b>Total Obligations</b>	<b>\$ 2,288.644 *</b>
High-Intensity Drug Trafficking Area (HIDTA) obligations	\$15.868

\* 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 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 and a September 3, 2008 updated memo 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 systems, the Federal Financial System (FFS) and Unified Financial Management System (UFMS), do 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 account/decision units to ONDCP's drug functions.

Data: All accounting data for the DEA are maintained in FFS and UFMS. FFS and UFMS track obligation and expenditure data by a variety of attributes, including fund type, allowance center, decision unit and object class. In the first quarter of FY 2009, FFS was phased out and UFMS was implemented. One hundred percent of the DEA's efforts are related to drug enforcement.

Other Estimation Methods: None.

Financial Systems: FFS and UFMS are the information systems the DEA uses to track obligations and expenditures. Obligations derived from these systems 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 three 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.

<b>The DEA Account/Decision Unit</b>	<b>Allocation</b>	<b>ONDCP Function</b>
Diversion Control Fee Account	100.00%	<b>Investigations</b>
Domestic Enforcement	92.69%	
Domestic Enforcement	7.23%	<b>Intelligence: Domestic Law Enforcement</b>
International Enforcement	4.51%	<b>Intelligence: International</b>
International Enforcement	95.49%	<b>International</b>
State and Local Assistance	100.00%	<b>State and Local Assistance</b>
Domestic Enforcement	0.08%	<b>Prevention</b>

The DEA's financial system began recording obligations in the appropriated three decision units and the Diversion Control Fee Account 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 and UFMS.

Full Time Equivalents (FTE): One hundred percent of the DEA FTEs are dedicated to drug enforcement efforts. The DEA's Direct FTE total for FY 2009, including Salaries & Expenses (S&E) and Diversion Control Fee Account (DCFA) appropriations, was 7,936 through pay period 19, ending September 26, 2009.

Transfers and Reimbursements: High Intensity Drug Trafficking Area (HIDTA) transfers and 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 2009 obligations from three decision units to ONDCP's drug functions.

#### Disclosure 3: Material Weaknesses and Other Findings

The results of the DEA's FY 2009 financial statement audit revealed no material weaknesses that affect the presentation of drug related obligations data. However, there was a significant deficiency identified during FY 2009 noting improvements were needed to strengthen the financial management controls to ensure the timely deobligation of funds that are no longer needed. In conjunction with the implementation of a new financial system, the Unified Financial Management System (UFMS), DEA has taken/will be taking actions to strengthen the control over fiscal and operational processes, including manager and senior executive manager training; the monitoring and validating of undelivered orders; regular communication with program offices regarding financial management policies and procedures; and communication of the FY 2009 audit results to DEA personnel, together with the development of a Corrective Action Plan (CAP) to address all issues identified during the course of the audit.

#### Disclosure 4: Reprogrammings and Transfers

There was no reprogramming in FY 2009.

However, the DEA had several transfers during FY 2009 (see the attached Table of FY 2009 Reprogrammings and Transfers). The DEA had 14 transfers into its S&E account - one transfer from the Spectrum Relocation Fund, Executive Office of the President totaling \$55,687,000, four transfers from ONDCP's High Intensity Drug Trafficking Area (HIDTA) program totaling \$15,612,353, one transfer from Department of State totaling \$91,590,000, and eight internal transfers from expired FY 2005/FY 2006/FY 2007/FY 2008 S&E funds of \$45,160,489. Also, the DEA had 17 transfers out of its S&E account - one transfer to the Department of Justice's Wire Management Office totaling \$1,458,166, seven transfers to DOJ's Working Capital Fund totaling \$2,664,277, one transfer to ONDCP's (HIDTA) program totaling \$300,384, and eight internal transfers from expired FY 2005/FY 2006/FY 2007/FY 2008 S&E funds of \$45,160,489 to the DEA's S&E No-Year funds.

Transfers under the Drug Resources by Function section in the Table of FY 2009 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 2009.

Department of Justice  
Drug Enforcement Administration  
Table of Reprogrammings and Transfers  
For Fiscal Year Ended September 30, 2009  
(Dollars in Millions)

	Reprogrammings	Transfers In	Transfers Out	Total
<b>Drug Resources by Account/Budget Decision Units and Function:</b>				
<b>Diversion Control Fee Account</b>				
Investigations	-	-	-	-
<b>Diversion Control Fee Account</b>				
<b>Domestic Enforcement</b>				
Investigations	-	93,476 \$	(45,681) \$	47,795
Intelligence	-	7,292	(3,564)	3,728
Prevention	-	0,079	(0,038)	0,041
<b>Domestic Total</b>	-	<b>100,847</b>	<b>(49,283)</b>	<b>51,564</b>
<b>International Enforcement</b>				
International	-	87,460	-	87,460
Intelligence	-	4,130	-	4,130
<b>International Total</b>	-	<b>91,590</b>	-	<b>91,590</b>
<b>State &amp; Local Assistance</b>				
State & Local Assistance	-	-	-	-
<b>State &amp; Local Assistance Total</b>	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 192,437</b>	<b>\$ (49,283)</b>	<b>\$ 143,154</b>
<b>HIDTA Transfers</b>				
		15,612	(0,300)	15,312

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KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

## Independent Accountants' Report

Inspector General  
U.S. Department of Justice

Director  
Executive Office for the Organized Crime  
Drug Enforcement Task Forces  
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, 2009. We have also reviewed the accompanying Management's Assertion Statement for the year ended September 30, 2009. The OCDETF Program's management is responsible for the Table of Drug Control Obligations, related disclosures, and Management's 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, 2009, 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 OCDETF, 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 25, 2010

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**U.S. Department of Justice**

Criminal Division

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

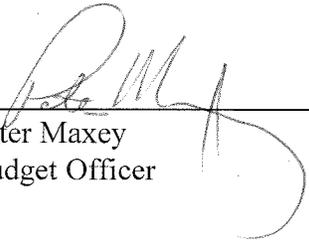
*Washington, DC 20530*

**U.S. Department of Justice  
Organized Crime Drug Enforcement Task Forces (OCDETF) Program  
Detailed Accounting Submission  
Management's Assertion Statement  
For Fiscal Year Ended September 30, 2009**

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

1. Obligations reported by budget decision units are the actual obligations from the OCDETF Program's accounting system of record;
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 the Office of National Drug Control Policy's (ONDCP) approval of reprogramming and transfers in excess of \$1 million affecting drug-related resources; and
5. The OCDETF Program did not have any ONDCP Fund Control Notices issued in FY 2009.

We have documented the methodology used by OCDETF to identify and accumulate FY 2009 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

1/25/10  
Date

**U.S. Department of Justice  
Organized Crime Drug Enforcement Task Forces (OCDETF) Program  
Table of Drug Control Obligations  
For Fiscal Year Ended September 30, 2009**

