



ANNUAL ACCOUNTING AND AUTHENTICATION OF DRUG CONTROL FUNDS AND RELATED PERFORMANCE FISCAL YEAR 2012

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

Report 13-15
January 2013

ANNUAL ACCOUNTING AND AUTHENTICATION OF DRUG CONTROL FUNDS AND RELATED PERFORMANCE FISCAL YEAR 2012

EXECUTIVE SUMMARY

This report contains the attestation review reports of the U.S. Department of Justice's Assets Forfeiture Fund, Criminal Division, Drug Enforcement Administration, Federal Bureau of Prisons, Office of the Federal Detention Trustee, Office of Justice Programs, Offices of the United States Attorneys, Organized Crime Drug Enforcement Task Forces Program, and United States Marshals Service's annual accounting and authentication of drug control funds and related performance for the fiscal year ended September 30, 2012. The Office of the Inspector General performed the attestation reviews. The report and annual detailed accounting of funds obligated 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 Circular, *Drug Control Accounting*, dated May 1, 2007.

The National Drug Intelligence Center's (NDIC) fiscal year 2012 drug control obligations were less than \$50 million. Furthermore, NDIC discontinued operations effective June 16, 2012. Therefore, pursuant to the unreasonable burden exception in paragraph 9 of the Office of National Drug Control Policy Circular, *Drug Control Accounting*, dated May 1, 2007, we did not perform an attestation review of NDIC. However, we have presented NDIC's limited report containing its Table of Drug Control Obligations and Performance Information within this report.

The Office of the Inspector General prepared the attestation review reports in accordance with attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An attestation review is substantially less in scope than an examination and, therefore, does not result in the expression of an opinion. We reported that nothing came to our attention that caused us to believe the submissions were not presented, in all material respects, in accordance with the requirements of the Office of National Drug Control Policy Circular, and as otherwise agreed to with the Office of National Drug Control Policy.

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**ANNUAL ACCOUNTING AND AUTHENTICATION OF
DRUG CONTROL FUNDS AND RELATED PERFORMANCE
FISCAL YEAR 2012**

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ASSETS FORFEITURE FUND

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**Office of the Inspector General's Independent Report
on Annual Accounting and Authentication of
Drug Control Funds and Related Performance**

Director
Asset Forfeiture Management Staff
U.S. Department of Justice

We have reviewed the accompanying Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the Related Disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the Related Performance Information, of the U.S. Department of Justice's Assets Forfeiture Fund (AFF) for the fiscal year ended September 30, 2012. The AFF's management is responsible for the Detailed Accounting Submission and the Performance Summary Report.

Our review was conducted in accordance with attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An attestation review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Detailed Accounting Submission and the Performance Summary Report. Accordingly, we do not express such an opinion.

Management of the AFF prepared the Detailed Accounting Submission and the Performance Summary Report to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

Based on our review, nothing came to our attention that caused us to believe that the Detailed Accounting Submission and the Performance Summary Report for the fiscal year ended September 30, 2012, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

This report is intended solely for the information and use of AFF management, 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.

A handwritten signature in black ink that reads "Mark L. Hayes". The signature is written in a cursive, flowing style.

Mark L. Hayes, CPA, CFE
Director, Financial Statement Audit Office
Office of the Inspector General
U.S. Department of Justice

January 18, 2013

**Assets Forfeiture Fund
Detailed Accounting Submission**

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U.S. Department of Justice
Justice Management Division
Asset Forfeiture Management Staff
145 N St., N.E., Suite 5W.511
Washington, DC 20530

(202) 616-8000

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the Asset Forfeiture Management Staff (AFMS) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the AFMS 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 AFMS accounting system of record for these budget decision units.
2. The drug methodology used by AFMS to calculate obligations of budgetary resources by function is reasonable and accurate in all material respects.
3. The drug methodology disclosed in this statement was the actual drug 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 FY 2012.
5. AFMS did not have any ONDCP Fund Control Notices issued in FY 2012.

Robert A. Marca, Deputy Director

Date

U.S. Department of Justice
Asset Forfeiture Management Staff
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2012
(Dollars in Millions)

| Drug Obligations by Budget Decision Unit and Function: | | FY 2012 |
|---|----------------------------|---------------------------|
| Decision Unit #1: Asset Forfeiture | | Actual Obligations |
| | Investigations | \$ 161.50 |
| | State and Local Assistance | 68.70 |
| Total Asset Forfeiture | | \$ 230.20 |
| Total Drug Control Obligations | | \$ 230.20 |

**U.S. Department of Justice
Asset Forfeiture Management Staff
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2012**

Disclosure 1: Drug Methodology

The Assets Forfeiture Fund (AFF) was established to be a repository of the proceeds of forfeiture and to provide funding to cover the costs associated with forfeiture. These costs include, but are not limited to; seizing, evaluating, maintaining, protecting, and disposing of an asset. Public Law 102-393, referred to as the 1993 Treasury Appropriations Act, amended Title 28 U.S.C. 524(c), and enacted new authority for the AFF to pay for "overtime, travel, fuel, training, equipment, and other similar costs of state or local law enforcement officers that are incurred in a joint law enforcement operation with a Federal law enforcement agency participating in the Fund." Such cooperative efforts have significant potential to benefit federal, state, and local law enforcement efforts. The Department of Justice supports state and local assistance through the allocation of AFF monies, commonly referred to as Joint Law Enforcement program operations expenses. All AFF funded drug investigative monies for the Drug Enforcement Administration (DEA) and Organized Crime Drug Enforcement Task Forces (OCDETF) are allocated in the following program operations expenses: Investigative Cost Leading to Seizure, Awards Based on Forfeiture, Contract to Identify Assets, Special Contract Services, and Case Related Expenses. The funding provided for these particular program expenses are identified below and aid in the process of perfecting a forfeiture.

Investigative Costs Leading to Seizure – These expenses are for certain investigative techniques that are used for drug related seizures.

Awards Based on Forfeiture - These expenses are for the payment of awards for information or assistance leading to a civil or criminal forfeiture.

Contract to Identify Assets - These expenses are incurred in the effort of identifying assets by accessing commercial database services. Also included in this section is the procurement of contractor assistance needed to trace the proceeds of crime into assets subject to forfeiture.

Special Contract Services - These expenses are for contract services that support services directly related to the processing, data entry, and accounting for forfeiture cases.

Case Related Expenses - These are expenses incurred in connection with normal forfeiture proceedings. They include fees, advertising costs, court reporting and deposition fees, expert witness fees, courtroom exhibit costs, travel, and subsistence costs related to a specific proceeding. If the case involves real property, the costs to retain attorneys or other specialists under state real property law are also covered. In addition, the Deputy Attorney General may approve expenses for retention of foreign counsel.

All AFF accounting information is derived from the DOJ Financial Management Information System 2 (FMIS2). Obligations that are derived by this system reconcile with the enacted appropriations and carryover balance.

Disclosure 2: Methodology Modifications

Prior to FY 2012 the AFF did not report drug related obligations. In FY 2010, the Office of National Drug Control Policy (ONDCP) convened a panel of experts to determine which federal agency programs should be included in the National Drug Control Budget. This panel applied a two-pronged test: first, to determine whether the program had a drug-control nexus, and second to determine whether the program had an acceptable budget estimation methodology. Based on the panel's recommendation, beginning in FY 2012 the AFF was added to the National Drug Control Budget.

Disclosure 3: Material Weaknesses or Other Findings

For the FY 2012 financial statement audit, the Assets Forfeiture Fund and Seized Asset Deposit Fund received an unqualified audit opinion, with no reported material weaknesses or significant deficiencies. This indicates that the financial statements, results, and operations can be relied upon and is in compliance with U.S. generally accepted accounting principles.

Disclosure 4: Reprogrammings or Transfers

There were no reprogrammings or transfers that affected drug-related budgetary resources.

**Assets Forfeiture Fund
Performance Summary Report**

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U.S. Department of Justice
Justice Management Division
Asset Forfeiture Management Staff
145 N St., N.E., Suite 5W.511
Washington, DC 20530

(202) 616-8000

**Performance Summary Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the Asset Forfeiture Management Staff (AFMS) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the AFMS system of performance reporting provides reasonable assurance that:

1. AFMS uses Financial Management Information System (FMIS) and Unified Financial Management System (UFMS) to capture performance information accurately and these systems were properly applied to generate the performance data.
2. AFMS met the reported performance targets for FY 2012.
3. The methodology described to establish performance targets for the current year is reasonable given past performance and available resources.
4. AFMS has established at least one acceptable performance measure for each budget decision unit, as agreed to by ONDCP, for which a significant amount of obligations (\$1 million 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.

Robert A. Marca, Deputy Director

Date

**U.S. Department of Justice
 Asset Forfeiture Management Staff
 Performance Summary Report
 Related Performance Information
 For Fiscal Year Ended September 30, 2012**

Performance Measure #1: Achieve Effective Funds Control as Corroborated by an Unqualified Opinion on the Assets Forfeiture Fund and Seized Asset Deposit Fund Annual Financial Statements.

The accomplishment of an unqualified audit opinion reflects favorably on the execution and oversight of the Assets Forfeiture Fund (AFF)/ and the Seized Asset Deposit Fund (SADF) by the Asset Forfeiture Management Staff and all the agencies that participate in the Department’s Asset Forfeiture Program.

| | | | | | | |
|---|----------------|----------------|----------------|----------------|---------------|----------------|
| Decision Unit: Asset Forfeiture | | | | | | |
| Performance Report & Target | | | | | | |
| Performance Measure: | FY 2009 | FY 2010 | FY 2011 | FY 2012 | | FY 2013 |
| | Actual | Actual | Actual | Target | Actual | Target |
| Achieve effective funds control as corroborated by an unqualified opinion on the AFF/SADF financial statements. | 100% | 100% | 100% | 100% | 100% | 100% |

Data Validation and Verification

Due to the nature of this performance measure, the standard procedure is to undergo an extensive annual financial statement audit. The results of the audit will indicate if the measure has been met. An unqualified audit opinion will result in satisfying the performance measure; therefore a qualified or disclaimer of an audit opinion would indicate that the performance measure has not been met.

CRIMINAL DIVISION

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**Office of the Inspector General's Independent Report
on Annual Accounting and Authentication of
Drug Control Funds and Related Performance**

Assistant Attorney General
Criminal Division
U.S. Department of Justice

We have reviewed the accompanying Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the Related Disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the Related Performance Information, of the U.S. Department of Justice's Criminal Division (CRM) for the fiscal year ended September 30, 2012. The CRM's management is responsible for the Detailed Accounting Submission and the Performance Summary Report.

Our review was conducted in accordance with attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An attestation review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Detailed Accounting Submission and the Performance Summary Report. Accordingly, we do not express such an opinion.

Management of the CRM prepared the Detailed Accounting Submission and the Performance Summary Report to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

Based on our review, nothing came to our attention that caused us to believe that the Detailed Accounting Submission and the Performance Summary Report for the fiscal year ended September 30, 2012, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

This report is intended solely for the information and use of CRM management, 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.

A handwritten signature in black ink, appearing to read "M L Hayes". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Mark L. Hayes, CPA, CFE
Director, Financial Statement Audit Office
Office of the Inspector General
U.S. Department of Justice

January 18, 2013

**Criminal Division
Detailed Accounting Submission**

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U.S. Department of Justice

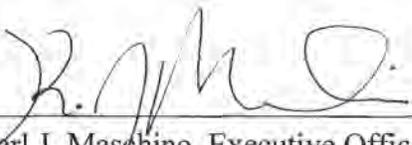
Criminal Division

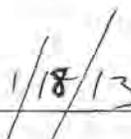
Washington, D.C. 20530

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the Criminal Division (CRM) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the CRM 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 CRM's accounting system of record for these budget decision units.
2. The drug methodology used by the CRM to calculate obligations of budgetary resources by function is reasonable and accurate in all material respects.
3. The drug methodology disclosed in this statement was the actual drug 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 FY 2012.
5. CRM did not have any ONDCP Fund Control Notices issued in FY 2012.


Karl J. Maschino, Executive Officer


Date

U.S. Department of Justice
Criminal Division
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2012
(Dollars in Millions)

| Drug Obligations by Budget Decision Unit and Function: | FY 2012 |
|---|---------------------------|
| Decision Unit: Enforce Federal Criminal Laws | Actual Obligations |
| Prosecution | \$ 12.24 |
| Total Enforce Federal Criminal Laws | \$ 12.24 |
| Total Drug Control Obligations | \$ 12.24 |

**U.S. Department of Justice
Criminal Division
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2012**

Disclosure 1: Drug Methodology

The Criminal Division (CRM) develops, enforces, and supervises the application of all Federal criminal laws except those specifically assigned to other divisions. In executing its mission, the Criminal Division dedicates specific resources in support of the National Drug Control Strategy that focus on disrupting domestic drug trafficking and production, and strengthening international partnerships. The CRM's drug budget is the funding available for the Division's Narcotic and Dangerous Drug Section (NDDS). The NDDS supports reducing the supply of illegal drugs in the United States by investigating and prosecuting priority national and international drug trafficking and narcoterrorists groups and by providing sound legal, strategic, and policy guidance in support of that goal.

Since the CRM's accounting system, DOJ's Financial Management Information System 2 (FMIS2), does not track obligation and expenditure data by ONDCP's drug activities, the Criminal Division's drug resources figures are derived by estimating the level of involvement of each Division component in drug-related activities. Each component is required to estimate the percentage of work/time that is spent addressing drug-related issues. This percentage is then applied against each component's overall resources to develop an estimate of those resources dedicated to drug-related activities. Component totals are then aggregated to determine the Division total.

For FY 2012, the CRM's drug-related activities only included resources from its NDDS. The NDDS reported that 100% of its FY 2012 resources were dedicated to addressing drug use and its consequences. This total is equivalent to seven percent of the Criminal Division's overall FY 2012 actual expenditures.

Data – All accounting information for the Criminal Division is derived from DOJ's Financial Management Information System 2 (FMIS2).

Financial Systems – FMIS2 is DOJ's financial system that provides Criminal Division with obligation data. Obligations in this system can also be reconciled with the enacted appropriation.

Disclosure 2: Methodology Modifications

Prior to FY 2012 the CRM did not report drug related obligations. In FY 2010, the Office of National Drug Control Policy (ONDCP) convened a panel of experts to determine which federal agency programs should be included in the National Drug Control Budget. This panel applied a two-pronged test: first, to determine whether the program had a drug-control nexus, and second to determine whether the program had an acceptable budget estimation methodology. Based on the panel's recommendation, beginning in FY 2012 the CRM was added to the National Drug Control Budget.

Disclosure 3: Material Weaknesses or Other Findings

The Criminal Division is a component within the DOJ Offices, Boards and Divisions (OBDs). The OBD's FY 2012 *Independent Auditors' Report on Internal Control over Financial Reporting* revealed no material weaknesses.

Although no material weaknesses were noted in the FY 2012 OBDs audit report on internal controls, one significant deficiency was reported. The significant deficiency related to inadequate accounting and reporting of internal use software (IUS) project costs. Specifically, financial and management controls are not adequate to ensure that the compilation of internal use software cost data submitted for capitalization are in accordance with the applicable generally accepted accounting principles, and that recorded amounts are proper, accurate, and complete. This finding, while not a material weakness, nor specifically directed to Criminal Division, is being reported by Criminal Division as an "other finding" because it has an undetermined impact on the presentation of drug related obligations.

The DOJ Justice Management Division (JMD) Finance Services (FS) and the Unified Financial Management System (UFMS) Project Management Office (PMO) concur with the finding. The JMD FS and UFMS PMO are currently working on a number of initiatives that will ensure that IUS is accounted for properly and recorded accurately in the annual financial statements.

Disclosure 4: Reprogrammings or Transfers

No reprogrammings or transfers occurred that affected the Criminal Division's drug-related budgetary resources.

**Criminal Division
Performance Summary Report**

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U.S. Department of Justice

Criminal Division

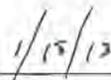
Washington, D.C. 20530

**Performance Summary Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the Criminal Division (CRM) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the CRM system of performance reporting provides reasonable assurance that:

1. CRM uses the Automated Case Tracking System (ACTS) to capture performance information accurately and ACTS was properly applied to generate the performance data.
2. CRM met the reported performance targets for FY 2012.
3. The methodology described to establish performance targets for the current year is reasonable given past performance and available resources.
4. CRM has established at least one acceptable performance measure for each budget decision unit, as agreed to by ONDCP, for which a significant amount of obligations (\$1 million 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.


Karl J. Maschino, Executive Officer


Date

**U.S. Department of Justice
Criminal Division
Performance Summary Report
Related Performance Information
For Fiscal Year Ended September 30, 2012**

Performance Measure: Drug-Related Investigative Matters and Cases Closed (NDDS)

The Criminal Division’s Narcotic and Dangerous Drug Section (NDDS) investigates and prosecutes priority national and international drug trafficking groups, and other transnational criminal organizations. These efforts support the National Drug Control Program activities: Disrupt Domestic Drug Trafficking and Production, and Strengthen International Partnerships. The Division quantifies their drug-related investigative matters and cases closed which is a measure of the work and successes achieved by NDDS during a fiscal year.

| Drug-Related Investigative Matters and Cases Closed (NDDS) | | | | | |
|---|---|---------------------------|---------------------------|---------------------------|---------------------------|
| FY 2009 Actual | FY 2010 Actual ^{1/} | FY 2011 Actual | FY 2012 Target | FY 2012 Actual | FY 2013 Target |
| 38 | 126 | 40 | 40 | 40 | 40 |

^{1/} The marked increase in FY 2010 totals was due to compliance with a directive from the Division’s Assistant Attorney General to closely review pending cases and close out those cases which show no progress in moving towards an indictment and trial.

In FY 2012, the Criminal Division had many successes in investigating and prosecuting narcotic cases. In addition, NDDS met its FY 2012 target of closing 40 drug-related investigative matters and cases. The following are examples of those successes:

- On March 13, 2012, the jury in *United States v. Haji Bagcho* found Haji Bagcho guilty on three counts, which include, conspiracy to distribute 1 kilogram or more of heroin knowing and intending that it be imported into the United States (21 U.S.C. § 963); distribution of 1 kilogram or more of heroin knowing and intending that it be imported into the United States (21 U.S.C. § 959); and engaging in conduct violating 21 U.S.C. § 841(a), knowing and intending to provide anything of pecuniary value to a person or organization engaged in terrorism or terrorist activity (21 U.S.C. § 960a). Bagcho was one of the most significant Afghan heroin traffickers who operated in the Eastern Province of Nangahar, responsible at one point for processing 20 percent of the world’s heroin in his laboratories and for exporting his heroin to over 20 countries, including the United States, China, Japan and the United Arab Emirates. The investigation of this case involved numerous trips to a war zone at great risk in order to gather evidence. The prosecution was particularly complex, involving challenging legal issues including the use of polygraph examinations for impeachment of a government witness and the preclusion of a duress defense, issues which were all litigated successfully by the trial team. Bagcho was sentenced to three life terms.

- NDDS brought 18 indictments and 29 new investigatory matters. All of these numbers have shown significant increase from FY 2011 and it is expected that this upward trend will continue in FY 2013.

For FY 2013, NDDS' target of closing 40 drug-related investigative matters and cases remains the same as its target in FY 2012. This target was set based on historical trend analysis, in addition to the assumption of staffing and resources similar to FY 2012.

Data Validation and Verification

All investigative matters and cases are entered and tracked in the Division's Automated Case Tracking System (ACTS). System and policy requirements for tracking litigation data in ACTS are captured in its manual. The policy for data validation and verification is as follows: within ten business days following the close of the quarter, Sections Chiefs/Office Directors or their designee are required to send an email the Executive Officer confirming that their Section/Office's ACTS performance data are valid.

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**DRUG ENFORCEMENT
ADMINISTRATION**

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**Office of the Inspector General's Independent Report
on Annual Accounting and Authentication of
Drug Control Funds and Related Performance**

Administrator
Drug Enforcement Administration
U.S. Department of Justice

We have reviewed the accompanying Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the Related Disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the Related Performance Information, of the U.S. Department of Justice's Drug Enforcement Administration (DEA) for the fiscal year ended September 30, 2012. The DEA's management is responsible for the Detailed Accounting Submission and the Performance Summary Report.

Our review was conducted in accordance with attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An attestation review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Detailed Accounting Submission and the Performance Summary Report. Accordingly, we do not express such an opinion.

Management of the DEA prepared the Detailed Accounting Submission and the Performance Summary Report to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

Based on our review, nothing came to our attention that caused us to believe that the Detailed Accounting Submission and the Performance Summary Report for the fiscal year ended September 30, 2012, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

This report is intended solely for the information and use of DEA management, 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.

A handwritten signature in black ink that reads "Mark L. Hayes". The signature is written in a cursive, flowing style.

Mark L. Hayes, CPA, CFE
Director, Financial Statement Audit Office
Office of the Inspector General
U.S. Department of Justice

January 18, 2013

**Drug Enforcement Administration
Detailed Accounting Submission**

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U. S. Department of Justice
Drug Enforcement Administration

www.dea.gov

Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012

On the basis of the Drug Enforcement Administration's management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the Drug Enforcement Administration 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 Drug Enforcement Administration's accounting system of record for these budget decision units.
2. The drug methodology used by the Drug Enforcement Administration to calculate obligations of budgetary resources by function is reasonable and accurate in all material respects.
3. The drug methodology disclosed in this statement was the actual drug methodology used to generate the Table of Drug Control Obligations.
4. The data presented are associated with obligations against a financial plan that was revised during the fiscal year to properly reflect the changes, including ONDCP's approval for reprogrammings and transfers affecting drug-related resources in excess of \$1 million.
5. Drug Enforcement Administration did not have any ONDCP Fund Control Notices issued in FY 2012.

Frank M. Kalder, Chief Financial Officer

1/18/13

Date

**U.S. Department of Justice
Drug Enforcement Administration
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2012
(Dollars in Millions)**

| | FY 2012 Actual Obligations |
|---|---|
| Drug Obligations by Budget Decision Unit and Function: | |
| Decision Unit #1: Diversion Control Fee Account | |
| Intelligence | \$ 8.270 |
| Investigations | 285.706 |
| Prevention | 0.021 |
| Total Diversion Control Fee Account | \$ 293.997 |
| Decision Unit #2: S&E Domestic Enforcement | |
| Intelligence | \$ 174.363 |
| Investigations | 1,511.600 |
| Prevention | 2.006 |
| Total S&E Domestic Enforcement | \$ 1,687.969 |
| Decision Unit #3: S&E International Enforcement | |
| Intelligence | \$ 23.262 |
| International | 418.344 |
| Total S&E International Enforcement | \$ 441.606 |
| Decision Unit #4: S&E State and Local Assistance | |
| State and Local Assistance | \$ 15.246 |
| Total S&E State and Local Assistance | \$ 15.246 |
| Total Drug Control Obligations | \$ 2,438.818 * |
| High-Intensity Drug Trafficking Area (HIDTA) Obligations | \$ 16.081 |

* Includes obligations of carryover unobligated balances

**U.S. Department of Justice
Drug Enforcement Administration
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2012**

Disclosure 1: Drug 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 system, the Unified Financial Management System (UFMS), does not track obligation and expenditure data by ONDCP's drug functions, the DEA uses Managerial Cost Accounting (MCA), a methodology approved by ONDCP to allocate obligations tracked in DEA's appropriated accounts and decision units to ONDCP's drug functions. The Salaries and Expense appropriated account is divided into three decision units, Domestic Enforcement, International Enforcement, and State and Local Assistance. The Diversion Control Fee Account (DCFA) is fee funded by Registrants and covers the full costs of DEA's Diversion Control Program's operations. Thus, the total DCFA cost is tracked and reported as a decision unit by itself to distinguish it from the appropriated S&E account. Although not appropriated funding, the DCFA as authorized by Congress is subject to all rules and limitations associated with Appropriations Law.

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

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

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

| The DEA Budget Decision Unit | Allocation | ONDCP Function |
|-------------------------------------|-------------------|----------------------------|
| Diversion Control Fee Account | 97.18% | Investigations |
| | 2.81% | Intelligence |
| | 0.01% | Prevention |
| Domestic Enforcement | 89.55% | Investigations |
| | 10.33% | Intelligence |
| | 0.12% | Prevention |
| International Enforcement | 94.73% | Investigations |
| | 5.27% | Intelligence |
| State and Local Assistance | 100.00% | State and Local Assistance |

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 UFMS.

Full Time Equivalent (FTE): One hundred percent of the DEA FTEs are dedicated to drug enforcement efforts. The DEA's Direct FTE total for FY 2012, including Salaries & Expenses (S&E) and Diversion Control Fee Account (DCFA) appropriations, was 8,304 through pay period 19, ending September 22, 2012.

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

The DEA's method for tracking drug enforcement resources has not been modified from the method approved in FY 2005. The DEA uses current Managerial Cost Accounting (MCA) data to allocate FY 2012 obligations from three decision units to ONDCP's drug functions.

Disclosure 3: Material Weaknesses and Other Findings

For the FY 2012 financial statement audit, DEA received an unqualified audit opinion, completely free of any material weaknesses or significant deficiencies.

Disclosure 4: Reprogrammings and Transfers

There were no reprogrammings in FY 2012.

The DEA had several transfers during FY 2012 (see the attached Table of FY 2012 Reprogrammings and Transfers). There were thirteen transfers into DEA's S&E account. One transfer from the Department of Justice (DOJ), Community Oriented Policing Services (COPS) program in the amount of \$12,500,000. Six transfers were from ONDCP's High Intensity Drug Trafficking Area (HIDTA) program for a total of \$16,095,525. Six were internal transfers from

expired FY 2007/FY 2008/FY 2009/FY 2010 & FY 2011 to DEA's S&E No-Year account for a total amount of \$60,056,201.

A total of four transfers went out: \$22,448 and \$666,488 to Working Capital Fund and Domestic Narrowband Communication respectively; \$438,658 unobligated balance was returned to the Department of State, International Narcotics and Law Enforcement Bureau; and \$213,793 in prior year balances was returned to ONDCP's HIDTA program.

Transfers under the Drug Resources by Function section in the Table of FY 2012 Reprogramming and Transfers are based on the same MCA allocation percentages as the Table of Drug Control Obligations.

Disclosure 5: Reimbursable Agreement for NDIC

While the 2012 spend plan approved by Congress and ONDCP includes a planned \$6.6M reprogramming from DOJ's Working Capital Fund Unobligated Balance Transfer account (WCF-UBT) to DEA for costs associated with NDIC's realignment into DEA, this reprogramming was actually executed as a reimbursable agreement between DEA and WCF-UBT, rather than a reprogramming. Therefore, this amount is appropriately not reflected in DEA's Table of Drug Control Obligations, or in the Table of Reprogrammings and Transfers. DEA's reimbursable agreement with WCF-UBT amounted to approximately \$5.572M for information technology requirements that were used to fund costs of transfer of personnel from NDIC to DEA.

**U.S. Department of Justice
Drug Enforcement Administration
Detailed Accounting Submission
Table of Reprogrammings and Transfers
For Fiscal Year Ended September 30, 2012
(Dollars in Millions)**

| Drug Resources by Budget Decision Unit and Function: | Transfers-in | Transfers-out | Total |
|---|---------------------|----------------------|-------------------|
| Diversion Control Fee Account | | | |
| Intelligence | \$ - | \$ - | \$ - |
| Investigations | | | |
| Prevention | | | |
| Total Diversion Control Fee Account | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Domestic Enforcement | | | |
| Intelligence | \$ 6.204 | \$ (0.071) | \$ 6.133 |
| Investigations | 53.780 | (0.617) | 53.163 |
| Prevention | 0.072 | (0.001) | 0.071 |
| Total Domestic Enforcement | <u>\$ 60.056</u> | <u>\$ (0.689)</u> | <u>\$ 59.367</u> |
| International Enforcement | | | |
| Intelligence | | \$ (0.023) | \$ (0.023) |
| International | | (0.415) | (0.415) |
| Total International Enforcement | <u>\$ -</u> | <u>\$ (0.438)</u> | <u>\$ (0.438)</u> |
| State and Local Assistance | | | |
| State and Local Assistance | \$ 12.500 | | \$ 12.500 |
| Total State and Local Assistance | <u>\$ 12.500</u> | <u>\$ -</u> | <u>\$ 12.500</u> |
| Total | <u>\$ 72.556</u> | <u>\$ (1.127)</u> | <u>\$ 71.429</u> |
| High-Intensity Drug Trafficking Area (HIDTA) Transfers | \$ 16.096 | \$ (0.214) | \$ 15.882 |

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**Drug Enforcement Administration
Performance Summary Report**

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U. S. Department of Justice
Drug Enforcement Administration

www.dea.gov

Performance Summary Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012

On the basis of the Drug Enforcement Administration's management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the Drug Enforcement Administration system of performance reporting provides reasonable assurance that:

1. Drug Enforcement Administration uses Priority Target Activity Resource Reporting System and CSA Database to capture performance information accurately and these systems were properly applied to generate the 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 is reasonable.
3. The methodology described to establish performance targets for the current year is reasonable given past performance and available resources.
4. Drug Enforcement Administration has established at least one acceptable performance measure for each budget decision unit, as agreed to by ONDCP, for which a significant amount of obligations (\$1 million 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.

A handwritten signature in black ink, appearing to read "Frank Kalder".

Frank M. Kalder, Chief Financial Officer

1/18/13

Date

**U.S. Department of Justice
Drug Enforcement Administration
Performance Summary Report
Related Performance Information
For Fiscal Year Ended September 30, 2012**

Performance Measure #1: Number of International and Domestic PTOs Linked to CPOT Targets Disrupted or Dismantled

Decision Unit: S&E Domestic Enforcement and S&E International Enforcement

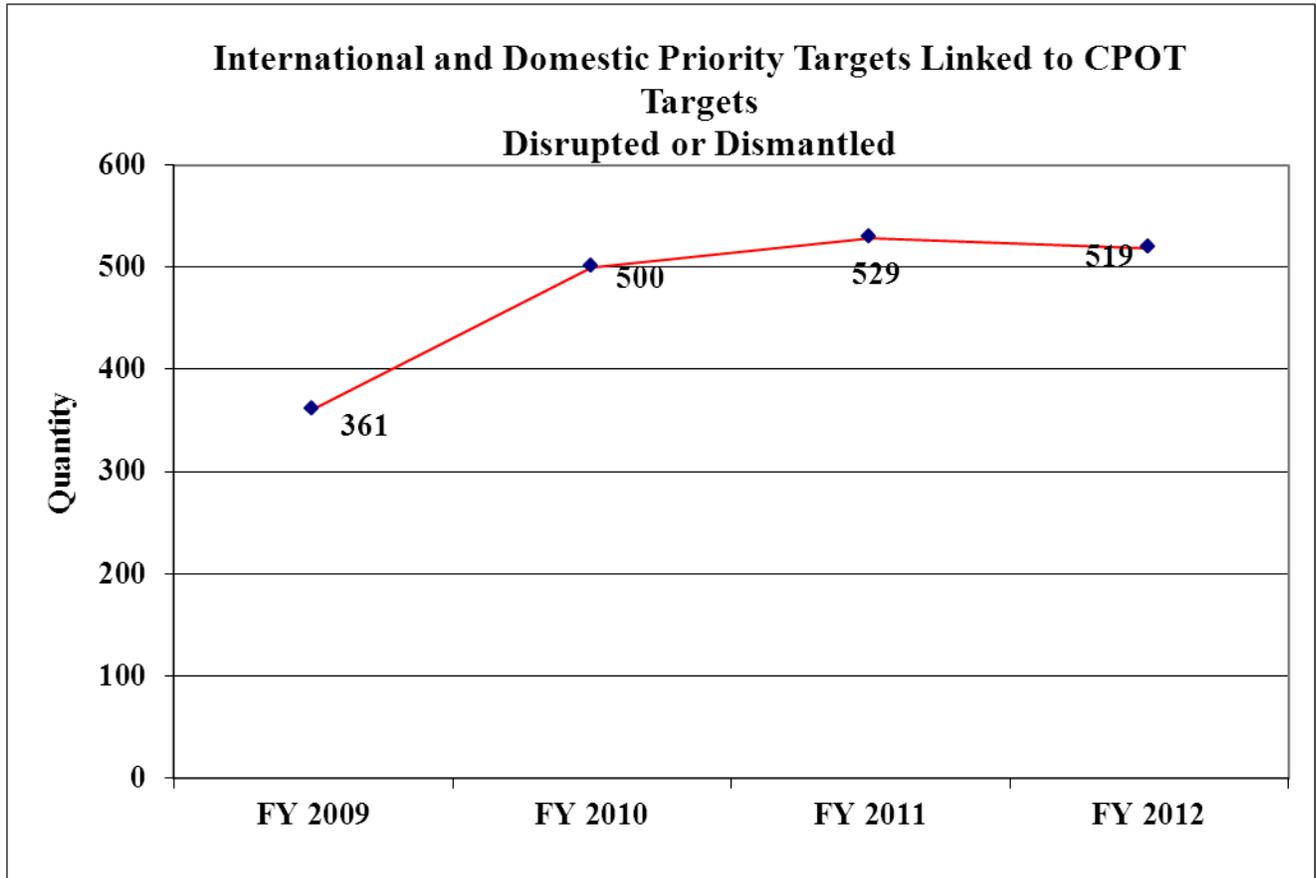
The Drug Enforcement Administration (DEA) is committed to bringing organizations involved in the growing, manufacturing, or distribution of controlled substances to the criminal and civil justice system of the U.S., or any other competent jurisdiction. To accomplish its mission, the DEA targets Priority Target Organizations (PTOs), which represent the major drug supply and money laundering organizations operating at the international, national, regional, and local levels that have a significant impact upon drug availability in the United States. Specifically, the DEA's PTO Program focuses on dismantling entire drug trafficking networks by targeting their leaders for arrest and prosecution, confiscating the profits that fund continuing drug operations, and eliminating international sources of supply. As entire drug trafficking networks from sources of supply to the distributors on the street are disrupted or dismantled, the availability of drugs within the United States will be reduced.

In its effort to target PTOs, the DEA is guided by key drug enforcement programs such as the Organized Crime Drug Enforcement Task Forces (OCDETF) program. The DEA, through the OCDETF program, targeted the drug trafficking organizations on the DOJ's FY 2012 Consolidated Priority Organization Target (CPOT) list – the "Most Wanted" drug trafficking and money laundering organizations believed to be primarily responsible for the Nation's illicit drug supply. The disruption or dismantlement of CPOT-linked organizations is primarily accomplished through multi-agency and multi-regional investigations directed by the DEA and the Federal Bureau of Investigation. These investigations focus on the development of intelligence-driven efforts to identify and target drug trafficking organizations that play a significant role in the production, transportation, distribution, and financial support of large scale drug trafficking operations. The DEA's ultimate objective is to dismantle these organizations so that reestablishment of the same criminal organization is impossible.

Since the PTO Program is the DEA's flagship initiative for meeting its enforcement goals, including the enforcement goals of DEA's Diversion Control Program (DCP), the performance measures associated with this program are the most appropriate for assessing the DEA's National Drug Control Program activities. The performance measure, international and domestic priority targets linked to CPOT targets disrupted or dismantled is the same measure included in the National Drug Control Budget Summary. DEA's resources are presented in the Table of Drug Control Obligations in the international and domestic enforcement decision units and Diversion Control Fee Account. Reimbursable resources from the OCDETF program contributed to these performance measures, but are not responsible for specifically identifiable performance.

Table 1: Measure 1

| FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2012 | FY 2013 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| Actual | Actual | Actual | Target | Actual | Target |
| 361 | 500 | 529 | 440 | 519 | 440 |



As of September 30, 2012, the DEA disrupted or dismantled 519 PTOs linked to CPOT targets, which is 18 percent above its FY 2012 target of 440. In the current budget environment, this performance is a testament to DEA’s commitment to DOJ’s CPOTs, which include the most significant international command and control organizations threatening the United States as identified by OCDETF member agencies. For FY 2013, DEA has established a target of 440 PTOs linked to CPOT targets based on our regression analysis and our budget resources.

In the first few years of the DEA's Priority Targeting Program, the DEA repeatedly exceeded its annual targets for PTO disruptions¹ and dismantlements². In response, the DEA refined its projection methodology by using regression analysis to determine the relative weight of many independent variables and their ability to forecast the number of 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. While the elements of the regression have changed over time with the elimination of less correlated variables and the addition of new more highly correlated variables, the disparity between actual performance and established targets has markedly decreased.

Data Validation and Verification

PTOs

PTOs 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 used to track operational progress and the resources used in the related investigations (i.e., investigative work hours and direct case-related expenses). Through PTARRS, DEA assesses and links PTOs to drug trafficking networks, which address the entire continuum of the drug conspiracy. Once an investigation meets the criteria for a PTO, the investigation can be nominated as a PTO submission through PTARRS. 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. The roles in the electronic approval chain are as follows:

In the Field

- Special Agent – The Special Agent, Task Force Officer, or Diversion Investigator collects data on lead cases that will be proposed as PTOs. They can create, edit, update, and propose a PTO record.
- Group Supervisor – The Group Supervisor/Country Attaché coordinates and plans the allocation of resources for a proposed PTO. The Group Supervisor/Country Attaché can create, edit, update, propose, resubmit, and approve a PTO record.
- Assistant Special Agent in Charge – The Assistant Special Agent in Charge /Assistant Regional Director reviews the PTO proposed and approved by the Group Supervisor/Country Attaché, ensuring that all the necessary information meets the criteria for a PTO. The Assistant Special Agent in Charge /Assistant Regional Director can also edit, update, resubmit, or approve a proposed PTO.

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

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

- Special Agent in Charge – The Special Agent in Charge /Regional Director reviews the proposed PTO from the Assistant Special Agent in Charge /Assistant Regional Director and is the approving authority for the PTO. The Special Agent in Charge /Regional Director can also edit, update, resubmit, or approve a proposed PTO.