**Actual 2009 Obligations  
Dollars in Millions  
Decision Unit Crosswalk**

	Appropriated Funds	OCDETF Executive Office	Subtotal	No-Year Reallowed Funds 2/	Total FY 2009 Actual Obligations
<b>Drug Obligations by Decision Unit and Function</b>					
<b>Investigations:</b>					
Drug Enforcement Administration (DEA)	\$185.809	\$1.053	\$186.862	\$2.826	\$189.688
Federal Bureau of Investigation (FBI)	116.844	0.662	117.506	0.000	117.506
U.S. Marshals Service (USMS)	8.338	0.047	8.385	2.308	10.693
Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF)	11.436	0.065	11.501	0.000	11.501
United States Coast Guard (USCG)	0.000	0.000	0.000	0.300	0.300
Subtotal Investigations	<u>322.427</u>	<u>1.827</u>	<u>324.254</u>	<u>5.434</u>	<u>329.688</u>
<b>Drug Intelligence:</b>					
DEA1/	8.594	0.049	8.643	0.000	8.643
FBI	20.624	0.117	20.741	0.000	20.741
OCDETF Fusion Center (OFC)	11.776	0.000	11.776	0.000	11.776
Subtotal Drug Intelligence	<u>40.994</u>	<u>0.166</u>	<u>41.160</u>	<u>0.000</u>	<u>41.160</u>
<b>TOTAL INVESTIGATIVE DECISION UNIT</b>	<b><u>363.421</u></b>	<b><u>1.993</u></b>	<b><u>365.414</u></b>	<b><u>5.434</u></b>	<b><u>370.848</u></b>
<b>Prosecutions:</b>					
U.S. Attorneys (USA)	139.439	3.450	142.889	0.555	143.444
Criminal Division	2.808	0.049	2.857	0.000	2.857
Tax Division	0.327	0.005	0.332	0.000	0.332
<b>TOTAL PROSECUTORIAL DECISION UNIT</b>	<b><u>142.574</u></b>	<b><u>3.504</u></b>	<b><u>146.078</u></b>	<b><u>0.555</u></b>	<b><u>146.633</u></b>
<b>Administrative Support:</b>					
OCDETF Executive Office	5.498 4/	(5.498)	0.000	0.000	0.000
Total Obligations	<u>\$511.492</u>	<u>\$0.000</u>	<u>\$511.492</u>	<u>\$5.989</u>	<u>\$517.481</u>
					<u>517.481</u>
				Reimbursable	0.150 3/
Total Agency Obligations	<u>\$511.492</u>		<u>\$511.492</u>		<u>\$517.631</u>
Drug Percentage	100%		100%		100%

1/Includes four intelligence analysts from Financial Crimes Enforcement, Internal Revenue Service, Bureau of Alcohol, Tobacco, Firearms and Explosives, and the United States Marshals Service.

2/Total obligated balance available includes reprogrammed/reallowances of carryover funds in the amount of \$5.989.

3/Represents collections received from U.S. Immigration and Customs Enforcement (ICE) to outfit the new Boston Strike Force.

4/Amount includes the National Drug Intelligence Center detail, totalling \$0.083 million.

No-Year (15X0323):	Amount	DEA	USMS	USA	USCG
Boston Strike Force Build out	\$2.250	\$0.000	\$2.250	\$0.000	\$0.000
Financial Training	0.500	0.000	0.000	0.500	0.000
United States Coast Guard Travel	0.300	0.000	0.000	0.000	0.300
USMS Conference Security	0.058	0.000	0.058	0.000	0.000
El Paso Strike Force	0.344	0.344	0.000	0.000	0.000
PanEx Strike Force	0.400	0.400	0.000	0.000	0.000
Atlanta Strike Force	0.277	0.222	0.000	0.055	0.000
Caribbean Corridor Initiative Strike Force	0.248	0.248	0.000	0.000	0.000
Houston Strike Force	0.300	0.300	0.000	0.000	0.000
New York Strike Force	0.400	0.400	0.000	0.000	0.000
Phoenix Strike Force	0.429	0.429	0.000	0.000	0.000
San Diego Strike Force	0.300	0.300	0.000	0.000	0.000
Boston Strike Force	0.183	0.183	0.000	0.000	0.000
Total	<u>\$5.989</u>	<u>\$2.826</u>	<u>\$2.308</u>	<u>\$0.555</u>	<u>\$0.300</u>



## U.S. Department of Justice

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

*Washington, DC 20530*

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### U.S. Department of Justice Organized Crime Drug Enforcement Task Forces Program Management's Disclosure Statement For Fiscal Year Ended September 30, 2009

#### 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.)

During FY 2004 and FY 2005, the DOJ's Interagency Crime and Drug Enforcement (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 has not submitted a consolidated budget for the program since FY 2007. Instead, funding for OCDETF's non-DOJ partners was requested through direct appropriations for Treasury and DHS. Currently, only DOJ OCDETF appropriated funding comes from the ICDE account.

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 *each* 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, Drug Intelligence, Prosecutions, and Administration Support -- 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 Function - 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. Drug Intelligence Function - 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 Function - 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 Function - 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. The methodology applies 100 percent of the resources that support OCDETF administrative support activities.

### 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 request for OCDETF reflects a restructuring that collapses the OCDETF Program's four areas - Investigations, Drug Intelligence, Prosecution, and Administrative Support- into two decision units- Investigations and Prosecutions. Under this methodology, Law Enforcement is reported 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 2009 Independent Auditors' Report on Internal Control over Financial Reporting revealed no material weaknesses.

Although no material weaknesses were noted in the FY 2009 OBDs audit report on internal controls, one significant deficiency was reported. The deficiency was identified in the failure to update the Audited Financial Statements (AFS) funding analysis journal entry related to the misuse of earmarked funding between appropriated and reimbursable sources to reflect the significant reduction in reimbursable revenue received; thus the financial statements submitted for external audit contained an error. This finding, while not a material weakness, nor specifically directed to OCDETF, is being reported by OCDETF as an "other finding" because it has an 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 2009, plus unobligated balances and recoveries brought forward from prior years. OCDETF's FY 2009 obligations include all reallowed carryover funds and transfers. In FY 2009, OCDETF re-allowed \$5,989,000 from its no-year account (15X0323) as follows: \$2,250,000 for the Boston Strike Force Build out; \$300,000 for United States Coast Guard; \$58,000 for USMS Conference Security; \$500,000 for Financial Investigative Training; \$344,000 for the El Paso Strike Force; \$400,000 for the Panama Express Strike Force; \$277,000 for the Atlanta Strike Force; \$248,000 for the Caribbean Corridor Initiative Strike Force; \$300,000 for the Houston Strike Force; \$400,000 for the New York Strike Force; \$429,000 for the Phoenix Strike Force; \$300,000 for the San Diego Strike Force; and \$183,000 for the Boston Strike. Finally, OCDETF also transferred radio resources amounting to \$555,624 to the DOJ Wireless Law Enforcement Communications Account as required by P.L. 111-8. See the attached Reprogramming and Transfers Schedule.

Disclosure No 5. - Obligations From Carryover Funds

In FY 2009, \$11,905,176 in unobligated balances and prior year recoveries was brought forward from FY 2008 and available for new obligations. Of this amount, \$5,989,000, as reported under Disclosure No 4., was established as new obligations during FY 2009.

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 in FY 2009.

**U.S. Department of Justice  
Organized Crime Drug Enforcement Task Forces (OCDEF) Program  
Reprogrammings and Transfers  
For the Fiscal Year Ended September 30, 2009  
(Dollars in Millions)**