At Headquarters

- Operations Division (OC) – The Section Chief of the Data and Operational Accountability Section (OMD), or his designee, is the PTO Program Manager, and is responsible for the review of all newly approved PTO submissions and their assignment to the applicable Office of Global Enforcement (OE) or Office of Financial Operations (FO) section. The PTO Program Manager may request that incomplete submissions be returned to the field for correction and resubmission. OMD is also responsible for tracking and reporting information in the PTO Program through PTARRS; and is the main point-of-contact for the PTO program and PTARRS related questions.
- OMD will assign PTO's based on the nexus of the investigation to organizations located in specific geographic areas of the world, or to specific program areas. After assignment of a PTO, the appointed HQ section becomes the point-of-contact for that PTO and division/region personnel should advise appropriate HQ section personnel of all significant activities or requests for funding during the course of the investigation. The Staff Coordinator (SC) assigned to the PTO will initiate a validation process to include a review for completeness and confirmation of all related linkages (e.g., CPOTs). In the unlikely event that the documentation submitted is insufficient to validate reported linkages, the SC will coordinate with the submitting office to obtain the required information.
- All PTO cases that are reported as disrupted or dismantled must be validated by OMD or the Organized Crime Drug Enforcement Task Force – OCDETF Section (OMO). OMD will validate all non-OCDETF related PTO cases and OMO will validate all OCDETF related cases. These disruptions and dismantlements are reported to the Executive Office of OCDETF via memo by OMO.

Performance Measure #2: Number of International and Domestic PTOs Not Linked to CPOT Targets Disrupted or Dismantled

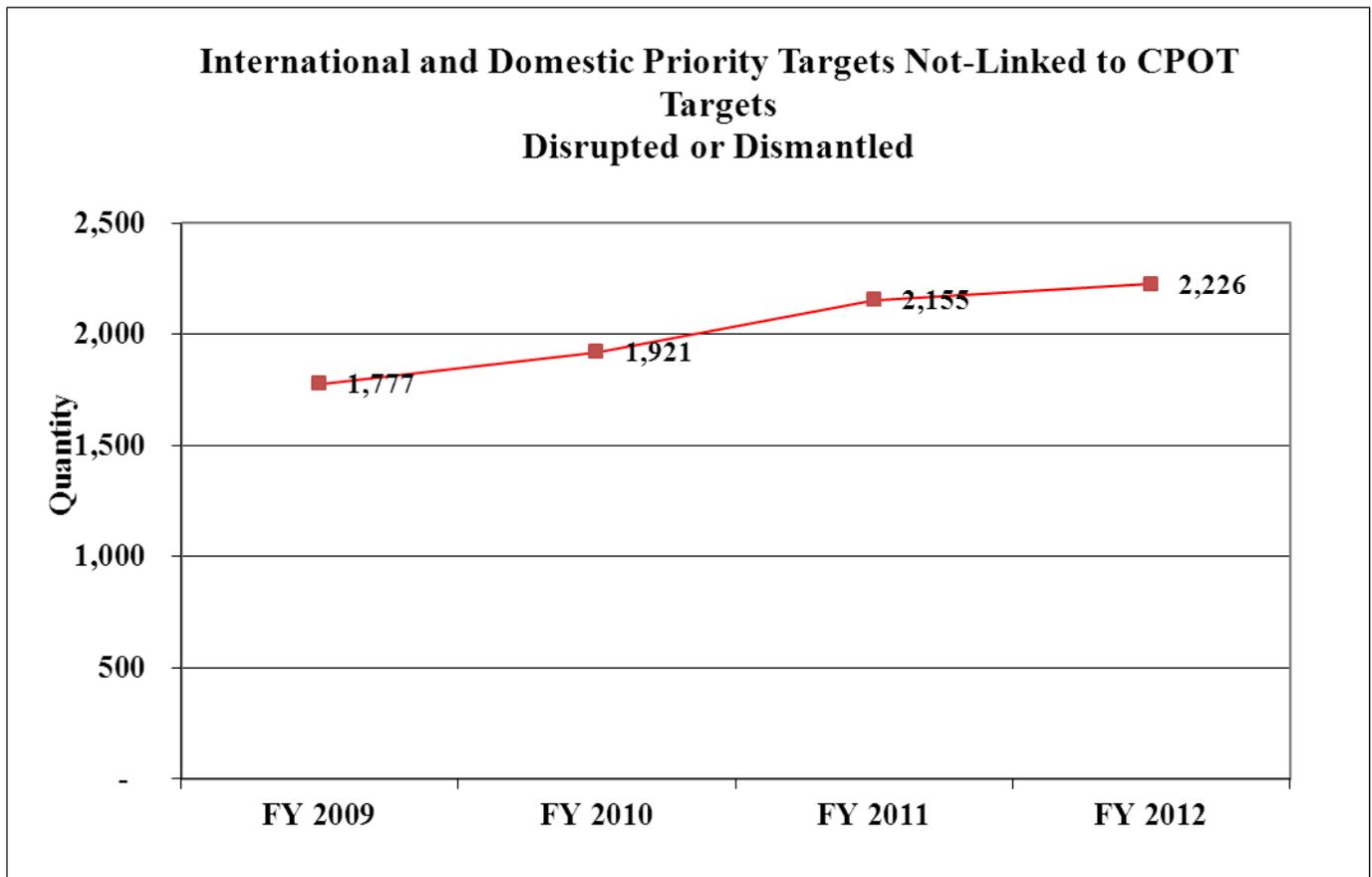
Decision Unit: S&E Domestic Enforcement and S&E International Enforcement

Although there is a primary emphasis on international and domestic PTOs linked to CPOT Targets, the PTOs not linked to CPOT targets disrupted or dismantled are just as important to DEA's mission. Specifically, the DEA's PTO Program focuses on dismantling entire drug trafficking networks by targeting their leaders for arrest and prosecution, confiscating the profits that fund continuing drug operations, and eliminating international sources of supply. As entire drug trafficking networks from sources of supply to the distributors on the street are disrupted or dismantled, the availability of drugs within the United States will be reduced. The performance measure, international and domestic priority targets not linked to CPOT targets disrupted or dismantled, is the same measure included in the National Drug Control Budget Summary.

DEA uses regression analysis 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. While the elements of the regression have changed over time with the elimination of less correlated variables and the addition of new more highly correlated variables, the disparity between actual performance and established targets has markedly decreased.

Table 2: Measure 2

| FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2012 | FY 2013 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| Actual | Actual | Actual | Target | Actual | Target |
| 1,777 | 1,921 | 2,155 | 2,050 | 2,226 | 2,020 |



As of September 30, 2012, the DEA disrupted or dismantled 2,226 PTOs not linked to CPOT targets, which is 9 percent above its FY 2012 target of 2,050. This accomplishment reflects DEA’s primary goal of identifying, disrupting and dismantling the most insidious and dangerous trafficking organizations who pose the greatest threat to our national security and public health.

For FY 2013, DEA has established a target of 2,020 PTOs not linked to CPOT targets based on our regression analysis and our budget resources.

Data Validation and Verification

PTOs not linked to CPOT targets use the same data validation and verification and PTOs linked to CPOT targets. They are in the same system, PTARRS, and identified with a code of “NO” for not linked.

Performance Measure #3: Number of DCP-related PTOs Disrupted/Dismantled

Decision Unit: Diversion Control Fee Account

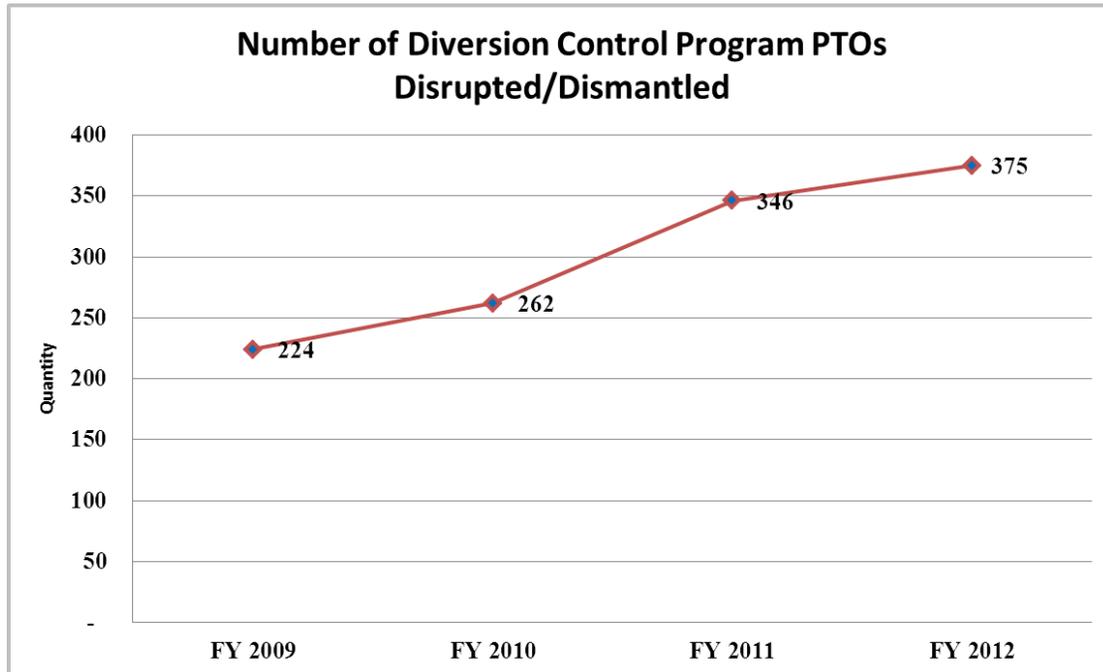
The Diversion Control Program (DCP) has been working diligently to address the growing problem of diversion and prescription drug abuse. Criminal entrepreneurs have, over the past few years, leveraged technology to advance their criminal schemes and reap huge profits while diverting millions of dosages of powerful pain relievers such as hydrocodone. One such method was the use of rogue Internet pharmacies. Investigations involving Internet pharmacies required the DEA to retool and retrain investigators. Most of these investigations involved several jurisdictions and involved voluminous amounts of electronic data. Compounding the problem was the fact that many of the laws under which investigators worked were written years prior to today’s technological advances.

The DEA also developed and implemented the Distributor Initiative Program designed to educate and remind registrants of their regulatory and legal responsibilities. This program has been very successful and has moved the pharmaceutical industry to install new and enhanced measures to address their responsibilities and due diligence as registrants. Despite these efforts the prescription drug abuse problem continues to be a major problem. Many state and local law enforcement agencies have devoted limited, if any resources, in the area of pharmaceutical diversion. To effectively attack this problem, the DEA, beginning in FY 2009, began establishing Tactical Diversion Squads (TDS) across the United States to tackle the growing problem of diversion and prescription drug abuse. These TDS groups, which incorporate Special Agents, Diversion Investigators and state and local Task Force Officers, have begun to show very successful investigations. Some of these investigations have resulted in multi-million dollar seizures. As of the end of FY 2011, 39 of the anticipated 40 TDS groups were deployed and operational.

Beginning in FY 2011, DEA reported its DCP PTOs separately under the Diversion Control Fee Account. As a participant in the PTO program, the DCP is required to report PTOs linked to CPOT and not linked to CPOT. However, with the nature of the DCP, CPOT linkages are a rare event. Beginning in FY 2010, with the creation of Tactical Diversion Squads (TDS) in every domestic field diversion, the DCP began focusing on the identification of PTOs and their eventual disruption and dismantlement. As the DCP continues to work to fully staff its TDS groups, PTO performance is expected to increase.

Table 3: Measure 3

| FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2012 | FY 2013 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| Actual | Actual | Actual | Target | Actual | Target |
| 224 | 262 | 346 | 325 | 375 | 325 |



In FY 2010, the number of PTOs disrupted was 156 and the number dismantled was 106. In FY 2011, the DCP disrupted 187 PTOs and dismantled 159 PTOs, which represents 4 percent and 45 percent above the ambitious FY 2011 targets of 180 disruptions and 110 dismantlements, respectively. As a result, DEA refined its methodology for identifying DCP PTOs during FY 2011, the actual disruptions and dismantlements exceeded the established targets significantly. When the FY 2011 targets were initially established, DEA only counted DCP PTOs initiated by a diversion investigator. DEA now includes PTOs initiated by a special agent if the primary drug trafficked by the PTO is a drug type funded under the Diversion Control Fee Account. For FY 2012, the DEA disrupted or dismantled 375 DCP PTOs not linked to CPOT targets, which is 15 percent above its FY 2012 target of 325.

Data Validation and Verification

DCP PTOs use the same data validation and verification system (PTARRS) as the domestic and international PTOs linked and not linked to CPOT targets. They are in the same system, PTARRS, and identified by a 2000 series case file number and certain fee fundable GDEP drug codes.

Performance Measure #4: Number of Administrative/Civil/Criminal Sanctions Imposed on Registrants/Applicants

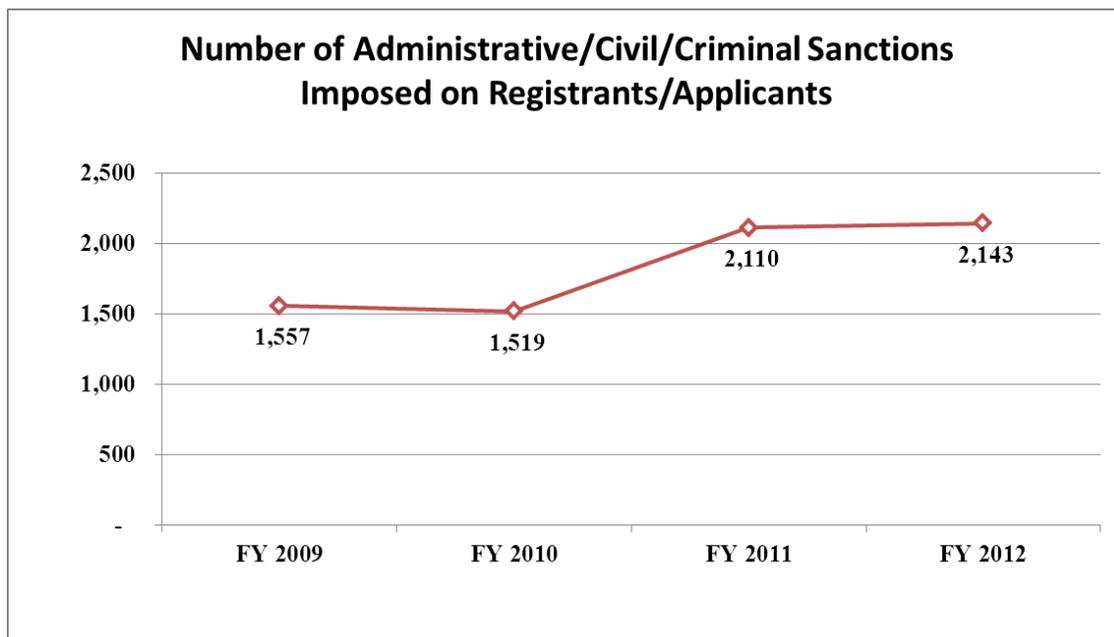
Decision Unit: Diversion Control Fee Account

In addition to the DCP’s enforcement activities, a large component of the DCP is regulatory in nature. Specifically, DEA’s DCP is responsible for enforcing the Controlled Substances Act (CSA) and its regulations pertaining to pharmaceutical controlled substances and listed chemicals. The DCP actively monitors more than 1.3 million individuals and companies that are registered with DEA to handle controlled substances or listed chemicals through a system of scheduling, quotas, recordkeeping, reporting, and security requirements. The DCP implements an infrastructure of controls established through the CSA and ancillary regulations. This system balances the protection of public health and safety by preventing the diversion of controlled substances and listed chemicals while ensuring an adequate and uninterrupted supply for legitimate needs. As a result of this regulatory component, an additional performance measure, the number of Administrative/Civil/Criminal Sanctions Imposed on Registrants/Applicants, is included in this report, which is indicative of the overall regulatory activities supported by the DCP.

Projections for the number of Administrative/Civil/Criminal Sanctions levied are derived using an MS Excel algorithm which compiles and computes a trend (usually linear) utilizing actual data from the preceding time periods (e.g., fiscal years) and predicts data estimates for subsequent fiscal years.

Table 4: Measure 4

| FY 2009 | FY 2010 | FY 2011 | FY 2012 | FY 2012 | FY 2013 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| Actual | Actual | Actual | Target | Actual | Target |
| 1,557 | 1,519 | 2,110 | 1,802 | 2,143 | 1,892 |



As of September 30, 2012, the DCP imposed 2,143 Administrative/Civil/Criminal Sanctions on its registrants/applicants, which is 19 percent above its FY 2012 target of 1,802. When compared with FY 2011 actual performance (2,110), DEA's FY 2012 performance represents a 2 percent increase. For FY 2013, DCP's target for Administrative/Civil/Criminal Sanctions is 1,892 based on MS Excel algorithm.

Data Validation and Verification

The CSA Database (CSA2) is an Oracle database, which maintains all of the historical and investigative information on DEA registrants. It also serves as the final repository for punitive actions (i.e. sanctions) levied against CSA violators. During the reporting quarter, the domestic field divisions change the status of a registrant's (CSA2) Master Record to reflect any regulatory investigative actions that are being conducted on the registrant. The reporting of the regulatory action by each field division is available on a real-time basis through the reporting system within CSA2, as the investigative status change occurs. The regulatory investigative actions that are collected in a real-time environment are as follows: letters of admonition/MOU, civil fines, administrative hearing, order to show cause, restricted record, suspension, surrender for cause, revocations, and applications denied.

The Diversion Investigators and Group Supervisors/Diversion Program Managers are tasked to ensure that timely and accurate reporting is accomplished as the registrant's investigative status changes. Group Supervisors/Diversion Program Managers have the ability to view the report of ongoing and completed regulatory investigation actions for their office/division at any time during the quarter or at the quarter's end, since the actions are in real-time.

Performance Measure #5: Number of State and Local Law Enforcements Officers Trained in Clandestine Laboratory Enforcement

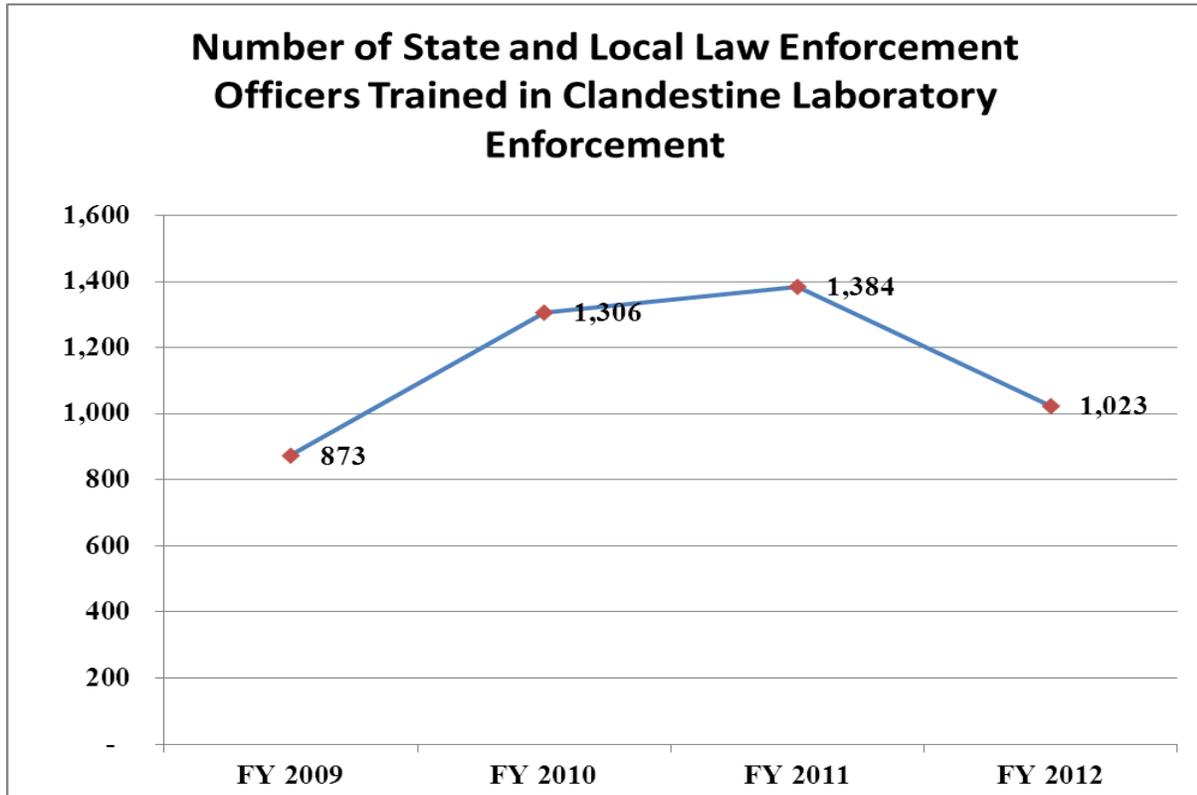
Decision Unit: State and Local Assistance

The DEA supports state and local law enforcement with methamphetamine-related assistance and training, which allows state and local agencies to better address the methamphetamine threat in their communities and reduce the impact that methamphetamine has on the quality of life for American citizens.

One of the most critical, specialized training programs offered by DEA to State and local law enforcement officers is in the area of Clandestine Laboratory Training. Often, it is the state and local police who first encounter the clandestine laboratories and must ensure that they are investigated, dismantled, and disposed of appropriately.

Table 5: Measure 5

| FY 2009 | FY 2010 | FY2011 | FY 2012 | FY 2012 | FY 2013 |
|----------------|----------------|---------------|----------------|----------------|----------------|
| Actual | Actual | Actual | Target | Actual | Target |
| 873 | 1,306 | 1,384 | 950 | 1,023 | 950 |



As of September 30, 2012, 1,023 state and local officials received clandestine laboratory training. During this period, the DEA Office of Training exceeded its target of training 950 state and local law enforcement officers by 7.7 percent. Although DEA exceeded its FY 2012 target, it should be noted that the content of training offered was slightly altered at the beginning of FY 2012. DEA had originally forecast a funding shortage for state and local clandestine laboratory training. To offset this shortage, DEA began FY 2012 partnering with the FBI to conduct National Improvised Explosives Familiarization (NIEF) Awareness training. NIEF Awareness Training, which has a less comprehensive training course for methamphetamine cleanup than the Clandestine Laboratory, represented a small portion of the entire training in FY 2012. After the fiscal year began, DEA received additional funding through the Community Oriented Policy Services (COPS) program, thus after a short period of time, DEA was able to phase out NIEF Awareness Training and resume its normal certification and site safety training.

Data Validation and Verification

The DEA Training Academy receives quarterly training data from the field on training provided by Division Training Coordinators (DTC). The field data is combined with the data generated by the DEA's Training Academy for total training provided by the DEA. Data is tabulated quarterly based on the fiscal year.

FEDERAL BUREAU OF PRISONS

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**Office of the Inspector General's Independent Report
on Annual Accounting and Authentication of
Drug Control Funds and Related Performance**

Director
Federal Bureau of Prisons
U.S. Department of Justice

We have reviewed the accompanying Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the Related Disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the Related Performance Information, of the U.S. Department of Justice's Federal Bureau of Prisons (BOP) for the fiscal year ended September 30, 2012. The BOP's management is responsible for the Detailed Accounting Submission and the Performance Summary Report.

Our review was conducted in accordance with attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An attestation review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Detailed Accounting Submission and the Performance Summary Report. Accordingly, we do not express such an opinion.

Management of the BOP prepared the Detailed Accounting Submission and the Performance Summary Report to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

Based on our review, nothing came to our attention that caused us to believe that the Detailed Accounting Submission and the Performance Summary Report for the fiscal year ended September 30, 2012, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

This report is intended solely for the information and use of BOP management, 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.

A handwritten signature in black ink, appearing to read "M L Hayes". The signature is written in a cursive, flowing style.

Mark L. Hayes, CPA, CFE
Director, Financial Statement Audit Office
Office of the Inspector General
U.S. Department of Justice

January 18, 2013

**Federal Bureau of Prisons
Detailed Accounting Submission**

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U.S. Department of Justice

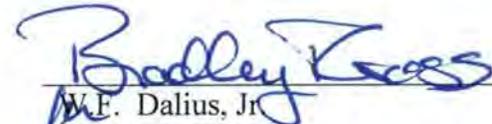
Federal Bureau of Prisons

Washington, DC 20534

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the Federal Bureau of Prisons (BOP) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the BOP 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 BOP's accounting system of record for these budget decision units.
2. The drug methodology used by the BOP to calculate obligations of budgetary resources by function is reasonable and accurate in all material respects.
3. The drug methodology disclosed in this statement was the actual drug methodology used to generate the Table of Drug Control Obligations.
4. The data presented are associated with obligations against a financial plan that was revised during the fiscal year to properly reflect the changes, including ONDCP's approval for reprogrammings and transfers affecting drug-related resources in excess of \$1 million.
5. BOP did not have any ONDCP Fund Control Notices issued in FY 2012.


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

1/18/2013

Date

**U.S. Department of Justice
Federal Bureau of Prisons
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2012
(Dollars in Millions)**

| Drug Obligations by Budget Decision Unit and Function: | FY 2012 |
|---|---------------------------|
| Decision Unit: Inmate Care and Programs | Actual Obligations |
| Treatment | \$ 95.45 |
| Corrections | 1,143.90 |
| Total Inmate Care and Programs | <u>\$ 1,239.35</u> |
| Decision Unit: Institution Security and Administration | |
| Corrections | \$ 1,443.89 |
| Total Institution Security and Administration | <u>\$ 1,443.89</u> |
| Decision Unit: Contract Confinement | |
| Corrections | \$ 508.99 |
| Total Contract Confinement | <u>\$ 508.99</u> |
| Decision Unit: Management and Administration | |
| Corrections | \$ 102.05 |
| Total Management and Administration | <u>\$ 102.05</u> |
| Decision Unit: New Construction | |
| Corrections | \$ 27.84 |
| Total New Construction | <u>\$ 27.84</u> |
| Decision Unit: Modernization and Repair | |
| Corrections | \$ 36.45 |
| Total Modernization and Repair | <u>\$ 36.45</u> |
| Total Drug Control Obligations | <u>\$ 3,358.57</u> |

**U.S. Department of Justice
Federal Bureau of Prisons
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2012**

Disclosure 1: Drug Methodology

The mission of the Federal 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, appropriately secure, and which provide work and other self-improvement opportunities to assist offenders in becoming law-abiding citizens.

The amount of obligations with a drug-related nexus (Corrections function) is calculated by applying a factor (percentage of inmates sentenced for drug related crimes) to the amount of obligations in each decision unit.

For the BOP's drug treatment program, 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.

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. The table represents obligations incurred by the BOP for drug control purposes. The amounts are net of all reimbursable agreements.

Data - All accounting information for the BOP is derived from the Department of Justice (DOJ) Financial Management Information System 2 (FMIS2).

Financial Systems - The FMIS2 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 2: Methodology Modifications

The overall methodology to calculate drug control obligations has been modified. Under the new methodology, the BOP's drug control obligations are the percentage of the total obligations, broken out by Treatment and Corrections functions. The Corrections portion of the drug obligations is based on the number of inmates incarcerated for drug crimes (50.2% for FY 2012). The percentage of the drug obligations for Drug Treatment Programs has not been modified and remains one hundred percent.

With the new methodology, resources of \$3.359 billion are reported as direct obligations for drug control purposes. If the old drug methodology would have been utilized, resources of \$95.45

million would have been reported. In FY 2011, only direct obligations associated with Drug Treatment Programs in the Table of Drug Control Obligations were reported.

Disclosure 3: Material Weaknesses or Other Findings

There were no significant deficiencies or material weaknesses identified in the *Independent Auditors' Report on Internal Control over Financial Reporting* and no findings in the *Independent Auditors' Report on Compliance and other Matters*.

Disclosure 4: Reprogrammings or Transfers

BOP's FY 2012 obligations include all approved transfers and there were no reprogrammings in FY 2012 (see the attached Table of Reprogrammings and Transfers).

Disclosure 5: Other Disclosures

The BOP allocates funds to the Public Health Service (PHS). The PHS provides a portion of the drug treatment for federal inmates. In FY 2012, \$578,000 was allocated 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 five PHS Full Time Equivalentents related to drug treatment during FY 2012. Therefore, the allocated obligations were included in BOP's Table of Drug Control Obligations.

**U.S. Department of Justice
Federal Bureau of Prisons
Detailed Accounting Submission
Table of Reprogrammings and Transfers
For Fiscal Year Ended September 30, 2012
(Dollars in Millions)**

| Drug Resources by Budget Decision Unit and Function: | Transfers -in | Transfers-out | Total |
|---|----------------------|----------------------|------------------|
| Decision Unit: Inmate Care and Programs | | | |
| Corrections | \$ 48.69 | \$ (48.69) | \$ 0 |
| Total Inmate Care and Programs | <u>\$ 48.69</u> | <u>\$ (48.69)</u> | <u>\$ 0</u> |
| Decision Unit: Contract Confinement | | | |
| Corrections | \$ 0.65 | \$ (4.52) | \$ (3.87) |
| Total Contract Confinement | <u>\$ 0.65</u> | <u>\$ (4.52)</u> | <u>\$ (3.87)</u> |
| Decision Unit: New Construction | | | |
| Corrections | \$ 4.52 | \$ - | \$ 4.52 |
| Total New Construction | <u>\$ 4.52</u> | <u>\$ -</u> | <u>\$ 4.52</u> |
| Total | <u>\$ 53.86</u> | <u>\$ (53.21)</u> | <u>\$ 0.65</u> |

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**Federal Bureau of Prisons
Performance Summary Report**

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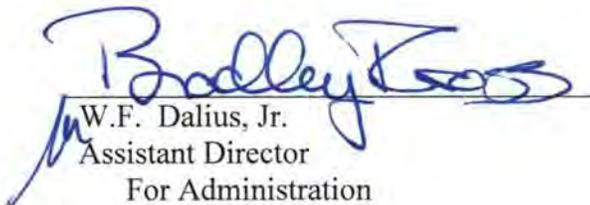


Washington, DC 20534

**Performance Summary Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the Federal Bureau of Prisons (BOP) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the BOP system of performance reporting provides reasonable assurance that:

1. BOP uses SENTRY to capture performance information accurately and SENTRY was properly applied to generate the performance data.
2. BOP met the reported performance target for FY 2012.
3. The methodology described to establish performance targets for the current year is reasonable given past performance and available resources.
4. BOP has established at least one acceptable performance measure, as agreed to by ONDCP. Each performance measure considers the intended purpose of the National Drug Control Program activity.


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

1/18/2013

Date

**U.S. Department of Justice
Federal Bureau of Prisons
Performance Summary Report
Related Performance Information
For Fiscal Year Ended September 30, 2012**

Performance Measure: Residential Drug Abuse Treatment Program Capacity and Enrollment

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 and is presented in support of the Treatment function.

The Violent Crime Control and Law Enforcement Act 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 Drug Abuse Program (RDAP) to the number of participants at the end of each fiscal year. The objective is to monitor the utilization of RDAP capacity.

RDAP is offered at 61 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 RDAP and subject matter experts enter and analyze the data.

In FY 2012, the BOP achieved a total capacity of 6,092 (capacity is based on number of treatment staff) that was available for the fiscal year and 6,015 actual participants (participants are actual inmates enrolled in the program at year end) thus exceeding the target level.

For FY 2013, the capacity of BOP’s RDAP is projected to be 6,092 with total participants of 5,787.

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

| Fiscal Year | Capacity | Participants* | Utilization |
|----------------|----------|---------------|-------------|
| FY 2008 Actual | 6,050 | 5,783 | 96% |
| FY 2009 Actual | 6,050 | 5,815 | 96% |
| FY 2010 Actual | 6,024 | 6,238 | 104% |
| FY 2011 Actual | 5,892 | 5,989 | 102% |
| FY 2012 Target | 5,900 | 5,605 | 95% |
| FY 2012 Actual | 6,092 | 6,015 | 99% |
| FY 2013 Target | 6,092 | 5,787 | 95% |

*Participants may exceed Capacity due to overcrowding and demand for the program.

Data Validation and Verification

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.

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**OFFICE OF THE FEDERAL
DETENTION TRUSTEE**

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**Office of the Inspector General's Independent Report
on Annual Accounting and Authentication of
Drug Control Funds and Related Performance**

Federal Detention Trustee
Office of the Federal Detention Trustee
U.S. Department of Justice

We have reviewed the accompanying Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the Related Disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the Related Performance Information, of the U.S. Department of Justice's Office of the Federal Detention Trustee (OFDT) for the fiscal year ended September 30, 2012. The OFDT's management is responsible for the Detailed Accounting Submission and the Performance Summary Report.

Our review was conducted in accordance with attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An attestation review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Detailed Accounting Submission and the Performance Summary Report. Accordingly, we do not express such an opinion.

Management of the OFDT prepared the Detailed Accounting Submission and the Performance Summary Report to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

Based on our review, nothing came to our attention that caused us to believe that the Detailed Accounting Submission and the Performance Summary Report for the fiscal year ended September 30, 2012, are not presented, in all material respects, in conformity with the ONDCP's Circular,

Drug Control Accounting, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

This report is intended solely for the information and use of OFDT management, 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.



Mark L. Hayes, CPA, CFE
Director, Financial Statement Audit Office
Office of the Inspector General
U.S. Department of Justice

January 18, 2013

**Office of the Federal Detention Trustee
Detailed Accounting Submission**

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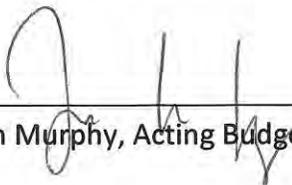


Washington, D.C. 20530

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the Office of the Federal Detention Trustee (OFDT) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the OFDT 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 OFDT's accounting system of record for these budget decision units.
2. The drug methodology used by the OFDT to calculate obligations of budgetary resources by function is reasonable and accurate in all material respects.
3. The drug methodology disclosed in this statement was the actual drug 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 FY 2012.
5. OFDT did not have any ONDCP Fund Control Notices issued in FY 2012.



Jim Murphy, Acting Budget Officer

1/18/2013

Date

U.S. Department of Justice
Office of the Federal Detention Trustee
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2012
(Dollars in Millions)

| Drug Obligations by Budget Decision Unit and Function: | | FY 2012 |
|---|-------------|---------------------------|
| Decision Unit #1: Detention Services | | Actual Obligations |
| | Corrections | \$ 528.00 |
| Total Detention Services | | \$ 528.00 |
| | | |
| | | |
| Total Drug Control Obligations | | \$ 528.00 |
| | | |

**U.S. Department of Justice
Office of the Federal Detention Trustee
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2012**

Disclosure 1: Drug Methodology

The mission of the Office of the Federal Detention Trustee (OFDT) is to manage and regulate the Federal detention programs and the Justice Prisoner and Alien Transportation System (JPATS) by establishing a secure and effective operating environment that drives efficient and fair expenditure of appropriated funds. The Office of the Federal Detention Trustee has oversight responsibility for Federal detention services relating to the housing and care for Federal detainees remanded to U. S. Marshals Service (USMS) custody, including detainees booked for drug offenses.

The Federal Prisoner Detention appropriation does not include specific resources dedicated to housing the drug prisoner population. The primary drivers of detention expenditures are the number of prisoners booked by the USMS, the length of time those prisoners are held in detention, and the cost. A Detention Population Forecasting Model is used to take a statistical approach for predicting detention needs using factors such as population, demographic trends, number and type of criminal cases processed, average processing time per type of case, and authorized/requested positions of the federal law enforcement, U.S. Attorneys, U.S. District court judges, and immigration judges.

Actual data is based on the population counts that OFDT receives daily from USMS for each detention facility housing USMS prisoners. Using these daily population counts and corresponding per diem rate data, OFDT is able to capture actuals for the detention population count and for the expenditures to house the population. Data describing the actual price charged by state, local, and private detention facility operators is maintained by the USMS in their Justice Detainee Information System (JDIS) and it is updated on an as needed, case-by-case basis when rate changes are implemented. Rate information for specific facilities is maintained by USMS headquarters staff. For those private facilities where OFDT has a direct contract for bed space, the effective per diem is calculated using information obtained from OFDT's Procurement Division. In conjunction with daily reports to OFDT of prisoners housed, OFDT compiles reports describing the price paid for non-federal detention space on a weekly and monthly basis. Data are reported on both district and national levels.

The methodology to determine the cost associated with the drug prisoner population is to use the average daily population (ADP) for drug offenses multiplied by the per diem rate (cost per day to house) multiplied by the number of days in the year. Projections for out-year costs are based on projected future bookings by offense and the time offenders are expected to be held in detention at the projected per diem rates.

Data – All accounting information for the OFDT is derived from DOJ's Financial Management Information System 2 (FMIS2).

Financial Systems – FMIS2 is DOJ’s financial system that provides OFDT with obligation data. Obligations in this system can also be reconciled with the enacted appropriation.

Disclosure 2: Methodology Modifications

Prior to FY 2012 the OFDT did not report drug related obligations. In FY 2010, the Office of National Drug Control Policy (ONDCP) convened a panel of experts to determine which federal agency programs should be included in the National Drug Control Budget. This panel applied a two-pronged test: first, to determine whether the program had a drug-control nexus, and second to determine whether the program had an acceptable budget estimation methodology. Based on the panel’s recommendation, beginning in FY 2012 the OFDT was added to the National Drug Control Budget.

Disclosure 3: Material Weaknesses or Other Findings

The OFDT is a component within the DOJ Offices, Boards and Divisions (OBDs). The OBD’s FY 2012 *Independent Auditors’ Report on Internal Control over Financial Reporting* revealed no material weaknesses.

Although no material weaknesses were noted in the FY 2012, OBDs audit report on internal controls, one significant deficiency was reported. The significant deficiency related to inadequate accounting and reporting of internal use software (IUS) project costs. Specifically, financial and management controls are not adequate to ensure that the compilation of internal use software cost data submitted for capitalization are in accordance with the applicable generally accepted accounting principles, and that recorded amounts are proper, accurate, and complete. This finding, while not a material weakness, nor specifically directed to OFDT, is being reported by OFDT as an “other finding” because it has an undetermined impact on the presentation of drug related obligations.

The DOJ Justice Management Division (JMD) Finance Staff (FS) and the Unified Financial Management System (UFMS) Project Management Office (PMO) concur with the finding. The JMD FS and UFMS PMO are currently working on a number of initiatives that will ensure that IUS is accounted for properly and recorded accurately in the annual financial statements.

Disclosure 4: Reprogrammings or Transfers

There were no drug related reprogrammings or transfers during FY 2012.