Line Item	Unobligated Balances and Recoveries	Enacted Budget Authority	Reprogramming Reallowances 1/	Offsetting Collections 2/	Transfer 3/	Total Availability
<b>Drug Resources by Decision Unit and Function</b>						
<b>Investigations:</b>						
Drug Enforcement Administration (DEA)	\$0.000	\$187.871	\$2.826	\$0.000	-\$0.555	\$190.142
Federal Bureau of Investigation (FBI)	0.000	117.498	0.000	0.000	0.000	117.498
U.S. Marshals Service (USMS)	0.000	8.542	2.308	0.150	0.000	11.000
Alcohol, Tobacco, Firearms and Explosives (ATF)	0.000	11.500	0.000	0.000	0.000	11.500
U.S. Coast Guard (USCG)	0.000	0.000	0.300	0.000	0.000	0.300
Subtotal Investigations	0.000	325.411	5.434	0.150	(0.555)	330.440
<b>Drug Intelligence:</b>						
Drug Enforcement Administration (DEA)	0.000	11.421	0.000	0.000	0.000	11.421
Federal Bureau of Investigation (FBI)	0.000	20.739	0.000	0.000	0.000	20.739
OCDEF Fusion Center Support (OFC)	0.000	11.776	0.000	0.000	0.000	11.776
Subtotal Intelligence	0.000	43.936	0.000	0.000	0.000	43.936
<b>TOTAL INVESTIGATIONS DECISION UNIT</b>	<b>0.000</b>	<b>369.347</b>	<b>5.434</b>	<b>0.150</b>	<b>(0.555)</b>	<b>374.376</b>
<b>Prosecutions:</b>						
U.S. Attorneys (USAs)	0.000	142.446	0.555	0.000	0.000	143.001
Criminal Division (CRM)	0.000	2.877	0.000	0.000	0.000	2.877
Tax Division (TAX)	0.000	0.330	0.000	0.000	0.000	0.330
<b>TOTAL PROSECUTIONS DECISION UNIT</b>	<b>0.000</b>	<b>145.653</b>	<b>0.555</b>	<b>0.000</b>	<b>0.000</b>	<b>146.208</b>
Total Distributed	0.000	515.000	5.989	0.150	(0.555)	520.584
Undistributed	11.905	0.000	(5.989)	0.000	0.000	5.916
Total Obligations	<b>\$11.905</b>	<b>\$515.000</b>	<b>\$0.000</b>	<b>\$0.150</b>	<b>(\$0.555)</b>	<b>\$526.500</b>

<sup>1/</sup>Includes realigned carryover funds as follows: No-year funding of \$5.989 M (\$2.250 M for the Boston Strike Force Build out; \$.300 M for United States Coast Guard; \$.058 M for United States Marshals Service Conference Security; \$.500 M for Financial Investigative Training; \$.344 M for the El Paso Strike Force; \$.400 M for the Panama Express Strike Force; \$.277 for the Atlanta Strike Force; \$.248 M for the Caribbean Corridor Initiative Strike Force; \$.300 M for the Houston Strike Force; \$.400 M for the New York Strike Force; \$.429 M for the Phoenix Strike Force; \$.300 M for the San Diego Strike Force; and \$.183 M for the Boston Strike Force.

<sup>2/</sup>Represents funds collected from Immigration and Customs Enforcement (ICE) to outfit the Boston Strike Force Build out

<sup>3/</sup>Represents radio resources transferred to the DOJ Wireless Law Enforcement Communications Account as required by the FY 2009 DOJ Appropriations Act (P.L. 111-8)

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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  
Office of Justice Programs  
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, 2009. We have also reviewed the accompanying Management's Assertion Statement for the year ended September 30, 2009. OJP's management is responsible for the Table of Drug Control Obligations, related disclosures, and Management's 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, 2009, 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 OJP, 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 25, 2010

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**U.S. Department of Justice  
Office of Justice Programs  
Detailed Accounting Submission  
Management's Assertion Statement  
For Fiscal Year Ended September 30, 2009**

On the basis of the Office of Justice Programs (OJP) 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 OJP's accounting system of record for these budget decision units.
2. The methodology used by 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. OJP did not have any Office of National Drug Control Policy (ONDCP) Fund Control Notices issued in FY 2009.

We have documented the methodology used by OJP to identify and accumulate FY 2009 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. OJP's drug control methodology has been consistently applied from the previous year.



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

1/23/10  
Date

U.S. Department of Justice  
Office of Justice Programs  
Table of Drug Control Obligations  
By Budget Decision Unit and Function  
For Fiscal Year Ended September 30, 2009  
(Dollars in Millions)

	<b>FY 2009 Actual Obligations<sup>1/</sup></b>
<b>Drug Obligations by Budget Decision Unit and Function:</b>	
<b>Regional Information Sharing System</b>	
State and Local Assistance	\$45.082
<b>Weed and Seed Program</b>	
State and Local Assistance	27.790
Prevention	<u>3.088</u>
Total Weed and Seed Program	30.878
<b>Enforcing Underage Drinking Laws</b>	
Prevention	25.353
<b>Drug Court Program</b>	
Treatment	41.423
<b>Residential Substance Abuse Treatment Program</b>	
Treatment	10.987
<b>Prescription Drug Monitoring Program</b>	
State and Local Assistance	6.637
<b>Southwest Border Prosecution Initiative</b>	
State and Local Assistance	30.030
<b>Northern Border Prosecution Initiative</b>	
State and Local Assistance	5.444
<b>Second Chance Act<sup>2/</sup></b>	
State and Local Assistance	7.375
<b>Drug Prevention Demonstration Program</b>	
Prevention	<u>0.242</u>
<b>Total</b>	<b><u>\$203.451</u></b>
<b>Methamphetamine Enforcement and Lab Cleanup<sup>3/</sup></b>	<b>5.000</b>

<sup>1/</sup> 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.

<sup>2/</sup> Actual obligations reported for the Second Chance Act reflect only 30% of total obligations for this decision unit, as directed by the Office of Management and Budget and Office of National Drug Control Policy.

<sup>3/</sup> 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 2009 total obligations for the program were reported to OJP by the COPS budget office. See Disclosure 1 for additional information.

## **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, OJP's resources are primarily targeted to providing assistance to state, local, and tribal governments. In executing its mission, OJP dedicates a significant level of resources to drug-related program activities, which focus on breaking the cycle of drug abuse and crime including: drug testing and treatment, provision of graduated sanctions, drug prevention and education, and research and statistics.

The Table of Drug Control Obligations was prepared in accordance with the Office of National Drug Control (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007 and ONDCP's memorandum, *Current Budget Issues*, dated September 3, 2008.

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. OJP fiscal year (FY) 2009 Table of Drug Control Obligations includes total obligations associated with 11 budget decision units identified for the National Drug Control Budget. However, funds for 10 of these decision units are directly appropriated to 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 2009 actual obligations total on OJP's 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
- Second Chance Act
- Drug Prevention Demonstration Program
- Methamphetamine Enforcement and Lab Cleanup (COPS Program)

In determining the level of resources used in support of 10 of these budget decision units (excluding Methamphetamine Enforcement and Lab Cleanup), OJP used the following methodology:

Drug Program Obligations by Decision Unit: Data on obligations, as of September 30, 2009, were gathered from OJP's Financial Management Information System 2 (FMIS2). The total obligations presented for 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.

Salaries and Expenses Data. In FY 2009, Congress established a new Salaries and Expenses (S&E) account for OJP. S&E obligations were gathered from OJP's FMIS2. The obligation amounts were allocated by applying the relative percentage of Full-Time Equivalent (FTE) assigned to 10 drug-related decision units to total S&E obligations for OJP. There were no S&E obligations associated with the Methamphetamine Enforcement and Lab Cleanup program, as this program is not administered by OJP.

Overall, OJP program 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, OJP program activities fall under the following categories: prevention, state and local assistance, and treatment. The method used to allocate OJP funds to ONDCP functions was derived through an analysis of individual program missions and by surveying program staff. A deliberate effort was made to accurately account for program activities, which resulted in one program's (Weed and Seed) obligations falling under multiple functions. The Table of Drug Control Obligations shows FY 2009 obligations for the 10 programs, categorized by function and decision unit, which are reported by OJP.