**Office of the Federal Detention Trustee
Performance Summary Report**

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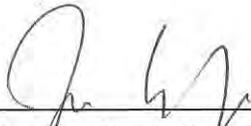


Washington, D.C. 20530

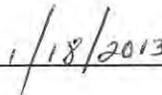
**Performance Summary Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the Office of the Federal Detention Trustee (OFDT) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the OFDT system of performance reporting provides reasonable assurance that:

1. OFDT uses MAX Collect to capture performance information accurately and MAX Collect was properly applied to generate the performance data.
2. OFDT met the reported performance targets for FY 2012.
3. The methodology described to establish performance targets for the current year is reasonable given past performance and available resources.
4. OFDT has established at least one acceptable performance measure for each budget decision unit, as agreed to by ONDCP, for which a significant amount of obligations (\$1 million 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.



Jim Murphy, Acting Budget Officer



Date

**U.S. Department of Justice
Office of the Federal Detention Trustee
Performance Summary Report
Related Performance Information
For Fiscal Year Ended September 30, 2012**

Performance Measure: Per Day Jail Costs (non-federal facilities)

The OFDT is responsible for the costs associated with the care of federal detainees in the custody of the United States Marshals Service (USMS). The OFDT account provides for the care of federal detainees in private, state, and local facilities, which includes housing, subsistence, transportation, medical care, and medical guard service.

The OFDT does not have performance measures for costs associated exclusively with housing the drug prisoner population. Neither OFDT nor the USMS has control over the prisoner population count. While OFDT can report data on the specific number of detainees and corresponding offense, it cannot set a performance measure based on the size and make-up of the detainee population.

The Per Day Jail Costs is an overall performance measure that reflects the average daily costs for the total detainee population housed in non-federal facilities. Non-federal facilities refer to detention space acquired through Intergovernmental Agreements with state and local jurisdictions and contracts with private jail facilities. The OFDT established the Per Day Jail Costs performance measure to ensure efficient use of detention space and to minimize price increases. The average price paid is weighted by actual jail day usage at individual detention facilities.

Table 1: Per Day Jail Costs

| FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Target | FY 2012 Actual | FY 2013 Target |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| \$69.01 | \$70.56 | \$72.88 | \$75.77 | \$74.21 | \$77.63 |

The OFDT achieved the FY 2012 performance goal. Performance was in line with expectation, and there were no anomalies that caused increases in the per diem rate awarded to state and local facilities providing detention space to the USMS.

The FY 2013 target is based on the projected average price weighted by the projected prisoner population usage at individual detention facilities.

Data Validation and Verification:

Data reported are validated and verified against monthly reports describing district-level jail utilization and housing costs prepared by the USMS.

OFFICE OF JUSTICE PROGRAMS

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**Office of the Inspector General's Independent Report
on Annual Accounting and Authentication of
Drug Control Funds and Related Performance**

Assistant Attorney General
Office of Justice Programs
U.S. Department of Justice

We have reviewed the accompanying Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the Related Disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the Related Performance Information, of the U.S. Department of Justice's Office of Justice Programs (OJP) for the fiscal year ended September 30, 2012. OJP's management is responsible for the Detailed Accounting Submission and the Performance Summary Report.

Our review was conducted in accordance with attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An attestation review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Detailed Accounting Submission and the Performance Summary Report. Accordingly, we do not express such an opinion.

Management of OJP prepared the Detailed Accounting Submission and the Performance Summary Report to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

Based on our review, nothing came to our attention that caused us to believe that the Detailed Accounting Submission and the Performance Summary Report for the fiscal year ended September 30, 2012, are not presented, in all material respects, in conformity with the ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

This report is intended solely for the information and use of OJP management, 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.

A handwritten signature in black ink that reads "Mark L. Hayes". The signature is written in a cursive, flowing style.

Mark L. Hayes, CPA, CFE
Director, Financial Statement Audit Office
Office of the Inspector General
U.S. Department of Justice

January 18, 2013

**Office of Justice Programs
Detailed Accounting Submission**

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Washington, D.C. 20531

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the Office of Justice Programs (OJP) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, 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 units are the actual obligations from OJP's accounting system of record for these budget decision units.
2. The drug methodology used by OJP to calculate obligations of budgetary resources by function is reasonable and accurate in all material respects.
3. The drug methodology disclosed in this statement was the actual drug methodology used to generate the Table of Drug Control Obligations.
4. The data presented are associated with obligations against a financial plan that was revised during the fiscal year to properly reflect the changes, including ONDCP's approval for reprogrammings and transfers affecting drug-related resources in excess of \$1 million.
5. OJP did not have any ONDCP Fund Control Notices issued in FY 2012.

Leigh Benda
Chief Financial Officer

1/18/13
Date

**U.S. Department of Justice
Office of Justice Programs
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2012
(Dollars in Millions)**

| Drug Obligations by Budget Decision Unit and Function: | FY 2012 Actual Obligations ^{1/} |
|--|---|
| Decision Unit #1: Regional Information Sharing System | |
| State and Local Assistance | \$ 24.68 |
| Total, Regional Information Sharing System | <u>\$ 24.68</u> |
| Decision Unit #2: Enforcing Underage Drinking Laws | |
| Prevention | \$ 4.62 |
| Total, Enforcing Underage Drinking Laws | <u>\$ 4.62</u> |
| Decision Unit #3: Drug Court Program | |
| State and Local Assistance | \$ 33.48 |
| Total, Drug Court Program | <u>\$ 33.48</u> |
| Decision Unit #4: Residential Substance Abuse Treatment | |
| Treatment | \$ 9.60 |
| Total, Residential Substance Abuse Treatment | <u>\$ 9.60</u> |
| Decision Unit #5: Prescription Drug Monitoring Program | |
| State and Local Assistance | \$ 6.56 |
| Total, Prescription Drug Monitoring Program | <u>\$ 6.56</u> |
| Decision Unit #6: Border Initiatives | |
| State and Local Assistance | \$ 9.53 |
| Total, Border Initiatives | <u>\$ 9.53</u> |
| Decision Unit #7 Second Chance Act Program | |
| State and Local Assistance | \$ 28.00 |
| Total, Second Chance Act Program | <u>\$ 28.00</u> |
| Decision Unit #8: Byrne Criminal Justice Innovation | |
| State and Local Assistance | \$ 13.75 |
| Total, Byrne Criminal Justice Innovation | <u>\$ 13.75</u> |
| Total Drug Control Obligations | <u><u>\$ 130.20</u></u> |
| Methamphetamine Enforcement and Lab Cleanup ^{2/} | \$ 12.50 |

^{1/} Program obligations reflect direct program obligations plus estimated management and assessment obligations

^{2/} Funding for the Methamphetamine Enforcement and Lab Cleanup Program is transferred from the Office of Community Oriented Policing Services (COPS) to the Drug Enforcement Administration for program administration; therefore, obligations are not tracked by the Office of Justice Programs (OJP) FY 2012 total obligations for the program were reported to OJP by the COPS budget office See Disclosure 1 for additional information

**U.S. Department of Justice
Office of Justice Programs
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2012**

Disclosure 1: Drug 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 Formulation, Liaison, Planning and Performance Division is responsible for the development and presentation of the annual OJP ONDCP Budget. OJP's fiscal year (FY) 2012 drug obligations have a total of 11 decision units identified for the National Drug Control Budget. Of the 11 decision units identified, eight are reflected in the Table of Drug Control Obligations. Two OJP programs, the Weed and Seed Program and Drug Prevention Demonstration Program, reported no obligations in FY 2012 and therefore, do not appear on the Table of Drug Control Obligations. Further, ONDCP requires OJP to report on the Methamphetamine Enforcement and Lab Cleanup Program, which 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. As the obligations related to the COPS program are reported in the financial statements of the OBDs, they are not included in the FY 2012 actual obligations total on OJP's Table of Drug Control Obligations.

The FY 2012 decision units include the following:

- Regional Information Sharing System
- Weed and Seed Program¹
- Enforcing Underage Drinking Laws
- Drug Court Program

¹ In FY 2012, the Weed and Seed Program and the Drug Prevention Demonstration Program had no actual obligations or prior year unobligated balances. As such, these programs are not listed on OJP's Table of Drug Control Obligations.

- Residential Substance Abuse Treatment Program
- Prescription Drug Monitoring Program
- Border Initiatives²
- Second Chance Act Program
- Byrne Criminal Justice Innovation Program
- Drug Prevention Demonstration Program¹
- Methamphetamine Enforcement and Lab Cleanup (COPS Program)

In determining the level of resources used in support of the eight active budget decision units (excluding Drug Prevention Demonstration Program, Weed and Seed, and Methamphetamine Enforcement and Lab Cleanup), OJP used the following methodology:

Drug Program Obligations by Decision Unit: Data on obligations, as of September 30, 2012, were gathered from DOJ's Financial Management Information System 2 (FMIS2). The total obligations presented for OJP are net of funds obligated under the Crime Victims Fund, and Public Safety Officers' Benefits Program.

Management and Administration (M&A) Data. In FY 2012, OJP did not have a Salaries and Expenses (S&E) appropriation. This resulted in funds being assessed at the programmatic level. Therefore, M&A obligations were obtained from FMIS2 (OJP's Financial System). The obligation amounts were allocated to each decision unit by applying the relative percentage of Full-Time Equivalents (FTE) assigned to the eight active drug-related decision units to the total M&A obligations for OJP. There were no M&A obligations associated with the Weed and Seed Program or the Drug Prevention Demonstration Program, as these programs did not have any actual obligations. The Methamphetamine Enforcement and Lab Cleanup program is not administered by OJP. Therefore, M&A obligations are also not associated with this program.

Overall, OJP program activities support all four goals of the National Drug Control Strategy: (1) Substance Abuse Prevention, (2) Substance Abuse Treatment, (3) Domestic Law Enforcement, and (4) Interdiction and International Counterdrug Support. Functionally, OJP program activities fall under the following functions: Prevention, State and Local Assistance, and Treatment. To determine the function amount, OJP used an allocation method that was derived from an annual analysis of each program's mission and by surveying program officials. OJP then applied that function allocation percentage to the obligations associated with each decision unit line item. For FY 2012, all eight active decision units had a function allocation of 100 percent.

The Table of Drug Control Obligations amounts were calculated as follows:

² In FY 2012, the Southwest Border and Northern Border programs were consolidated into the "Border Initiatives" program.

Function: The appropriate drug-related percentage was applied to each decision unit line item and totaled by function. For FY 2012, all decision units had a function allocation of 100 percent.

Decision Unit: In accordance with the ONDCP Circulars, 100 percent of the actual obligations for seven of the eight active budget decision units are included in the Table of Drug Control Obligations. As directed by ONDCP, only 50 percent of the actual obligations for the Second Chance Act Program are included.

As specified in the ONDCP Circular, *Budget Formulation*, dated May 1, 2007, in FY 2012, OJP is reporting 100 percent of the actual obligations related to seven of the eight active budget decision units included in the National Drug Control Budget. 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 Program were deemed drug-related in nature; therefore, beginning in FY 2009, OJP was directed to report 30 percent of the obligations associated with this decision unit in the Table of Drug Control Obligations. In FY 2011, per OMB and ONDCP guidance, the percentage applied to the total Second Chance Act obligations to determine the drug-related activities increased from 30 percent to 50 percent. In FY 2012, OJP continues to report 50 percent for the Second Chance Act for drug-related activities.

Disclosure 2: Methodology Modifications

The overall methodology used to report obligations has not changed from prior year methodologies.

Disclosure 3: Material Weaknesses and Other Findings

The FY 2012 *Independent Auditors' Report on Internal Control over Financial Reporting* cited no material weaknesses. However, one significant deficiency was identified during the audit. The significant deficiency related to system software change management. Specifically, during the vulnerability assessment documentation review and network scanning, it was noted that OJP continues to have improper configurations, missing patches, and default/insufficient passwords within their environment. This finding, while not a material weakness, is being reported by OJP as an "other finding" because it has an undetermined impact on the presentation of drug-related obligations.

OJP management concurred with the finding. In June and September 2012, OJP's Office of the Chief Information Officer (OCIO) conducted an enterprise-wide security configuration assessment of its environments (NextGen, ENS, E-Gov, etc.). The OCIO is continuing to improve the assessment activity as a component of the overall vulnerability management program. Furthermore, in June 2012, the OCIO revised the vulnerability program standard operating procedure (SOP) – OCIO 25, which added scanning responsibilities for two of the OCIO's divisions to ensure staff flexibility on the discovery and remediation of vulnerabilities between the OCIO's Information Technology Security Division's (ITSD) assessments.

Following the SOP revision, the OCIO then revised the vulnerability management process to address priorities as part of an overall risk management function. As the OCIO continues to refine the process and associated responsibilities, SOP OCIO 25 will be updated appropriately. Lastly, OJP's Chief Information Officer (CIO) has requested authority to recruit and hire a senior IT Specialist, to direct Information Risk Management activities. OJP will continue to work with Department of Justice approving officials with the understanding that the Federal government and Department of Justice budgetary and personnel hiring constraints may impact the OCIO's recruitment of this resource. As such, in June 2012, a senior member within the OCIO, and independent of the ITSD and IT Operations and Development Division, was assigned the responsibilities of directing near term actions related to the finding and overall risk management, as well as conducting regular briefings to the Deputy CIO, CIO, and other OJP executives on the status of management response and the actions listed here.

Disclosure 4: Reprogrammings or Transfers

In accordance with the ONDCP's Circular, *Drug Control Accounting*, dated May 1, 2007, OJP has provided the attached Table of Reprogrammings and Transfers. In FY 2012, OJP had no reprogrammings, and \$10.5 and \$14 million in drug-related transfers-in and transfers-out, respectively. The transfers-in amounts include OJP's FY 2012 prior-year recoveries associated with the reported decision units. The transfers-out amounts reflect the assessments for the Research, Evaluation, and Statistics (RES) two-percent set-aside and the M&A assessments against OJP programs. The RES two percent set-aside was directed by Congress for funds to be transferred to and merged with funds provided to the National Institute of Justice and the Bureau of Justice Statistics to be used for research, evaluation, or statistical purposes. In FY 2012, Congress provided OJP the authority to assess programs for administrative purposes. The amounts reflected in the table show the dollar amount that each program contributed to OJP's M&A.

Disclosure 5: Other Disclosures

Of the total FY 2012 actual drug obligations, \$18.2 million are a result of carryover unobligated resources.

**U.S. Department of Justice
Office of Justice Programs
Detailed Accounting Submission
Table of Reprogrammings and Transfers
For Fiscal Year Ended September 30, 2012
(Dollars in Millions)**

| Drug Resources by Function: | Transfers-in | Transfers-Out | Total |
|---|---------------------|----------------------|------------------|
| Prevention | \$ 0.61 | \$ (0.51) | \$ 0.11 |
| State and Local Assistance | 8.27 | (8.95) | (0.68) |
| Treatment | 1.61 | (4.55) | (2.95) |
| Total Drug Resources by Function | <u>\$ 10.49</u> | <u>\$ (14.01)</u> | <u>\$ (3.52)</u> |
| | | | |
| Drug Resources by Budget Decision Unit: | | | |
| Regional Information Sharing System | \$ - | \$ (2.73) | \$ (2.73) |
| Weed and Seed Program | 1.27 | - | 1.27 |
| Enforcing Underage Drinking Laws | 0.49 | (0.51) | (0.02) |
| Drug Court Program | 1.42 | (3.54) | (2.12) |
| Residential Substance Abuse Treatment | 0.18 | (1.01) | (0.83) |
| Prescription Drug Monitoring Program | 0.44 | (0.71) | (0.27) |
| Border Initiatives | 2.41 | (1.01) | 1.40 |
| Second Chance Act | 0.59 | (2.98) | (2.39) |
| Byrne Criminal Justice Innovation Program | 3.68 | (1.52) | 2.17 |
| Total Drug Resources by Budget Decision Unit | <u>10.49</u> | <u>(14.01)</u> | <u>(3.52)</u> |

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**Office of Justice Programs
Performance Summary Report**

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Washington, D.C. 20531

**Performance Summary Report
Managements Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the Office of Justice Programs' (OJP) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that OJP's system of performance reporting provides reasonable assurance that:

1. OJP uses the Grants Management System (GMS), the Performance Management Tool, and the Data Collection Training and Technical Assistance Tool to capture performance information accurately and these systems were properly applied to generate the 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 is reasonable.
3. The methodology described to establish performance targets for the current year is reasonable given past performance and available resources.
4. OJP has established at least one acceptable performance measure for each budget decision unit, as agreed to by ONDCP, for which a significant amount of obligations (\$1 million 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.

Leigh Benda,
Chief Financial Officer

Date

**U.S. Department of Justice
Office of Justice Programs
Performance Summary Report
Related Performance Measures
For Fiscal Year Ended September 30, 2012**

I. PERFORMANCE MEASURES

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; the Drug Court program, the Prescription Drug Monitoring Program (PDMP); and the Enforcing Underage Drinking Laws (EUDL) program; the Regional Information Sharing System (RISS); and the Methamphetamine Enforcement and Lab Cleanup, a grant program administered by the Office of Community Oriented Policing Services (COPS), and transferred to the Drug Enforcement Administration (DEA) for program administration.

As required by the ONDCP Circular, *Drug Control Accounting*, dated May 1, 2007, OJP is reporting on the following performance measures of the above programs for this Performance Summary Report:

- Number of participants in the RSAT program
- Graduation rate of program participants in the Drug Court program
- PDMP interstate solicited and unsolicited reports produced
- EUDL programs that used evidence-based programs or practices
- Number of inquiries for the RISS program
- Number of State and Local law enforcement officers trained in clandestine laboratory enforcement for the Methamphetamine Enforcement and Lab Cleanup (COPS Program)

Performance Measure #1: Number of Participants in the RSAT Program

Decision Unit: RSAT Program

Table 1: Number of Participants in the RSAT Program

| CY 2008 Actual | CY 2009 Actual | CY 2010 Actual | CY 2011 Target | CY 2011 Actual | CY 2012 Target | CY 2013 Target |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| 28,308 | 39,159 | 29,087 | 28,000 | 29,358 | 30,000 | 30,000 |

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.

Data for this measure are reported on a calendar year (CY) basis and, as a result, 2012 data will not be available until June 2013.

The target for CY 2011 was to have 28,000 participants in the RSAT program, which was exceeded by 1,358 participants. There are many contributing factors that determine the number of people who participate in the RSAT Program including the numbers of eligible offenders, available staff, and treatment providers; security issues; and the state's ability to provide the required 25% matching funds.

The target for CYs 2012 and 2013 is 30,000 participants, which is an increase over previous targets.

Data Validation and Verification

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.

Performance Measure #2: Graduation Rate of Program Participants in the Drug Court Program

Decision Unit: Drug Court Program

Table 2: Graduation Rate of Program Participants in the Drug Court Program

| FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Target | FY 2013 Target |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| 63.2% | 57.3% | 52.6% | 43% | 48% | 48% |

BJA and the Office of Juvenile Justice and Delinquency Prevention (OJJDP) administer OJP's Drug Court program. The Drug Court program was established in 1995 to provide financial and technical assistance to states, state courts, local courts, units of local government, and tribal governments in order to establish drug treatment courts. Drug courts employ an integrated mix of treatment, drug testing, incentives, and sanctions to break the cycle of substance abuse and crime. Since its inception, more than 2,500 drug courts have been established in a number of jurisdictions throughout the country. Currently, every state and two U.S. territories have established or planned one or more drug courts in their jurisdiction.