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 10 of the 11 budget decision units is included, with the exception of the Second Chance Act program. Thirty percent of the actual obligations for the Second Chance Act program are reflected for this decision unit. |
| Full-Time Equivalent: | FTE data originates from the U.S. Department of Agriculture's National Finance Center, and is obtained by OJP through the DOJ, Justice Management Division Data Center. The same percentage that is applied to calculate FTE, was also applied to the S&E obligations.                                  |

## **Disclosure 2: Modifications to Drug Control Methodology**

As specified in the ONDCP Circular, *Budget Formulation*, dated May 1, 2007, in FY 2009, OJP is reporting 100 percent of the actual obligations related to 10 budget decision units included in the National Drug Control Budget, with the exception of the Second Chance Act. In April 2009, it was determined after discussions between ONDCP and the Office of Management and Budget (OMB) that some of the activities under the Second Chance Act (a new OJP program in FY 2009) were deemed drug-related in nature, therefore OJP would report 30 percent of the obligations associated with this decision unit in the Table of Drug Control Obligations.

## **Disclosure 3: Material Weaknesses and Other Findings**

The FY 2009 Independent Auditors' Report on Internal Control Over Financial Reporting cited no material weaknesses. However, one significant deficiency was identified during the audit and is noted below, along with the recommendation and OJP management response.

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### **IMPROVEMENTS ARE NEEDED IN THE SYSTEM AND CONTROLS OVER BUDGETARY UPWARD AND DOWNWARD ADJUSTMENTS**

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OJP's Financial Management Information System 2 (FMIS2) is not configured to immediately record upward and downward adjustments when changes are made to prior year obligations. As a result, OJP developed a process to record its upward and downward adjustments at a program level. Quarterly, OJP runs a system query to identify those transactions that are potentially upward and downward adjustments to undelivered orders (UDO). The transactions are then downloaded into an Access database and OJP performs a review to determine the valid upward and downward adjustments. OJP then prepares a journal entry to record the upward and downward adjustments to UDOs in the general ledger. OJP's "Recoveries of Prior Year Obligations Unpaid" line item on the Statement of Budgetary Resources was tested and identified recording errors that totaled approximately \$71 million. Of the \$71 million, \$52 million was related to correcting transactions that were misclassified as upward and downward adjustments. The remaining \$19 million was related to re-postings of grant activity from one program to another or from direct to reimbursable funding. The upward and downward adjustments for these items should have been eliminated. Additionally, these errors were not detected during supervisory review.

U.S. Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government* (GAO/AIMD-00-21.3.1) states, "Control activities occur at all levels and functions of the entity. They include a wide range of diverse activities such as approvals, authorizations, verifications, reconciliations, performance reviews, maintenance of security, and the creation and maintenance of related records which provide evidence of execution of these activities as well as appropriate documentation. Control activities may be applied in a computerized information system environment or through manual processes."GAO's *Standards for Internal Control in the*

*Federal Government* also provides examples of control activities, which include “reviews by management at the functional or activity level.”

As a result of these errors, “Recoveries of Prior Year Obligations Unpaid” and the “Obligations Incurred” line items on the FY 2009 Statement of Budgetary Resources were each potentially overstated by approximately \$71 million. OJP confirmed and recorded an adjusting journal entry to correct \$52 million of the overstatement and the remaining \$19 million was recorded as an immaterial unadjusted audit difference.

**Recommendation:**

1. Enhance the review of upward and downward adjustment transactions in the Access database and related journal entries to ensure only valid recoveries and de-obligations are recorded, as defined by OMB.

**Management Response:**

OJP concurs with the recommendation. While OJP has internal controls in place to verify entries into the accounting system are accurate, in FY 2010, OJP will strengthen its controls over the upward and downward review process. It should be noted that the errors illustrated in the auditor’s report are limited in scope and duration.

**Disclosure 4: Reprogrammings or Transfers**

In accordance with the ONDCP’s Circular, *Drug Control Accounting*, dated May 1, 2007, in FY 2009, OJP made \$3.0 million in reprogrammings and \$5.7 million in drug-related transfers-in. The reprogramming amount reflects reallocations of funding from the decision units to the Salaries and Expenses account. The transfers-in amount reflects OJP FY 2009 recoveries associated with the reported decision units. See the attached Reprogrammings and Transfers Schedule.

**Disclosure 5: Other Disclosures**

- In FY 2009, OJP received no ONDCP Fund Control Notices.
- Of the total FY 2009 actual obligations amount, \$41.3 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, 2009  
(Dollars in Millions)**

Table Line Item	Unobligated Balances Forward	Enacted BA	Rescission	Reprogrammings <sup>1/</sup>	Transfers <sup>2/</sup>		Total Availability
					In	Out	
<b>Drug Obligations by Function:</b>							
Regional Information Sharing System State and Local Assistance	0.000	45.000	0.000	(0.119)	0	0.000	44.881
Weed and Seed Program							
State and Local Assistance	2.261	22.500	(0.459)	(0.068)	0.486	0.000	24.720
Prevention	<u>0.251</u>	<u>2.500</u>	<u>(0.051)</u>	<u>(0.008)</u>	<u>0.054</u>	<u>0.000</u>	<u>2.746</u>
Total Weed and Seed Program	2.512	25.000	(0.510)	(0.076)	0.540	0.000	27.466
Enforcing Underage Drinking Laws Prevention	0.891	25.000	(0.858)	(0.057)	---	0.000	24.976
Drug Court Program Treatment	4.457	42.500	(8.598)	(0.539)	3.500	0.000	41.320
Residential Substance Abuse Treatment Program Treatment	1.032	10.000	(1.415)	(0.056)	0.858	0.000	10.419
Prescription Drug Monitoring Program State and Local Assistance	1.613	7.000	(1.954)	(0.145)	0.296	0.000	6.810
Southwest Border Prosecution Initiative State and Local Assistance	27.857	31.000	(13.196)	(1.769)	0.485	0.000	44.377
Northern Border Prosecution Initiative State and Local Assistance	2.656	3.000	---	(0.122)	0.000	0.000	5.534
Second Chance Act <sup>3/</sup> State and Local Assistance	---	7.500	---	(0.158)	0.000	0.000	7.343
Drug Prevention Demonstration Program Prevention	<u>0.291</u>	<u>0.000</u>	<u>(0.108)</u>	<u>0.000</u>	<u>0.000</u>	<u>(0.055)</u>	<u>0.128</u>
<b>Total.....</b>	<b>41.309</b>	<b>196.000</b>	<b>(26.639)</b>	<b>(3.041)</b>	<b>5.679</b>	<b>(0.055)</b>	<b>213.254</b>
Methamphetamine Enforcement and Lab Cleanup <sup>4/</sup>	---	5.000	---	---	---	---	5.000

<sup>1/</sup> Reprogrammings reflect transfer amounts to the Salaries and Expenses account.

<sup>2/</sup> Transfers In reflect FY 2009 recoveries.

<sup>3/</sup> Actual obligations reported for the Second Chance Act reflect only 30% of total obligations for this decision unit, as directed by the Office of Management and Budget and Office of National Drug Control Policy.

<sup>4/</sup> Funding for the Methamphetamine Lab Cleanup Program is transferred from COPS to DEA for program administration; therefore, obligations are not tracked by OJP. FY 2009 total obligations for the program were 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

Director  
Federal Bureau of Prisons  
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, 2009. We have also reviewed the accompanying Management's Assertion Statement for the year ended September 30, 2009. The BOP's management is responsible for the Performance Summary Report and Management's 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, 2009, 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 BOP, 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 25, 2010

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U.S. Department of Justice

Federal Bureau of Prisons

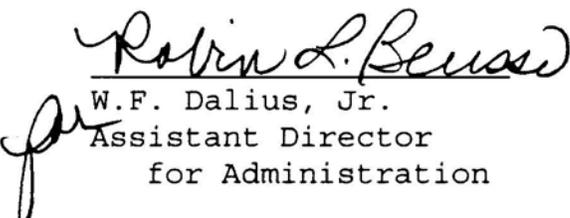
Washington, DC 20534

**U.S. Department of Justice  
Bureau of Prisons  
Performance Summary Report  
Management's Assertion Statement  
For Fiscal Year Ended September 30, 2009**

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

1. The SENTRY is Bureau of Prison's (BOP) 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 2009 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 establish 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.

We have documented the methodology used by the BOP to identify and accumulate FY 2009 Performance data in the Performance Summary Report in accordance with the guidance of ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007.

  
W.F. Dalius, Jr.

Assistant Director  
for Administration

01/25/10

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 2009, the performance target was a total capacity of 6,050 and 5,748 participants. The BOP achieved a total capacity of 6,050 that was available for the entire fiscal year and 5,815 actual participants thus exceeding the target level for FY 2009.

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 2010, the capacity of BOP's residential drug treatment is projected to be increased from FY 2009 to 6,482 with total participants of 6,158. 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 using Key Indicator Reports generated from SENTRY.

Measure:

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

Fiscal Year	Capacity	Participants*	Utilization
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 Actual	6,050	5,783	96%
FY 2009 Target	6,050	5,748	95%
FY 2009 Actual	6,050	5,815	96%
FY 2010 Target	6,482	6,158	95%

\*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

Acting Administrator  
Drug Enforcement 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, 2009. We have also reviewed the accompanying Management's Assertion Statement for the year ended September 30, 2009. The DEA's management is responsible for the Performance Summary Report and Management's 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, 2009, 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 DEA, 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 25, 2010

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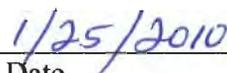
**U.S. Department of Justice  
Drug Enforcement Administration  
Performance Summary Report  
Management's Assertion Statement  
For Fiscal Year Ended September 30, 2009**

On the basis of the Drug Enforcement Administration's (DEA) 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 Office of National Drug Control Policy (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 DEA for the associated National Drug Control Program activities for FY 2009 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

  
\_\_\_\_\_  
Date

# The Drug Enforcement Administration's FY 2009 Performance Summary Report

## I. PERFORMANCE INFORMATION

### Performance Measures

Department of Justice (DOJ) initiated discussions with the 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 Drug Enforcement Task Force (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.

ONDCP, in coordination with DOJ's Justice Management Division, determined the DEA measures to be included in this report. 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. In addition, a measure corresponding to DEA's Diversion Control Program (DCP), which is fully funded by the Diversion Control Fee Account, was not included. The Appropriations Act of 1993 required that "[f]ees charged by the Drug Enforcement Administration under its diversion control program shall be set at a level that ensures the recovery of the full costs of operating the various aspects of that program."

### 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 Target Organization (PTO), the investigation can be nominated as a PTO submission through PTARRS. In PTARRS, users electronically propose, nominate, assign, decline, and track PTO investigations. PTARRS provides a means of electronically validating, verifying and approving PTOs 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 Targeting Program, the DEA repeatedly exceeded its annual targets for disruptions<sup>1</sup> and dismantlements<sup>2</sup>. 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 PTOs disrupted and dismantled. Specifically, regression allows DEA to incorporate, test and evaluate a number of independent variables, including but not limited to arrests, investigative work hours, drug seizures, PTOs opened, and asset seizures. 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 PTOs, the DEA uses a Microsoft Excel algorithm, which compiles and computes a linear trend based on actual data and predicts data estimates for subsequent fiscal years.

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<sup>1</sup> 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.

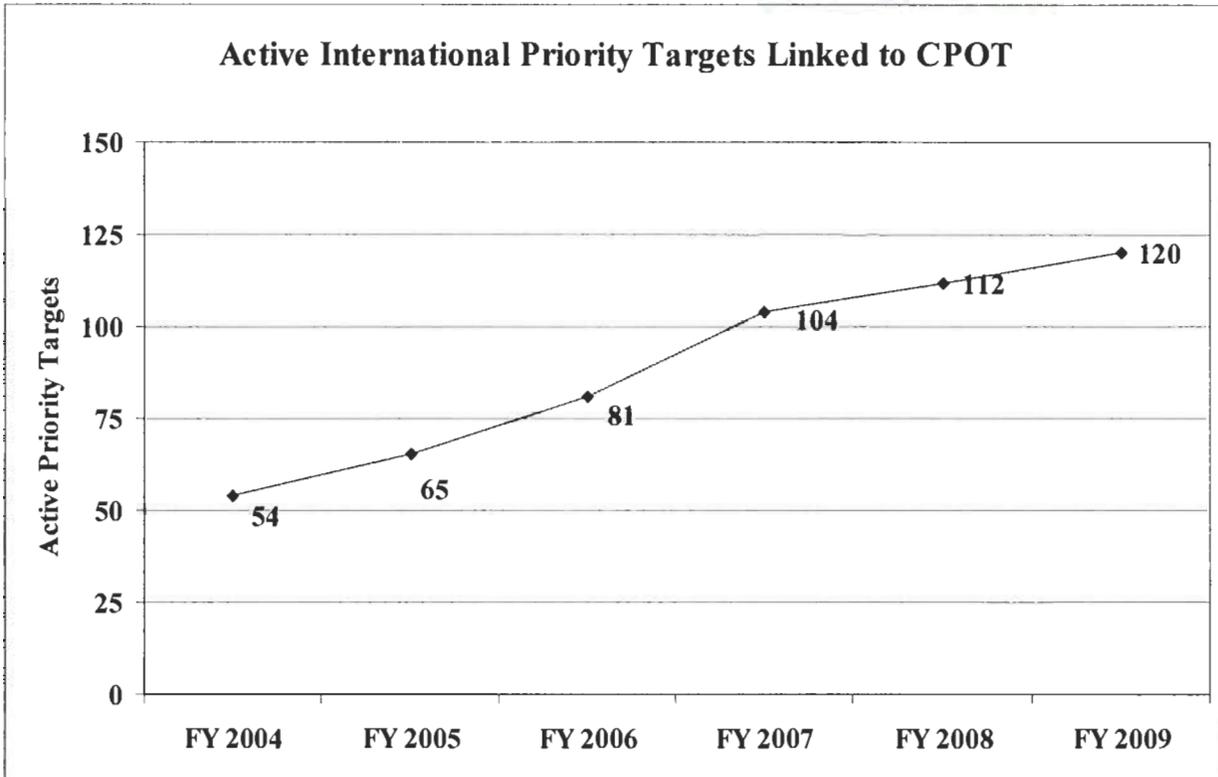
<sup>2</sup> A dismantlement occurs when the organization's leadership, financial base, and supply network are destroyed, such that the organization is incapable of operating and/or reconstituting itself.