The need for drug treatment services is tremendous and OJP has a long history of providing resources to break the cycle of drugs and violence by reducing the demand, use, and trafficking of illegal drugs. Thirty-six percent of the 4.9 million people who reported to the 2010 National Crime Victimization Survey that they had been a victim of violence, believed that the perpetrator was using drugs, alcohol, or both drugs and alcohol. Further, 54 percent of jail inmates were abusing or dependent on drugs, according to Bureau of Justice Statistics (BJS) 2002 Survey of Inmates in Local Jails. Correspondingly, 53 percent of state inmates, and 45 percent of federal inmates abused or were dependent on drugs in the year before their admission to prison, according to the BJS 2004 Surveys of Inmates in State and Federal Correctional Facilities.

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).

In FY 2012, BJA revised the drug court performance measures to address limitations. Grantees began reporting on the new performance measures on October 1, 2011; therefore, the reporting cycle changed to October 1, 2011 – September 30, 2012.

Revised in FY 2011 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.

Data Validation and Verification

End of year performance data for the Drug Court Program are provided semi-annually by progress reports via GMS in June and January. On January 1, 2009, BJA implemented the PMT to support grantees’ ability to identify, collect, and report performance measurement data online for activities funded under their award. Drug Court grantees 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.

Performance Measure #3: Numbers of Interstate Solicited and Unsolicited Reports Produced

Decision Unit: Prescription Drug Monitoring Program

Table 3: Total number of interstate solicited reports produced

| CY 2010 Actual | CY 2011 Target | CY 2011 Actual | CY 2012 Target | CY 2013 Target |
|---------------------------|---------------------------|--|---------------------------|---------------------------|
| 196,843 | 200,000 | (will be available in January 2013) | 330,000 | 345,000 |

Table 4: Total number of interstate unsolicited reports produced

| CY 2010 Actual | CY 2011 Target | CY 2011 Actual | CY 2012 Target | CY 2013 Target |
|---------------------------|---------------------------|--|---------------------------|---------------------------|
| 1,304 | 1,300 | (will be available in January 2013) | 600 | 620 |

*Note: Data are not available for years prior to CY 2010.

The Harold Rogers' Prescription Drug Monitoring Program (PDMP), administered by BJA, enhances the capacity of regulatory and law enforcement agencies, and public health officials to collect and analyze controlled substance prescription data and other scheduled¹ chemical products through a centralized database administered by an authorized state agency.

The objectives of the PDMP are to build a data collection and analysis system at the state level; enhance existing programs' ability to analyze and use collected data; facilitate the exchange of collected prescription data among states; and assess the efficiency and effectiveness of the programs funded under this initiative. Funds may be used for planning activities or implementation activities.

This performance measure contributes to the National Drug Strategy by aligning with the core area of improving information systems to better analyze, assess, and locally address drug use and its consequences. The measure collects data on reports for the following users: prescribers, pharmacies/pharmacists, law enforcement (police officers, correctional officers, sheriffs or deputies, state coroners who are considered law enforcement and other law enforcement personnel), regulatory agencies, patients, researchers, medical examiners/coroners, drug treatment programs, drug court judges, and others.

¹ The Federal Controlled Substance Act, which established five schedules of controlled substances, to be known as schedules I, II, III, IV, and V. Schedules are lists of controlled substances which identify how the substances on each list can be prescribed, dispensed or administered. A substance is placed on a particular schedule after consideration of several factors, including the substance's accepted medical usage in the United States and potential for causing psychological or physical dependence.

Data Validation and Verification

BJA began collecting data for this measure in January 2010, so the target for CY 2011 is based on actual CY 2010 data. Prior to CY 2011, BJA did not set targets for this measure because there was not enough historical data to develop a reasonable target.

Performance Measure #4: Programs Implementing Evidence-Based Programs or Practices

Decision Unit: Enforcing Underage Drinking Laws Program

Table 5: Programs that used Evidence-Based Programs or Practices

| FY 2008 Actual | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Target | FY 2013 Target |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| 72% | 79% | 74% | 87% | 90% | 80% |

The Enforcing Underage Drinking Laws (EUDL) program, administered by OJJDP, supports and enhances efforts by state and local jurisdictions to reduce the availability of alcohol to minors. EUDL program areas include compliance checks, party prevention patrols, bar patrols, and special events management/task force operations.

This performance measure is appropriate as it is a core measure for EUDL and fits within OJJDP's mission to promote best practices and strategies. Using evidence based programs or practices provides communities with solid programs that are effective with diverse populations, have been shown to produce results, and make good use of limited resources. Keeping track of how many EUDL grantees are using evidence based programs or practices illustrates how states and local jurisdictions are implementing the most effective strategies possible.

This performance measure contributes to the National Drug Control Strategy by ensuring that communities are using the most effective practices available to combat underage drinking. The EUDL program and this measure directly address the strategy's number one goal "to strengthen efforts to prevent drug use by underage persons in communities", since alcohol is the number one drug of choice among America's youth. EUDL also addresses goal four "to help break the cycle of drug use, crime, delinquency, and incarceration through curtailing access and consumption of alcohol by underage young people".

Data for this measure are reported on a semi-annual basis. As a result, FY 2012 data will not be available until March 2013.

The FY 2012 target of 90% was developed based on the most recent data results from EUDL grantees, who continue to make advancements in the impact of their programming based on the integration of evidence-based programs and practices. OJJDP program managers and the Training and Technical Assistance provider frequently share information regarding promising and best strategies to EUDL Block Grant recipients and stress the use of evidenced-based programs and practices in training and communication.

Data Validation and Verification

OJJDP implemented the Data Collection Training and Technical Assistance Tool (DCTAT) to support grantees' and subgrantees' ability to identify, collect, and report performance measurement data online for activities funded under this award. EUDL grantees report data in the DCTAT 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 by program managers.

Performance Measure #5: Percent Increase in RISS Inquiries of Injuries for the RISS Program

Decision Unit: Regional Information Sharing System (RISS)

Table 6: Percent Increase in RISS Inquires

| FY 2012 Target | FY 2012 Actual | FY 2013 Target |
|---------------------------|---------------------------|---------------------------|
| 6% | 16% | 6% |

*Note: Data are not available for years prior to FY 2012.

The Regional Information Sharing Systems (RISS) Program, administered by BJA, provides services and resources that directly impact law enforcement's ability to successfully resolve criminal investigations and prosecute offenders, while providing the critical officer safety event deconfliction² necessary to keep the men and women of our law enforcement community safe.

RISS serves thousands of local, state, federal, and tribal criminal justice agencies in their effort to identify, detect, deter, prevent, and solve criminal and terrorist-related investigations. Through its RISS Secure Law Enforcement Cloud (RISSNET™), information and intelligence sharing resources, investigative support and analytical services, and deconfliction, RISS has enabled agencies and officers to increase their success exponentially.

The RISS program surpassed the FY 2012 target due to a high demand for RISS critical services and resources, such as RISSNET and its related applications, as well as its analytical services and products, to assist law enforcement officers with their investigations.

The FY 2013 target was based on a reasonable estimate of data compiled from previous years, as RISS inquiries are primarily focused on crime activity and agency resources.

² Comprehensive and nationwide deconfliction system that is accessible on a 24/7/365 basis and available to all law enforcement agencies. Officers are able to enter event data on a 24/7 basis but do not have the ability to see other officers' entries into the system.

Data Validation and Verification

Data for the RISS program is not reported in the PMT. At the end of the fiscal year, performance data for RISS is provided in quarterly reports via GMS by the administrative grantee for the RISS program. The six RISS Centers and the RISS Office of Information Technology (OIT) report their performance information to the Institute for Intergovernmental Research (IIR), the administrative support grantee for the RISS program. IIR aggregates the data to develop the RISS quarterly report, which is submitted to BJA through GMS, as part of the IIR's reporting requirements for the grant.

Program managers obtain data from these reports, telephone contact, and grantee meetings as a method to monitor IIR, the six RISS Centers, and the RISS OIT for grantee performance. Data are validated and verified through a review of grantee support documentation obtained by program managers.

Performance Measure #6: Number of State and Local Law Enforcement Officers Trained in Clandestine Laboratory Enforcement

Decision Unit: Methamphetamine Enforcement and Lab Cleanup (COPS Program)

Table 7: Number of State and Local Law Enforcement Officers Trained in Clandestine Laboratory Enforcement

| FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Target | FY 2012 Actual | FY 2013 Target |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| 873 | 1,306 | 1,384 | 950 | 1,023 | 950 |

* Funding for the Methamphetamine Enforcement and Lab Cleanup Program is transferred from COPS to the DEA for program administration; therefore, obligations and performance measures data are not tracked by the OJP. In FY 2012, performance data for the Methamphetamine Enforcement and Lab Cleanup Program were reported to OJP by the DEA.

* Data are not available for years prior to FY 2009.

The DEA supports state and local law enforcement with methamphetamine-related assistance and training, which allows state and local agencies to better address the methamphetamine threat in their communities and reduce the impact that methamphetamine has on the quality of life for American citizens.

One of the most critical, specialized training programs offered by DEA to state and local law enforcement officers is in the area of Clandestine Laboratory Training. Often, it is the state and local police who first encounter the clandestine laboratories and must ensure that they are investigated, dismantled, and disposed of appropriately.

As of September 30, 2012, 1,023 state and local officials received clandestine laboratory training. During this period, the DEA Office of Training exceeded its target of training 950 state and local law enforcement officers by 7.7 percent. Although DEA exceeded its FY 2012 target, it should be noted that the content of training offered was slightly altered at the beginning of FY 2012. DEA had originally forecasted a funding shortage for state and local clandestine laboratory training. To offset this shortage, in FY 2012 DEA began partnering with the Federal Bureau of Investigation (FBI) to conduct National Improvised Explosives Familiarization (NIEF) Awareness training. NIEF Awareness Training, which has a less comprehensive training course for methamphetamine cleanup than the clandestine laboratory, represented a small portion of the entire training in FY 2012.

After the fiscal year began, DEA received additional funding through the COPS program; thus, after a short period of time, DEA was able to phase out NIEF Awareness Training, and resume its normal certification and site safety training.

Data Validation and Verification

The DEA Training Academy receives quarterly training data from the field on training provided by Division Training Coordinators (DTC). The field data is combined with the data generated by the DEA's Training Academy for total training provided by the DEA. Data are tabulated quarterly based on the fiscal year.

**OFFICES OF THE
UNITED STATES ATTORNEYS**

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**Office of the Inspector General's Independent Report
on Annual Accounting and Authentication of
Drug Control Funds and Related Performance**

Director
Executive Office for U.S. Attorneys
U.S. Department of Justice

We have reviewed the accompanying Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the Related Disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the Related Performance Information, of the U.S. Department of Justice's Offices of the United States Attorneys (OUSA) for the fiscal year ended September 30, 2012. The OUSA's management is responsible for the Detailed Accounting Submission and the Performance Summary Report.

Our review was conducted in accordance with attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An attestation review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Detailed Accounting Submission and the Performance Summary Report. Accordingly, we do not express such an opinion.

Management of the OUSA prepared the Detailed Accounting Submission and the Performance Summary Report to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

Based on our review, nothing came to our attention that caused us to believe that the Detailed Accounting Submission and the Performance Summary Report for the fiscal year ended September 30, 2012, are not presented, in all material respects, in conformity with the ONDCP's Circular,

Drug Control Accounting, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

This report is intended solely for the information and use of OUSA management, 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.

A handwritten signature in black ink, appearing to read "M L Hayes".

Mark L. Hayes, CPA, CFE
Director, Financial Statement Audit Office
Office of the Inspector General
U.S. Department of Justice

January 18, 2013

**Offices of the United States Attorneys
Detailed Accounting Submission**

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U.S. Department of Justice

Executive Office for United States Attorneys

Resource Management and Planning Staff

Suite 2200, Bicentennial Building
600 E Street, NW
Washington, DC 20530

(202) 252-5600
FAX (202) 252-5601

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the United States Attorneys management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the United States Attorneys' system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. Obligations reported by budget decision unit are estimated obligations derived from the actual obligations from the United States Attorneys' accounting system of record for these budget decision units.
2. The drug methodology used by the United States Attorneys to calculate estimated obligations of budgetary resources by function is reasonable and accurate in all material respects.
3. The drug methodology disclosed in this statement was the actual drug 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 FY 2012.
5. The United States Attorneys did not have any ONDCP Fund Control Notices issued in FY 2012.

Lisa A. Bevels, Chief Financial Officer

Date

U.S. Department of Justice
United States Attorneys
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2012
(Dollars in Millions)

| Drug Obligations by Budget Decision Unit and Function: | FY 2012 |
|---|---------------------------|
| Decision Unit: Criminal | Actual Obligations |
| Prosecution | \$ 89.187 |
| Total Criminal Decision Unit | \$ 89.187 |
| | |
| Total Drug Control Obligations | \$ 89.187 |
| | |
| High Intensity Drug Trafficking Area (HIDTA) Obligations | \$ 0.666 |

**U.S. Department of Justice
United States Attorneys
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2012**

Disclosure 1: Drug Methodology

The United States Attorneys work in conjunction with law enforcement to disrupt domestic and international drug trafficking and narcotics production through comprehensive investigations and prosecutions of criminal organizations. A core mission of each of the United States Attorneys' Offices (USAOs) is to prosecute violations of federal drug trafficking, controlled substance, money laundering, and related laws in order to deter continued illicit drug distribution and use in the United States. This mission includes utilizing the grand jury process to investigate and uncover criminal conduct and subsequently presenting the evidence in court as part of prosecution of individuals and organizations who violate Federal law. USAOs also work to dismantle criminal drug organizations through asset forfeiture, thereby depriving drug traffickers of the proceeds of illegal activities.

In addition to this traditional prosecutorial role, efforts to discourage illegal drug use and to prevent recidivism by convicted drug offenders also form important parts of the drug control mission of the USAOs. Each USAO is encouraged to become involved in reentry programs that may help prevent future crime, including drug crimes. Reentry programs, such as reentry courts, typically include access to drug treatment and support for recovery. Prosecutors and USAO staff also participate in community outreach through initiatives that educate communities about the hazards of drug abuse.

The United States Attorneys community does not receive a specific appropriation for drug-related work in support of the National Drug Control Strategy. The United States Attorneys drug resources are part of, and included within, the United States Attorneys annual Salaries and Expenses (S&E) Appropriation. As a result of not having a specific line item within our appropriation, the United States Attorneys have developed a drug budget methodology based on workload data. The number of workyears dedicated to non-OCDETF drug related prosecutions are taken as a percentage of total workload and then this percentage is multiplied against total obligations to derive estimated drug related obligations.

Data – All financial information for the United States Attorneys is derived from Department of Justice's (DOJ's) Financial Management System 2 (FMIS2). Workload information is derived from the United States Attorneys' USA-5 Reporting System.

Financial Systems – FMIS2 is DOJ's financial system. Obligations in this system can also be reconciled with the enacted appropriation.

Disclosure 2: Methodology Modifications

Prior to FY 2012 the USAOs did not report drug related obligations. In FY 2010, the Office of National Drug Control Policy (ONDCP) convened a panel of experts to determine which federal agency programs should be included in the National Drug Control Budget. This panel applied a two-pronged test: first, to determine whether the program had a drug-control nexus, and second to determine whether the program had an acceptable budget estimation methodology. Based on the panel's recommendation, beginning in FY 2012 the USAOs was added to the National Drug Control Budget.

Disclosure 3: Material Weaknesses or Other Findings

The United States Attorneys community is a component within the DOJ Offices, Boards and Divisions (OBDs). The OBDs FY 2012 *Independent Auditors' Report on Internal Control over Financial Reporting* revealed no material weaknesses.

Although no material weaknesses were noted in the FY 2012 OBDs audit report on internal controls, one significant deficiency was reported. The significant deficiency related to inadequate accounting and reporting of internal use software (IUS) project costs. Specifically, financial and management controls are not adequate to ensure that the compilation of internal use software cost data submitted for capitalization are in accordance with the applicable generally accepted accounting principles, and that recorded amounts are proper, accurate, and complete. This finding, while not a material weakness, nor specifically directed to United States Attorneys, is being reported by United States Attorneys as an "other finding" because it has an undetermined impact on the presentation of drug related obligations.

The DOJ Justice Management Division (JMD) Finance Services (FS) and the Unified Financial Management System (UFMS) Project Management Office (PMO) concur with the finding. The JMD FS and UFMS PMO are currently working on a number of initiatives that will ensure that IUS is accounted for properly and recorded accurately in the annual financial statements.

Disclosure 4: Reprogrammings or Transfers

There were no drug related reprogrammings or transfers in FY 2012.

**Offices of the United States Attorneys
Performance Summary Report**

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U.S. Department of Justice

Executive Office for United States Attorneys

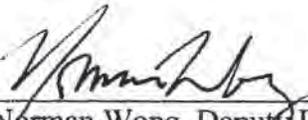
Office of the Director

Suite 2261, RFK Main Justice Building (202) 252-1000
950 Pennsylvania Avenue, NW
Washington, DC 20530

**Performance Summary Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the United States Attorneys management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the United States Attorneys system of performance reporting provides reasonable assurance that:

1. The United States Attorneys use the United States Attorneys' Legal Information Office Network System (LIONS), an electronic national case management system, to capture performance information accurately and LIONS was properly applied to generate the performance data.
2. The United States Attorneys do not set drug related targets, but report out actual statistics on two drug related performance measures.
3. The methodology described associated with the two performance measures for the current year is reasonable given past performance and available resources.
4. The United States Attorneys community has established at least one acceptable performance measure for each decision unit, as agreed to by ONDCP, for which a significant amount of obligations (\$1 million 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.



Norman Wong, Deputy Director and
Counsel to the Director

4/18/13

Date

**U.S. Department of Justice
United States Attorneys
Performance Summary Report
Related Performance Information
For Fiscal Year Ended September 30, 2012**

Performance Measures #1 & #2: Conviction Rate for Drug Related Offenses & Percentage of Defendants Sentenced to Prison

The United States Attorneys’ Offices (USAOs) investigate and prosecute the vast majority of criminal cases brought by the federal government to include drug related topics. USAOs receive most of their criminal referrals, or “matters,” from federal investigative agencies, including the Federal Bureau of Investigation (FBI), the Drug Enforcement Administration (DEA), the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF), the United States Immigration and Customs Enforcement (ICE), the United States Secret Service, and the United States Postal Inspection Service. The Executive Office for the United States Attorneys (EOUSA) supported the 2012 National Drug Control Strategy through reducing the threat, trafficking, use, and related violence of illegal drugs. The FY 2012 performance of the drug control mission of the United States Attorneys within the Department of Justice is based on agency Government Performance and Results Act documents and other agency information.