**Decision Unit:** International Enforcement

Measure 1: Number of Active International PTOs Linked to CPOT

**Table 1:** Measure 1

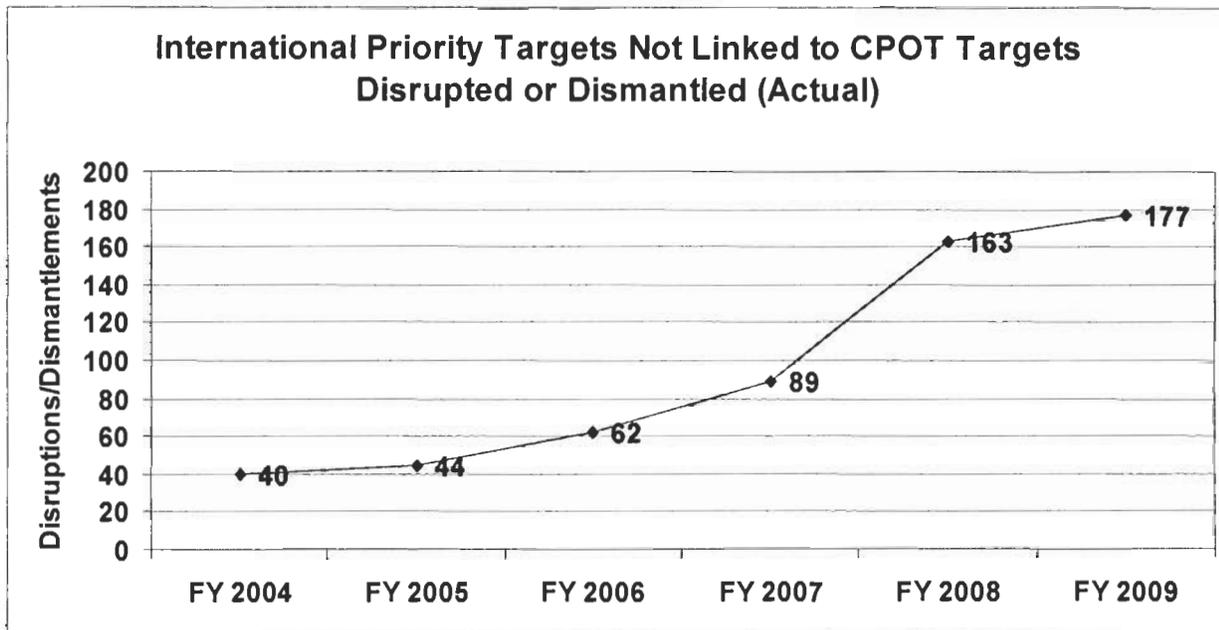
FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Target
54	65	81	104	112	130	120	120



Measure 2: Number of International PTOs 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 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Target
40	44	62	89	163	170	177	185



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 PTOs. The DEA’s PTOs 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 and 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 PTOs with a direct connection to the Attorney General’s CPOTs, as well as other PTOs 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 targets represent foreign targets based abroad. Efforts to disrupt and dismantle CPOT targets 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 management to assess the DEA's international enforcement efforts is the number of active PTOs linked to CPOTs. As of September 30, 2009, the DEA did not meet its target of 130 active PTOs linked to CPOTs by ten. 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.

Due to the DEA's focus on PTOs linked to CPOT, International Enforcement's FY 2009 targets were increased by 16% for active PTOs linked to CPOTs over FY 2008 actuals. Unfortunately, the anticipated increase in performance was not realized. Based on an analysis of FY 2009 performance, a majority of the foreign offices performed at the same level as FY 2008. External and uncontrollable variables in the "foreign arena" can lead to fluctuations in the DEA's overall performance despite the DEA's efforts to reallocate resources to regions where they are needed most.

The current FY 2010 targets are 120 active international PTOs linked to CPOTs. The FY 2010 target is based on a Microsoft Excel algorithm that is updated annually based on the most recent performance data, which includes case data from DEA's foreign country offices.

Another measure of effectiveness used by management to assess the DEA's international enforcement efforts is the number of disruptions or dismantlements of PTOs not linked to CPOTs. The FY 2009 target for the disruption or dismantlement of International PTOs not linked to CPOT targets was 170. As of September 30, 2009, DEA disrupted or dismantled 177 International PTOs, exceeding the target by 4%. The DEA exceeded its annual target because of the emphasis the DEA places on its ultimate objective – the dismantlement of the most significant drug trafficking and money laundering organizations so that the reestablishment of the same organization is impossible.

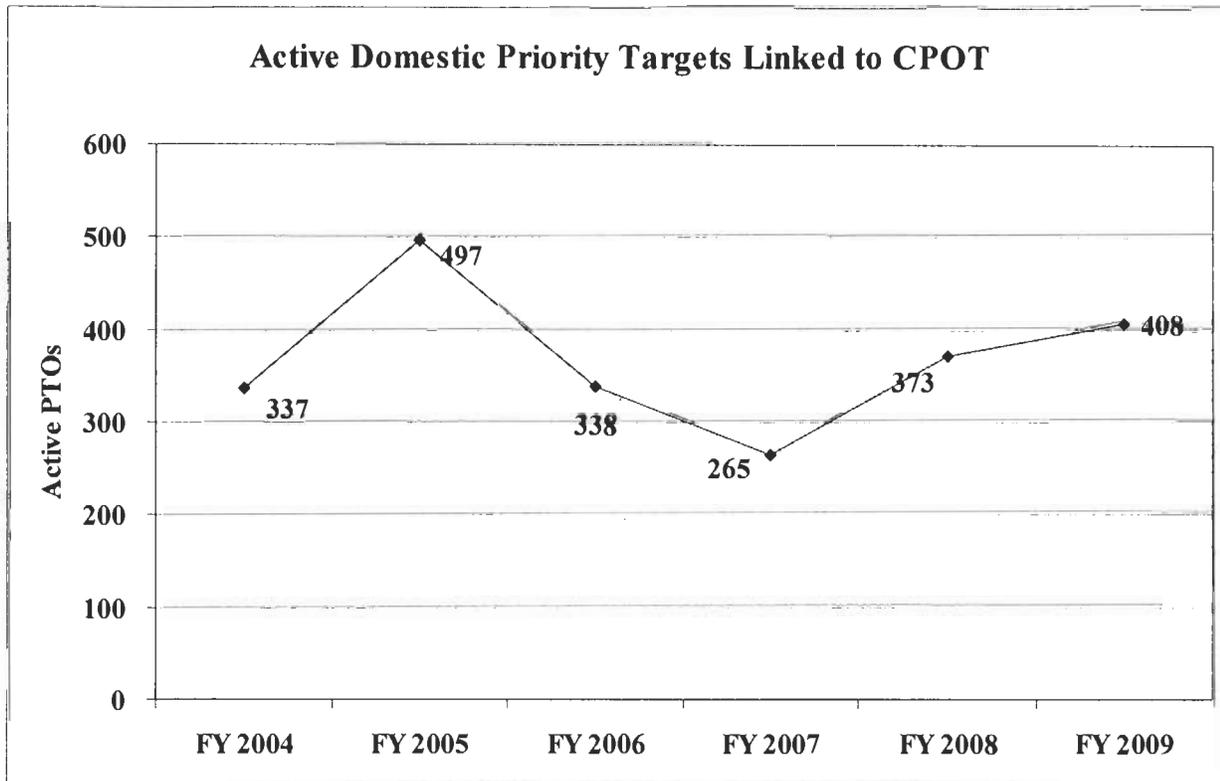
The current FY 2010 targets are 185 disruptions or dismantlements of international PTOs not linked to CPOTs. The FY 2010 target is based on a regression analysis that is updated annually based on the most recent performance data, which includes case data from DEA's foreign country offices.

**Decision Unit: Domestic Enforcement**

Measure 1: Number of Active Domestic PTOs Linked to CPOT

**Table 3: Measure 1**

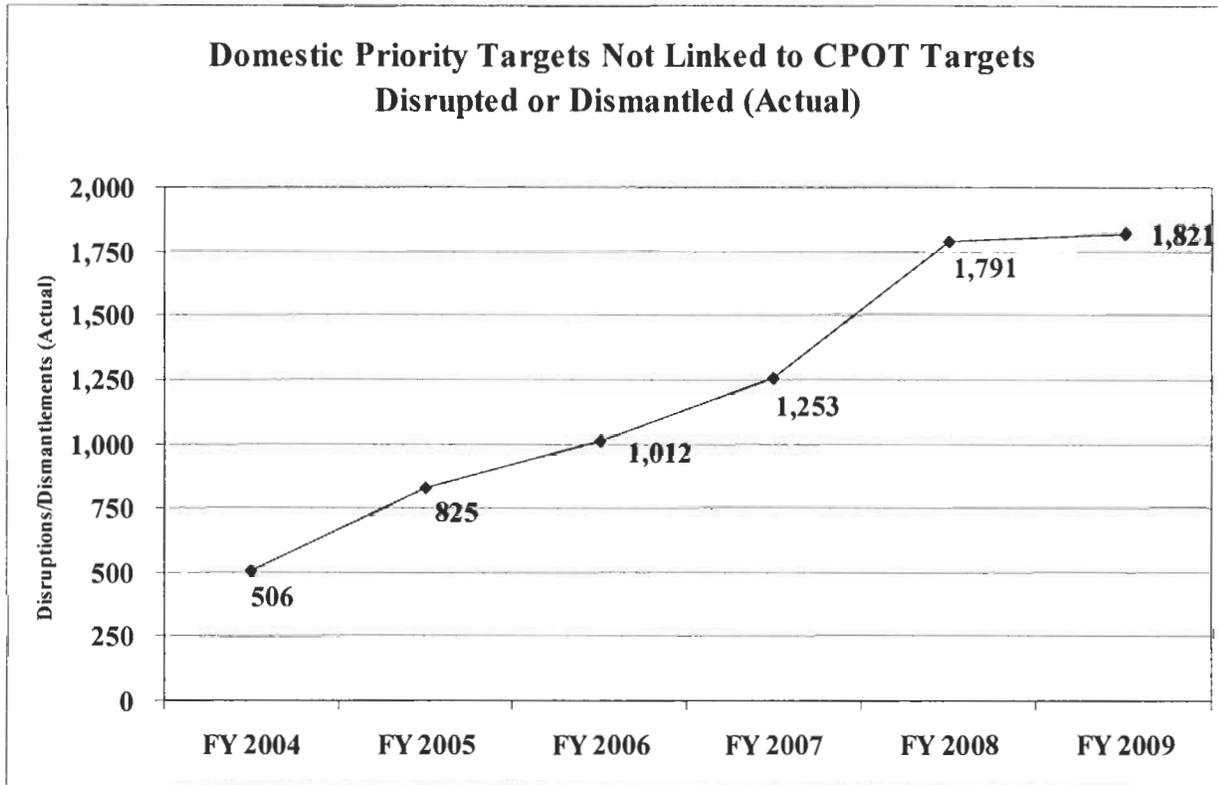
<b>FY 2004 Actual</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Target</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Target</b>
337	497	338	265	373	400	408	420



Measure 2: Number of Domestic PTOs 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 Actual	FY 2009 Target	FY 2009 Actual	FY 2010 Target
506	825	1,012	1,253	1,791	1,850	1,821	2,100



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 have 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 proxies 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 March 2009, 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 75.6 percent, while purity fell 28.6 percent.

The DEA has also analyzed the average price per pure gram of methamphetamine purchased domestically. From January 2007 through March 2009, the average price per pure gram of all domestic methamphetamine purchases recorded in STRIDE increased 30.5 percent, while purity rose 10.3 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 effectiveness used by management to assess its domestic enforcement efforts is the number of Active PTOs linked to CPOTs. As of September 30, 2009, the DEA exceeded its FY 2009 target of 400 by two percent. The current FY 2010 targets are 420 active domestic PTOs linked to CPOTs. The FY 2010 target is based on a Microsoft Excel algorithm that is updated annually based on the most recent performance data, which includes case data from DEA's 21 domestic field divisions.

Another measure of the effectiveness used by management to assess its domestic enforcement efforts is the number of PTOs Not Linked to CPOT Targets disrupted or dismantled. The DEA fell short of its FY 2009 target of 1,850 by 1.6 percent with 1,821 PTO investigations disrupted or dismantled. The increased complexity of PTOs has resulted in an increase in the amount of time it takes to disrupt them. Law enforcement is pursuing more complex investigative techniques to achieve a significant impact against these organizations. This inherently takes more time. Utilizing such techniques as electronic surveillance and in-depth financial

investigations has permitted the DEA to improve upon its success in permanently dismantling major drug trafficking organizations. However, these sophisticated techniques are more time intensive, and as a result, investigations can last for several years.

The DEA's PTO program was established in FY 2001 and has been growing since that time. Based on the DEA's current staffing levels, the program has almost reached its capacity. In addition, as investigations become more complex, the number of disruptions and dismantlements will plateau. Therefore, the current FY 2010 targets are 2,100 disruptions or dismantlements of domestic PTOs not linked to CPOT. The FY 2010 target is based on a regression analysis that is updated annually based on the most recent performance data, which includes case data from DEA's 21 domestic field divisions.



KPMG LLP  
2001 M Street, NW  
Washington, DC 20036

## Independent Accountants' Report

Inspector General  
U.S. Department of Justice

Director  
Executive Office for the Organized Crime  
Drug Enforcement Task Forces  
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, 2009. We have also reviewed the accompanying Management's Assertion Statement for the year ended September 30, 2009. The OCDETF Program's management is responsible for the Performance Summary Report and Management's 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, 2009, 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 OCDETF, 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 25, 2010

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**U.S. Department of Justice**

Criminal Division

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

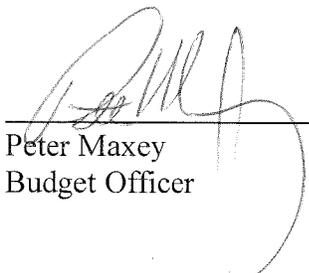
*Washington, DC 20530*

**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, 2009**

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; and
4. OCDETF has established acceptable performance measures for its Drug Control Decision Units, as agreed to by the Office of National Drug Control Policy (ONDCP), for which a significant amount of obligations (\$1,000,000 or 50 percent of the OCDETF 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 2009 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

1/25/10  
Date

**U.S. Department of Justice  
Organized Crime Drug Enforcement Task Forces (OCDETF) Program  
Performance Summary  
For the Fiscal Year Ended September 30, 2009**

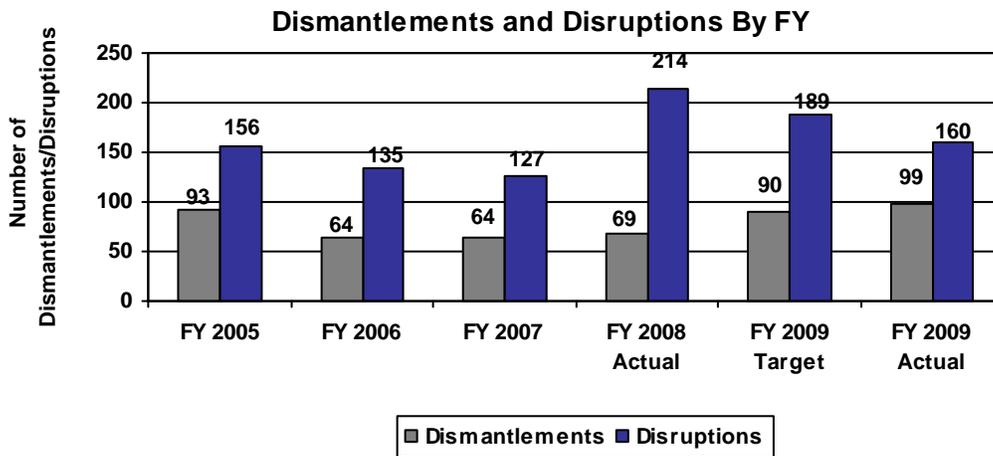
**Drug Control Decision Units: Investigations and Prosecutions**

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

	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Target</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Target</b>
Dismantlements	93	64	64	69*	90	99 <sup>†</sup>	88
Disruptions	156	135	127	214*	189	160 <sup>‡</sup>	194



\* FY 2008 Actual Disruptions and Dismantlement numbers adjusted to include an additional 2 Federal Bureau of Investigation (FBI) disruptions and 6 FBI dismantlements.