The USAOs do not set conviction rate targets. The USAOs report actual conviction rates to EOUSA through a case management system, known as United States Attorneys’ Legal Information Office Network System (LIONS). EOUSA categorizes narcotics cases prosecuted by the USAOs into two different types -- Organized Crime Drug Enforcement Task Force (OCDETF) cases and non-OCDETF narcotics cases. In light of the attestation by the OCDETF Executive Office, EOUSA provides a summary report for only non-OCDETF narcotic cases in FY 2012:

| U.S. Attorneys | | | | | | | |
|---|--|-------------------------|-------------------------|-------------------------|------------------------|-------------------------|------------------------|
| Selected Measures of Performance | | FY 2009 Achieved | FY 2010 Achieved | FY 2011 Achieved | FY 2012 Target* | FY 2012 Achieved | FY 2013 Target* |
| » | Conviction Rate for drug related defendants | 92% | 93% | 92% | NA | 92% | NA |
| » | Percentage of defendants sentenced to prison | 89% | 90% | 89% | NA | 90% | NA |

* The USAOs do not set conviction rate targets. Therefore the targets for FY 2012 and 2013 are not available. Actual conviction rate for FY 2013 will be presented in the FY 2013 submission.

Additional Performance Related Information:

The USAOs have also specifically contributed to the 2012 National Drug Control Strategy through prosecutions of pain clinics and the eradication of marijuana on public lands.

Rogue Pain Clinics

The National Drug Control Strategy highlighted the need to crack down on rogue pain clinics that do not follow appropriate prescription practices. Although performance measures are not available, three recent successful prosecutions demonstrate the work of the USAOs in this area.

The Northern District of Ohio:

During FY 2011 and FY 2012, this USAO convicted thirteen people for their roles in one multi-state drug conspiracy that sent millions of dollars' worth of highly addictive prescription painkillers, such as hydrocodone and alprazolam, to drug addicts and recreational drug users in all 50 states who had no medical reason for receiving the pills. The convicted defendants included doctors, pharmacists, a call-center manager and others. The lead defendant agreed to forfeit more than \$3.8 million, including four luxury vehicles, a ski boat, 19 assorted sports memorabilia and movie posters, a Two-Tone Men's Rolex Submariner watch with diamonds and sapphires, and a house, among other items.

The Southern District of Florida:

In FY 2011 and FY 2012, this USAO convicted seven people for the illegal distribution of prescription pain medication and related criminal offenses as part of Operation Snake Oil. According to court documents, defendant Vincent Colangelo owned and operated six pain management clinics and a pharmacy in Broward and Miami-Dade counties between October 2008 and February 23, 2011. Colangelo and his co-conspirators were responsible for dispensing more than 660,000 dosage units of oxycodone in amounts greater than 1.4 million milligrams and prescribing significantly more oxycodone filled by outside pharmacies to patients throughout Florida and other states. Colangelo mass marketed his pain clinics through more than 1,600 internet sites. Colangelo pled guilty on April 2, 2012, to conspiracy to distribute and dispense large amounts of oxycodone without a legitimate medical purpose and outside the usual course of professional practice. Colangelo also pled guilty to money laundering and filing a false 2009 federal income tax return. Colangelo was sentenced to 20 years in prison and ordered to forfeit five properties valued at more than \$2.5 million, approximately \$911,951 seized from seven bank accounts and a safety deposit box, 52 vehicles and vessels worth more than \$6 million, and jewelry valued at approximately \$20,000.

The Northern District of West Virginia:

Defendant David Kidd and his associates were major contributors to an epidemic of pain pill addiction plaguing the small towns of Ohio and West Virginia. In FY 2012, defendant Kidd was sentenced to 20 years in prison and ordered to forfeit \$66,000 in cash and his vehicles. Defendant Kidd admitted his role as the ringleader of a network of two dozen defendants who traveled to Florida to buy oxycodone from disreputable doctors and distribute it for sale on the streets of small towns in Ohio and West Virginia. The DEA and IRS believed Mr. Kidd's ring operated from FY 2010 until FY 2012 and distributed at least 100,000 pills worth about \$3 million. Nineteen other defendants were also convicted as part of this investigation.

Eradicate Marijuana Cultivation on Public Lands

Operation Mountain Sweep:

The 2012 National Drug Control Strategy listed eradication of marijuana on public lands as a priority. In FY 2012, the USAOs worked closely with DEA, the National Forest Service, the Bureau of Land Management, and state and local authorities to enforce the controlled substance laws against drug traffickers who threaten public safety and the environment by using federal public lands for large-scale marijuana cultivations. Federal, state and local law enforcement officers in Arizona, California, Idaho, Nevada, Oregon, Utah and Washington engaged in a coordinated eradication effort called Operation Mountain Sweep. Law enforcement officers in seven states eradicated over 726,000 marijuana plants from public lands, worth over \$1.45 billion. In California alone, law enforcement eradicated more than 130 marijuana grow sites on public lands and seized at least 540,000 marijuana plants in 60 days. As part of Operation Mountain Sweep, 17 defendants were charged with federal drug trafficking crimes in the Eastern District of California. Firearms and huge amounts of trash, miles of irrigation line, and many pounds of fertilizer and pesticides were also removed from marijuana grow sites on public lands.

Data Validation and Verification

The Department of Justice views data reliability and validity as critically important in the planning and assessment of its performance. EOUSA makes every effort to constantly improve the completeness and reliability of its performance information by performing “data scrubs” (routine examination of current and historical data sets, as well as looking toward the future for trends) to ensure the data we rely on to make day-to-day management decisions are as accurate and reliable as possible and targets are ambitious enough given the resources provided.

**ORGANIZED CRIME DRUG ENFORCEMENT
TASK FORCES PROGRAM**

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**Office of the Inspector General's Independent Report
on Annual Accounting and Authentication of
Drug Control Funds and Related Performance**

Director
Executive Office for the Organized Crime
Drug Enforcement Task Forces
U.S. Department of Justice

We have reviewed the accompanying Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the Related Disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the Related Performance Information, of the U.S. Department of Justice's Organized Crime Drug Enforcement Task Forces (OCDETF) for the fiscal year ended September 30, 2012. The OCDETF's management is responsible for the Detailed Accounting Submission and the Performance Summary Report.

Our review was conducted in accordance with attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An attestation review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Detailed Accounting Submission and the Performance Summary Report. Accordingly, we do not express such an opinion.

Management of the OCDETF prepared the Detailed Accounting Submission and the Performance Summary Report to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

Based on our review, nothing came to our attention that caused us to believe that the Detailed Accounting Submission and the Performance Summary Report for the fiscal year ended September 30, 2012, are not presented, in all material respects, in conformity with the ONDCP's Circular,

Drug Control Accounting, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

This report is intended solely for the information and use of OCDEF management, 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.

A handwritten signature in black ink, appearing to read "M L Hayes".

Mark L. Hayes, CPA, CFE
Director, Financial Statement Audit Office
Office of the Inspector General
U.S. Department of Justice

January 18, 2013

**Organized Crime Drug Enforcement
Task Forces Program
Detailed Accounting Submission**

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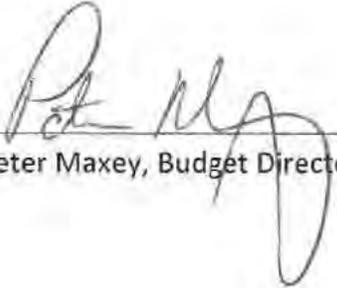
U.S. Department of Justice

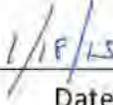
Executive Office for Organized Crime Drug
Enforcement Task Forces

**U.S. Department of Justice
Organized Crime Drug Enforcement Task Forces Program
Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the Organized Crime Drug Enforcement Task Forces (OCDETF) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the OCDETF system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. Obligations reported by budget decision unit are the actual obligations from the OCDETF's accounting system of record for these budget decision units.
2. The drug methodology used by OCDETF to calculate obligations of budgetary resources by function is reasonable and accurate in all material respects.
3. The drug methodology disclosed in this statement was the actual drug methodology used to generate the Table of Drug Control Obligations.
4. The data presented are associated with obligations against a financial plan that was revised during the fiscal year to properly reflect the changes, including ONDCP's approval for reprogrammings and transfers affecting drug-related resources in excess of \$1 million.
5. OCDETF did not have any ONDCP Fund Control Notices issued in FY 2012.


Peter Maxey, Budget Director


Date

**U.S. Department of Justice
Organized Crime Drug Enforcement Task Forces (OCDETF) Program
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2012**

**Actual 2012 Obligations
Dollars in Millions**

Decision Unit Crosswalk

| | Total FY 2012 Actual Obligations | 1/ |
|---|---|-----------|
| Drug Obligations by Decision Unit and Function | | |
| Investigations: | | |
| Drug Enforcement Administration (DEA) | \$206.846 | |
| Federal Bureau of Investigation (FBI) | 142.168 | |
| U.S. Marshals Service (USMS) | 8.846 | |
| Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) | 11.891 | |
| OCDETF Fusion Center (OFC) | 11.530 | |
| TOTAL INVESTIGATIVE DECISION UNIT | 381.281 | |
| Prosecutions: | | |
| U.S. Attorneys (USAs) | 147.000 | |
| Criminal Division | 2.141 | |
| EXO Threat Response Unit (TRU) | 0.912 | |
| TOTAL PROSECUTORIAL DECISION UNIT | 150.053 | |
| Total Agency Obligations/Resources | \$531.334 | |
| Drug Percentage | 100% | |

1/ Component allocations include the proportional distribution of the OCDETF Executive Office costs.

U.S. Department of Justice
Organized Crime Drug Enforcement Task Forces Program
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2012

Disclosure No 1: Drug 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 the OCDETF Program'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 the OCDETF Program's non-DOJ partners was requested through direct appropriations for Treasury and DHS. Currently, only DOJ OCDETF appropriated funding comes from the ICDE account.

The OCDETF Program 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, the OCDETF Program requires that in *each* OCDETF case, investigators identify and target the financial infrastructure that permits the drug organization to operate.

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 the OCDETF Program is derived from the DOJ 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.

The Administration's request for the OCDETF Program 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, the Administrative Support of the OCDETF Executive Office is pro rated among decision units based on the percentage of appropriated ICDE Program funding. Additionally, Drug Intelligence Costs is reported as part of the Investigations Decision Unit.

The OCDETF Program's Decision Units are divided according to the two major activities of the Task Force – Investigations and Prosecutions – 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 the OCDETF Program's investigative activities.
- b. Prosecution Function - This decision unit includes the reimbursable prosecution resources for the following participating DOJ agencies: the U.S. Attorneys and the Criminal Division. The methodology applies the total of 100 percent of the OCDETF Program's Prosecution resources to the Prosecution Decision Unit.

Disclosure No 2: Methodology Modifications

The overall methodology to calculate drug control obligations has not been modified in the Table of Drug Control Obligations.

Disclosure No 3. - Material Weaknesses or Other Findings

OCDETF is a component within the DOJ Offices, Boards and Divisions (OBDs). The OBDs FY 2012 *Independent Auditors' Report on Internal Control over Financial Reporting* revealed no material weaknesses.

Although no material weaknesses were noted in the FY 2012 OBDs audit report on internal controls, one significant deficiency was reported. The significant deficiency related to inadequate accounting and reporting of internal use software (IUS) project costs. Specifically, financial and management controls are not adequate to ensure that the compilation of internal use software cost data submitted for capitalization are in accordance with the applicable generally

accepted accounting principles, and that recorded amounts are proper, accurate, and complete. 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 Services (FS) and the Unified Financial Management System (UFMS) Project Management Office (PMO) concur with the finding. The JMD FS and UFMS PMO are currently working on number of initiatives that will ensure that IUS is accounted for properly and recorded accurately in the annual financial statements.

Disclosure Number 4: Reprogrammings or Transfers

There was no reprogramming in FY 2012.

Total availability consists of enacted budget authority for FY 2012, plus unobligated balances and recoveries brought forward from prior years. The OCDETF Program’s FY 2012 obligations include all re-allowed carryover funds and transfers. In FY 2012, the OCDETF Program re-allowed \$4,497,000 from its no-year account (15X0323) as follows: \$125,000 for the El Paso Strike Force; \$813,000 for the Atlanta Strike Force; \$2,505,000 for DEA Strike Force operations; \$24,000 for DEA operational support; \$86,000 for USMS operational costs in Chicago; \$105,000 for ATF Strike Force Operations; \$750,000 for EOUSA litigation support; \$12,000 for CRM financial litigation investigative training; and \$76,000 for ICE Strike Force support.

In FY 2012, \$6,414,911 in unobligated balances and prior year recoveries was brought forward from FY 2011 and available for new obligations. Of this amount, \$4,497,000 was established as new obligations during FY 2012.

**U.S. Department of Justice
Organized Crime Drug Enforcement Task Forces (OCDETF) Program
Detailed Accounting Submission
Reprogrammings and Transfers
For the Fiscal Year Ended September 30, 2012
(Dollars in Millions)**

| Line Item | Transfer 1/ | Total Availability |
|---|------------------|--------------------|
| Drug Resources by Decision Unit and Function | | |
| Investigations: | | |
| Drug Enforcement Administration (DEA) | (\$0.550) | (0.550) |
| Federal Bureau of Investigation (FBI) | (0.052) | (0.052) |
| U.S. Marshals Service (USMS) | 0.000 | 0.000 |
| Alcohol, Tobacco, Firearms and Explosives (ATF) | 0.000 | 0.000 |
| OCDETF Fusion Center Support (OFC) | 0.000 | 0.000 |
| TOTAL INVESTIGATIONS DECISION UNIT | (0.602) | (0.602) |
| Prosecutions: | | |
| U.S. Attorneys (USAs) | 0.000 | 0.000 |
| Criminal Division (CRM) | 0.000 | 0.000 |
| EXO Threat Response Unit (TRU) | 0.000 | 0.000 |
| TOTAL PROSECUTIONS DECISION UNIT | 0.000 | 0.000 |
| Total Resources | (\$0.602) | (\$0.602) |

^{1/}Represents radio resources transferred to the DOJ Wireless Law Enforcement Communications Account as required by the FY 2012 DOJ Appropriations Act (P.L. 112-55).

**Organized Crime Drug Enforcement
Task Forces Program
Performance Summary Report**

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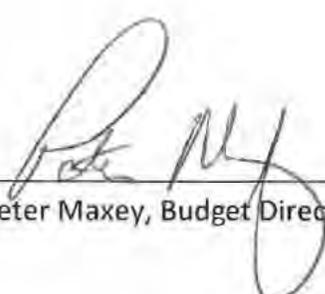
U.S. Department of Justice

Executive Office for Organized Crime Drug
Enforcement Task Forces

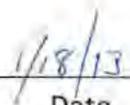
**U.S. Department of Justice
Organized Crime Drug Enforcement Task Forces Program
Performance Summary Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 201**

On the basis of the Organized Crime Drug Enforcement Task Forces (OCDETF) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the OCDETF 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. OCDETF met the reported performance targets for FY 2012.
3. The methodology described to establish performance targets for the current year is reasonable given past performance and available resources.
4. OCDETF has established at least one acceptable performance measure for each budget decision unit, as agreed to by ONDCP, for which a significant amount of obligations (\$1 million 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.



Peter Maxey, Budget Director



Date

**U.S. Department of Justice
Organized Crime Drug Enforcement Task Forces (OCDETF) Program
Performance Summary Report
Related Performance Information
For the Fiscal Year Ended September 30, 2012**

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

The Office of National Drug Control Policy (ONDCP) agreed to the 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.

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.

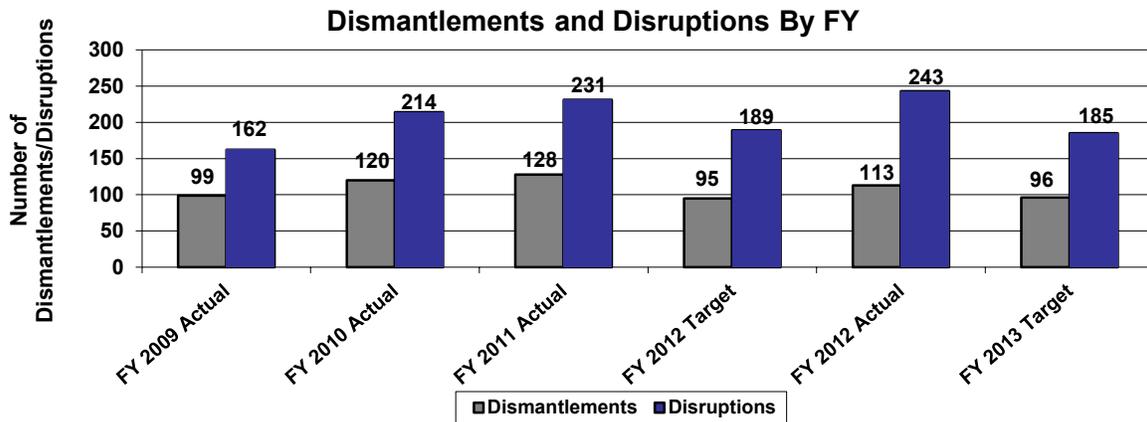
Table:

| | FY 2009 Actual | FY 2010 Actual | FY 2011 Actual | FY 2012 Target | FY 2012 Actual | FY 2013 Target |
|----------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Dismantlements | 99 | 120 | 128 | 95 | 113* | 96 |
| Disruptions | 162 | 214 | 231† | 189 | 243‡ | 185 |

* Breakdown by agency for OCDETF is: 113 Dismantled (83 DEA and 30 FBI)

† Originally, there were 230 disruptions; however, there was one additional FBI disruption counted for FY 2011 after submission of this document.

‡ Breakdown by agency for OCDETF is: 243 Disrupted (181 DEA and 64 FBI). The overlap of DEA and FBI in two FY 2012 Disruptions results in the reduction of two Disruptions from the total numbers.



Despite diminished resources, OCDETF again achieved impressive results during FY 2012 in dismantling and disrupting CPOT-linked drug trafficking organizations. OCDETF was able to dismantle 113 CPOT-linked organizations in FY 2012, exceeding its target by 19%. OCDETF disrupted 243 CPOT-linked organizations in FY 2012, exceeding its target for disruptions by 29%. This is 6% greater than the 231 disruptions reported at the end of FY 2011.

During FY 2012, in addition to making important gains against CPOT-linked organizations, OCDETF agencies continued to achieve significant successes against the CPOTs themselves. Over the course of the last year, four CPOT targets were dismantled and seven CPOT targets were disrupted. Through these dismantlements and disruptions, OCDETF made significant impacts against the Sinaloa Cartel, the North Valley Cartel and other significant cartels operating out of Mexico and South America. All four of the dismantled CPOT targets were arrested and either deported or extradited to the United States for prosecution; three disrupted targets have been extradited to the United States as well; and another disrupted target is pending extradition.

These eleven disrupted and dismantled CPOTs had a significant impact on the illegal drug supply in the United States. It is estimated that their activities included using the internet to sell various drugs and controlled substances to customers worldwide; the combined capability of importing and distributing over 150 metric tons of cocaine into the United States, Mexico, and Europe; shipping truckloads containing more than 2 tons of cocaine to New York alone; and using a multitude of companies to distribute a variety of drugs and launder money. Approximately \$2.1 million in drug proceeds bound for Mexico was seized from just one of these organizations and many front companies have been identified in several countries and on the internet. The reach of these transnational drug trafficking organizations extended across multiple continents. Law enforcement activity targeting these CPOTs involved complex and coordinated intelligence driven investigations, with exceptional cooperation between U.S. law enforcement agencies and international partners.

OCDETF's FY 2012 exceptional successes dismantling or disrupting 356 CPOT-linked drug trafficking organizations, as well as the significant enforcement actions against CPOTs themselves have resulted in keeping multi-ton quantities of illegal drugs such as cocaine, heroin, and methamphetamine from ever entering the United States.