<sup>†</sup> Breakdown by agency for OCDETF is: 99 Dismantled (81 Drug Enforcement Administration (DEA) and 18 FBI).

<sup>‡</sup> Breakdown by agency for OCDETF is: 160 Disrupted (130 DEA and 30 FBI).

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 illicit 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 illicit 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 illicit 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.

The annual targets for the OCDETF Program's performance measures are determined by examining current year and prior year actuals. In addition, to the historical factors, resources (including funding and personal) are also taken into account when formulating a respective target.

OCDETF has dismantled 99 CPOT-linked organizations in FY 2009, exceeding its target. This is a 43 percent increase over the 69 that were dismantled in FY 2008 and a 6 percent increase over the 93 dismantled in FY 2005, the highest number reported prior to FY 2009. OCDETF has disrupted 160 CPOT-linked organizations in FY 2009, falling short of its sub-target for disruptions. The total of 259 CPOT-linked organizations that were either dismantled or disrupted during FY 2009 is over 9 percent lower than the 283 dismantled or disrupted in FY 2008, which was a record year.

During FY 2009, in addition to making important gains against CPOT-linked organizations, the Department of Justice (DOJ) continued to achieve successes against the CPOTs themselves. Nine CPOT targets were dismantled in FY 2009, also the highest number ever during a fiscal year. Additionally, two CPOT targets were disrupted. Significant impact was made during the year against leaders of organizations such as the Autodefensas Unidas de Colombia/The United Self-Defense Groups of Colombia, the Norte Valle Cartel, and the Tijuana Cartel, a violent and feared Mexican organization.

The DOJ was able to meet its overall FY 2009 targets for disruptions and dismantlements of CPOT-linked organizations. This DOJ accomplishment aggregates both OCDETF and non-OCDETF disruptions and dismantlements. Although the DOJ was able to meet its overall targets in this area, resource reductions to the OCDETF Program in FY 2009 caused the OCDETF Program to fall short of its subtarget for disruptions of CPOT-linked organizations, as noted in the table above. Disruptions achieved by the law enforcement agencies in non-OCDETF cases allowed the DOJ to overcome the shortfall in OCDETF disruptions. Despite the DOJ's ability to meet the overall target, the decline in OCDETF disruptions is a troubling sign, making it clear that as OCDETF resources are reduced, Departmental components are incentivized to pursue

non-coordinated investigations of CPOT-level organizations, rather than conducting them in a coordinated fashion by means of the multi-agency, prosecutor-led OCDETF Task Forces that are the centerpiece of DOJ's strategy in combating the CPOTs. DOJ has requested additional funding for the OCDETF Program in future years to allow the Program to achieve future performance targets.

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  
Office of Justice Programs  
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, 2009. We have also reviewed the accompanying Management's Assertion Statement for the year ended September 30, 2009. OJP's management is responsible for the Performance Summary Report and Management's 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, 2009, 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 OJP, 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 25, 2010

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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, 2009**

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. Two systems were used to accurately capture performance information reported in this document. The Grants Management System (GMS) is OJP's online system that captures performance information and was utilized for the purposes of this report. In addition to GMS, on January 1, 2009, the Bureau of Justice Assistance implemented the Performance Measurement Tool, an on-line data collection system, to collect data for the Residential Substance Abuse Treatment and Drug Court Programs, and data from this system were also used for this report.
2. Explanations for not meeting performance targets are reasonable.
3. The methodology to establish performance targets is reasonable given past performance and available resources.
4. OJP 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 OJP 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 OJP to identify and accumulate FY 2009 drug control performance data in compliance with the Office of National Drug Control Policy 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

1/25/10  
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 Office of National Drug Control Policy.

### Decision Unit: RSAT Program

Measure 1: Number of participants in the RSAT Program

**Table 1: Number of Participants in the RSAT Program**

CY 2005 Actual	CY 2006 Actual	CY 2007 Actual	CY 2008 Target	CY 2008 Actual	CY 2009 Target	CY 2010 Target
31,740	27,756	26,991	20,000	28,308	20,000	25,000

- (1) RSAT, administered by the Bureau of Justice Assistance (BJA) and 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) 2009 data for this measure is collected on a calendar year basis and will be available in October 2010. 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 2008, the target of 20,000 was exceeded by 8,308. 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, and the 2010 target is 25,000 participants. Targets are estimated from previous year counts provided by grantees.
- (4) BJA implemented the Performance Measurement Tool (PMT) on January 1, 2009, to support grantees' ability to identify, collect, and report performance measurement data online for activities funded under their award. RSAT grantees are able to report data in PMT and create a report which is uploaded to the Grants Management System (GMS).

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  
(Note: This measure was originally developed in FY 2005 and significantly revised in FY 2007. As a result of the major revisions to the calculation methodology, data from FY 2005 and FY 2006 are not included.)

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

<b>FY 2007 Actual</b>	<b>FY 2008 Actual</b>	<b>FY 2009 Target</b>	<b>FY 2009 Actual</b>	<b>FY 2010 Target</b>
65.0%	63.2%	69.0%	57.3%	71.0%

- (1) According to data from the National Crime Victimization Survey published in 2008, there were 4.9 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 27% 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. 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. OJP's Drug Court Program, administered by BJA, 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 2,300 drug courts (adult, juvenile and tribal) have been established serving over 1,000 jurisdictions. Currently, every state has a drug court in operation.

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) by the total number of participants exiting the program, whether successfully or unsuccessfully, during the reporting period (denominator).

- (2) The FY 2009 target of 69% was established as a result of revising the methodology for this measure for the 2008 Office of Management and Budget's (OMB) 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.

The FY 2009 target was missed by 11.7% because BJA established targets for this measure with only one year of actual data available. BJA will revise the targets for FY 2011 and future years using actual data (including those compiled during FY 2007, FY 2008, and FY 2009).

- (3) The FY 2010 target of 71% reflects an annual increase of 2% established for this measure as a result of the 2008 OMB PART reassessment of the Drug Court Program.
- (4) End of year performance data for the Drug Court Program are provided semi-annually by progress reports via GMS in June and January. BJA implemented PMT on January 1, 2009, to support grantees’ ability to identify, collect, and report performance measurement data online for activities funded under their award. Drug Court grantees are able to report data in PMT and create a report which is uploaded to GMS.

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 2007, data have been collected annually between July 1 and June 30.

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**APPENDIX**

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# ONDCP Circular: Drug Control Accounting

May 1, 2007

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## 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.<sup>1</sup> Such table shall present obligations by Drug Control Function and Budget Decision Unit, as these categories are displayed for the agency or bureau in the *National Drug Control Strategy Budget Summary*. Further, this table shall be accompanied by the following disclosures:

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

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

(b) **Obligations by Budget Decision Unit** – For certain multi-mission bureaus – Customs 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

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<sup>1</sup>Consistent 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.<sup>2</sup>
  - (3) **Material Weaknesses or Other Findings** – Any material weakness or other findings by independent sources, or other known weaknesses, including those identified in the Agency’s Annual Statement of Assurance, which may affect the presentation of prior year drug-related obligations data, shall be highlighted. This may be accomplished by either providing a brief written summary, or by referencing and attaching relevant portions of existing assurance reports. For each material weakness or other finding, corrective actions currently underway or contemplated shall be identified.
  - (4) **Reprogrammings or Transfers** – All prior year reprogrammings or transfers that affected drug-related budgetary resources shall be identified; for each such reprogramming or transfer, the effect on drug-related obligations reported in the table required by this section also shall be identified.
  - (5) **Other Disclosures** – Agencies may make such other disclosures as they feel are necessary to clarify any issues regarding the data reported under this circular.
- 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:

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<sup>2</sup>For 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