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

The FY 2013 OCDETF Dismantlements and Disruptions (D&D) target is based on the percentage of FY 2012 OCDETF D&Ds to FY 2012 Department D&Ds, and the Department's FY 2013 target. In FY 2012, OCDETF D&Ds accounted for 54% of the Department's disruptions and 66% of the Department's dismantlements. The Department's targets for FY 2013 are 340 disruptions and 145 dismantlements. Therefore, the OCDETF D&D target for FY 2013 is 185 disruptions (or 54% of the Department's disruptions); and 96 dismantlements (or 66% of the Department's dismantlements).

Data Validation and Verification

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.

UNITED STATES MARSHALS SERVICE

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**Office of the Inspector General's Independent Report
on Annual Accounting and Authentication of
Drug Control Funds and Related Performance**

Director
United States Marshals Service
U.S. Department of Justice

We have reviewed the accompanying Detailed Accounting Submission, which includes Management's Assertion Statement, Table of Drug Control Obligations, and the Related Disclosures; and the Performance Summary Report, which includes Management's Assertion Statement and the Related Performance Information, of the U.S. Department of Justice's United States Marshals Service (USMS) for the fiscal year ended September 30, 2012. The USMS's management is responsible for the Detailed Accounting Submission and the Performance Summary Report.

Our review was conducted in accordance with attestation standards contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An attestation review is substantially less in scope than an examination, the objective of which is the expression of an opinion on the Detailed Accounting Submission and the Performance Summary Report. Accordingly, we do not express such an opinion.

Management of the USMS prepared the Detailed Accounting Submission and the Performance Summary Report to comply with the requirements of the Office of National Drug Control Policy (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

Based on our review, nothing came to our attention that caused us to believe that the Detailed Accounting Submission and the Performance Summary Report for the fiscal year ended September 30, 2012, are not presented, in all material respects, in conformity with the ONDCP's Circular,

Drug Control Accounting, dated May 1, 2007, and as otherwise agreed to with the ONDCP.

This report is intended solely for the information and use of USMS management, 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.

A handwritten signature in black ink, appearing to read "M L Hayes".

Mark L. Hayes, CPA, CFE
Director, Financial Statement Audit Office
Office of the Inspector General
U.S. Department of Justice

January 18, 2013

**United States Marshals Service
Detailed Accounting Submission**

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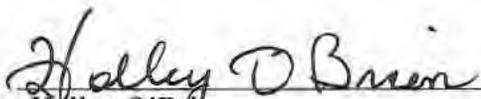
U.S. Department of Justice
United States Marshals Service
Financial Services Division

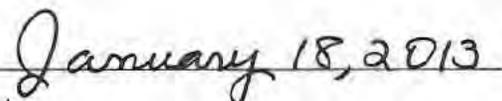
Alexandria, Virginia 22301-1025

**Detailed Accounting Submission
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the United States Marshals Service (USMS) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the USMS's system of accounting, use of estimates, and systems of internal controls provide reasonable assurance that:

1. Obligations reported by budget decision unit are estimated obligations derived from the actual obligations from the USMS's accounting system of record for these budget decision units.
2. The drug methodology used by the USMS to calculate obligations of budgetary resources by function is reasonable and accurate in all material respects.
3. The drug methodology disclosed in this statement was the actual drug 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 FY 2012.
5. USMS did not have any ONDCP Fund Control Notices issued in FY 2012.


Holley O'Brien
Chief Financial Officer


Date

U.S. Department of Justice
United States Marshals Service
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2012
(Dollars in Millions)

| Drug Obligations by Budget Decision Unit and Function: | FY 2012 |
|---|---------------------------|
| Decision Unit #1: Fugitive Apprehension | Actual Obligations |
| International | \$ 1.30 |
| Investigations | 132.20 |
| Total Fugitive Apprehension | <u>\$ 133.50</u> |
| | |
| Decision Unit #2: Judicial and Courthouse Security | |
| State and Local Assistance | \$ 75.10 |
| Total Judicial and Courthouse Security | <u>\$ 75.10</u> |
| | |
| Decision Unit #3: Prisoner Security and Transportation | |
| State and Local Assistance | \$ 40.20 |
| Total Prisoner Security and Transportation | <u>\$ 40.20</u> |
| | |
| Total Drug Control Obligations | <u>\$ 248.80</u> |

**U.S. Department of Justice
United States Marshals Service
Detailed Accounting Submission
Related Disclosures
For Fiscal Year Ended September 30, 2012**

Disclosure 1: Drug Methodology

The USMS does not receive a specific appropriation for drug-related work in support of the National Drug Control Strategy. Therefore, the USMS uses drug-related workload data to develop drug control ratios and formulate the drug-related portion of the budget. For the Fugitive Apprehension decision unit, the USMS uses ratios based on the number of warrants cleared including felony offense classifications for federal, and state and local warrants such as narcotics possession, manufacture, and distribution. For the Judicial & Courthouse Security and Prisoner Security & Transportation decision units, the USMS uses workload percentages based only on primary federal offenses in custody such as various narcotics possession, manufacture, and distribution. Primary offenses refer to the crime that the accused is charged with that usually carries the most severe sentence. For each decision unit, the drug-related offenses in custody or drug-related warrants cleared are divided by the total number of offenses in custody or warrants cleared to calculate the drug-related percentages. The percentage is then multiplied by the respective decision unit's budget to formulate the drug-related crosscuts. The USMS derives its drug-related obligations starting with the USMS Salaries and Expenses (S&E) Appropriation actual obligations at fiscal year-end as reported in the SF-133, Report on Budget Execution and Budgetary Resources. Drug workload ratios are applied towards decision units that impact drug work to derive the drug-related obligations.

Data – All accounting information for the USMS is derived from USMS Standardized Tracking Accounting and Reporting System (STARS).

Financial Systems – STARS is USMS's financial system that provides USMS with obligation data. Obligations in this system can also be reconciled with the enacted appropriation. Beginning in FY 2013 the USMS converted its financial management system to the Unified Financial Management System.

Disclosure 2: Methodology Modifications

Prior to FY 2012 the USMS did not report drug related obligations. In FY 2010, the Office of National Drug Control Policy (ONDCP) convened a panel of experts to determine which federal agency programs should be included in the National Drug Control Budget. This panel applied a two-pronged test: first, to determine whether the program had a drug-control nexus, and second to determine whether the program had an acceptable budget estimation methodology. Based on the panel's recommendation, beginning in FY 2012 the USMS was added to the National Drug Control Budget.

Disclosure 3: Material Weaknesses or Other Findings

The USMS' FY 2012 *Independent Auditors' Report on Internal Control over Financial Reporting* revealed no material weaknesses.

Although no material weaknesses were noted in the FY 2012 USMS audit report on internal controls, one significant deficiency was reported. The significant deficiency related to inadequate funds management controls and was an improvement from the prior year reported material weakness. Specifically, the audit found instances where the USMS does not have adequate financial and compliance controls to ensure that obligation transactions are executed and recorded in accordance with laws and regulations, and that related undelivered orders and accounts payable balances are accurate and complete. This finding, while not a material weakness, has an undetermined impact on the presentation of drug-related obligations. It is important to note that errors identified during the audit were not material enough to warrant adjustment of the USMS financial statements.

The USMS Management concurs with the finding. This year, the Financial Services Division (FSD) leadership conducted both District and Headquarters Program Office Administrative Officer (AO) Training, which served to inform and educate AOs on key business process changes; FY 12 Office of the Inspector (OIG) audit readiness insights; the Unified Financial Management System (UFMS) integration and implementation updates; and key administrative and operational messages from Executive and Program Office Leadership. Quarterly Execution Reviews (QERs) were implemented by executive leadership with the Program Offices, focusing on operating plans versus spending in all areas, as well as monthly District reviews conducted by the FSD.

Disclosure 4: Reprogrammings or Transfers

There were no reprogrammings or transfers that directly affect drug-related budgetary resources.

**United States Marshals Service
Performance Summary Report**

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U.S. Department of Justice

United States Marshals Service

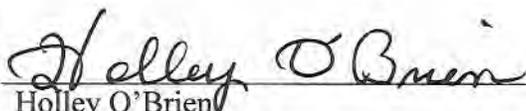
Financial Services Division

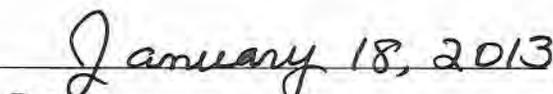
Alexandria, Virginia 22301-1025

**Performance Summary Report
Management's Assertion Statement
For Fiscal Year Ended September 30, 2012**

On the basis of the United States Marshals Service (USMS) management control program, and in accordance with the guidance of the Office of National Drug Control Policy's (ONDCP) Circular, *Drug Control Accounting*, dated May 1, 2007, we assert that the USMS system of performance reporting provides reasonable assurance that:

1. USMS used the Justice Detainee Information System (JDIS) to capture performance information accurately and this system was properly applied to generate the performance data.
2. The USMS did not have drug-related targets for FY 2012, as agreed to by the ONDCP, but reported actual statistics on two drug-related performance measures. The methodology described to establish performance targets for the current year is reasonable given past performance and available resources.
3. USMS has established at least one acceptable performance measure for each budget decision unit, as agreed to by the ONDCP, for which a significant amount of obligations (\$1 million 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.


Holley O'Brien
Chief Financial Officer


Date

**U.S. Department of Justice
United States Marshals Service
Performance Summary Report
Related Performance Information
For Fiscal Year Ended September 30, 2012**

Performance Measures:

The USMS has three decision units that perform drug-related work. In November of 2012, the ONDCP waived its requirement for the USMS to report one performance measure for each decision unit. As a result, the USMS is not required to report a performance measure for the Judicial & Courthouse Security decision unit, but does have performance measures for the Fugitive Apprehension and Prisoner Security & Transportation decision units. While the USMS does not set performance targets according to the type of crime (financial, drug, armed robbery, etc.), it reports measures highlighting the work accomplishments in particular areas, including drugs. The measures presented below reflect the work performed by the USMS in support of the National Drug Control Strategy.

Performance Measure 1: Percent of Warrants Cleared for Drug-Related Charges

One primary function of the USMS is to execute court orders and apprehend fugitives. The Fugitive Apprehension decision unit undertakes these activities; the portions of which that are respondent to drug-related warrants support the National Drug Control Strategy. Through the development of programs such as the Major Case Fugitive Program, Regional Fugitive Task Forces, and International Fugitive Investigations, the USMS partners with state and local law enforcement and other law enforcement organizations to apprehend wanted individuals. Within the USMS organization, Deputy U.S. Marshals in the 94 federal judicial districts perform the majority of the apprehension work, while receiving support from headquarters divisions and partner organizations. Warrants cleared include felony offense classifications for federal, and state and local warrants. The cleared percentage is calculated by dividing Drug-Related Warrants Cleared by the number of Total Warrants Cleared.

| Fiscal Year | % Drug-Related Warrants Cleared | Total Warrants Cleared | Drug-Related Warrants Cleared |
|--------------------|--|-------------------------------|--------------------------------------|
| 2009 | 35.2% | 144,483 | 50,486 |
| 2010 | 34.7% | 130,269 | 45,157 |
| 2011 | 34.0% | 136,832 | 46,471 |
| 2012 | 33.5% | 138,028 | 46,200 |
| 2013 Estimate | 34.0% | | |

For FY 2013, the USMS estimates 34% of Total Warrants Cleared will be drug-related. Since the USMS does not control the warrant workload it receives in any given year, this estimate is calculated as an average of the past four years. It should not be viewed as a target or measure of the effectiveness of resource allocation or effort.

Data Validation and Verification

This data is queried from the Justice Detainee Information System (JDIS). System administrators perform a variety of checks and updates to ensure that accurate information is contained. The information on offenses and warrants is live, so information queried for year-end reporting is a snapshot-in-time. Due to continuous user activity in JDIS, the statistics in this report cannot be exactly replicated. The data in JDIS is dynamic, and the statistics are only current as of the date and time the report was compiled.¹

Performance Measure 2: Percent of Offenses in Custody for Drug-Related Charges

Another primary function of the USMS is to secure courthouses and detain prisoners during the judicial process, and the portion of these activities respondent to drug-related offenders supports the National Drug Control Strategy. The Prisoner Security & Transportation decision unit carries out the detention related work, the portion of which that relates to drug-related offenses supports the National Drug Control Strategy. Deputy U.S. Marshals throughout the 94 federal judicial districts perform the majority of the judicial security and detention work, while receiving support from headquarters divisions and coordinating with the Federal Bureau of Prisons for custody transfers. The Drug-Related Offenses in Custody percentage is calculated by dividing Drug-Related Offenses in Custody by the number of Total Offenses in Custody. This measure focuses on primary offenses.

| Fiscal Year | % Drug-Related Offenses in Custody | Total Offenses in Custody | Drug-Related Offenses in Custody |
|--------------------|---|----------------------------------|---|
| 2009 | 18.3% | 131,018 | 23,997 |
| 2010 | 17.7% | 132,479 | 23,436 |
| 2011 | 18.0% | 130,196 | 23,384 |
| 2012 | 16.5% | 133,658 | 22,003 |
| 2013 Estimate | 17.0% | | |

For FY 2013, the USMS estimates 17% of Total Offenses in Custody will be for drug-related charges. Because the USMS does not control the nature of prisoner offenses in any given year, this estimate is calculated as an average of the past four years. It should not be viewed as a target or measure of the effectiveness of resource allocation or effort.

Data Validation and Verification

This data is queried from the Justice Detainee Information System (JDIS). System administrators perform a variety of checks and updates to ensure that accurate information is contained. The information on offenses and warrants is live, so information queried for year-end reporting is a snapshot-in-time. Due to continuous user activity in JDIS, the statistics in this report cannot be exactly replicated. The data in JDIS is dynamic, and the statistics are only current as of the date and time the report was compiled.¹

¹ JDIS data reports were generated on November 15, 2012.

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**NATIONAL DRUG
INTELLIGENCE CENTER
LIMITED REPORT**

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Washington, D.C. 20530

January 04, 2013

Mr. Jon Rice
Associate Director for Performance and Budget
Office of the National Drug Control Program
750 17th Street, NW
Washington, D.C. 20503

Dear Mr. Rice:

Attached for your review is the Detailed Accounting Submission, Table of Drug Control Obligations for the U.S. Department of Justice's National Drug Intelligence Center (NDIC) for fiscal year ended September 30, 2012; and the requested Performance Summary Report, Related Performance Information for the period October 1, 2011, through June 15, 2012.

As illustrated in the Table of Drug Control Obligations, NDIC's prior year drug control obligations are less than \$50 million. Furthermore, NDIC discontinued operations effective June 16, 2012. In accordance with the Office of National Drug Control Policy's Circular, *Drug Control Accounting*, dated May 1, 2007, full reporting for NDIC would constitute an unreasonable reporting burden. Therefore, only a limited report is presented to satisfy the statutory requirement.

If you have any questions, please contact Lee J. Lofthus at (202) 514-3101 or Michael E. Horowitz at (202) 514-3435.

Lee J. Lofthus
Assistant Attorney General
for Administration
Chief Financial Officer
Justice Management Division
U.S. Department of Justice

Michael E. Horowitz
Inspector General
Office of the Inspector General
U.S. Department of Justice

**U.S. Department of Justice
National Drug Intelligence Center
Detailed Accounting Submission
Table of Drug Control Obligations
For Fiscal Year Ended September 30, 2012
(Dollars in Millions)**

**U.S. Department of Justice
National Drug Intelligence Center
Performance Summary Report
Related Performance Information
For Fiscal Year 2012 through June 16, 2012**

Performance Measures

The NDIC established a performance measure depicting the percentage of Document and Media Exploitation (DOMEX) missions that support DOJ Strategic Goal 2: Prevent Crime, Enforce Federal Laws, and Represent the Rights and Interests of the American People. This measure complies with the purpose of the National Drug Control Program activity.

The NDIC DOMEX program provided timely support to the law enforcement and intelligence communities by conducting document and media exploitation of materials seized in federal, state, and local law enforcement investigations involving illicit drugs, terrorism, and other crimes that impact national security. DOMEX analysts reviewed and analyzed large amounts of data from both paper and electronic evidence and completed their analysis usually within a one to two-week timeframe. Prior to conducting a DOMEX mission, NDIC analysts met with the customer to assess the extent of the evidentiary holdings and identify priority intelligence requirements. When performing a mission, Information Technology Specialists from the NDIC Digital Evidence Laboratory extracted pertinent data from captured electronic media such as computer hard drives, portable drives, and cellular phones while DOMEX analysts exploited key information from seized hardcopy evidence. The extracted and exploited data were entered into the Real-time Analytical Intelligence Database (RAID), an in-house developed relational database, which organized the information and facilitated in-depth analysis. This methodology allowed analysts to quickly identify leads for investigators and prosecutors including those pertaining to coconspirators, associates, assets, and evidence of criminal activity.

DOMEX analysts provided investigators and prosecutors with a range of products and support. At the conclusion of each mission, NDIC DOMEX produced an Intelligence Support Report (ISR) containing actionable findings and investigative leads that promoted effective intelligence-driven investigations. Analysts also developed graphics using computer-assisted analyses. Examples include link charts, matrices, timelines, and graphics depicting geospatial analysis. This support sometimes enabled prosecutors to secure guilty pleas from defendants prior to trial. For cases that went to trial, DOMEX often provided graphics such as those previously described as well as expert testimony by an NDIC analyst involved with the case. These actions strengthened investigations and increased the likelihood of successful prosecutions.

Current Year Performance Targets

NDIC worked diligently to support Department priorities while contending with a \$20 million budget and closure and transfer of the function to the Drug Enforcement Administration in FY 2012. Despite the closure, NDIC DOMEX managed to preserve mission critical tools to support investigations and prosecutions.

Performance Measure 1: Percentage of DOMEX Missions that Support DOJ's Strategic Goals and Objectives

The NDIC DOMEX program had an instrumental impact by assisting in the efficient investigation and successful prosecution of high-level targets involved in drug trafficking, money laundering, terrorism, and other criminal activities that threaten U.S. national security. During FY 2012, NDIC completed 51 missions, all of which supported DOJ strategic goals and objectives.

| Fiscal Year | Completed DOMEX Missions | Number of Missions that Support DOJ Strategic Goals | Percent of Missions that Support DOJ Strategic Goals | |
|-------------|--------------------------|---|--|--------------------|
| | | | Fiscal Year Target | Fiscal Year Actual |
| FY2011 | 142 | 142 | 90% | 100% |
| FY2012 | 51 | 51 | 90% | 100% |

Data Validation and Verification

The NDIC recorded detailed information on the specifics of DOMEX missions and compiled and reported this data quarterly. Missions were reviewed against the DOJ Strategic Plan to determine the strategic goals and objectives they support. This information was tallied and compared against total missions performed to derive the percentage of missions supporting DOJ strategic goals and objectives. The data and calculations were reviewed and validated by DOMEX managers and budget personnel then entered into DOJ's JPPR system each quarter for external dissemination through the DOJ Quarterly Status Report.

The Department appreciates the dedicated efforts of NDIC personnel over the past years and NDIC's contributions in curbing the supply and use of illegal drugs. While NDIC discontinued operations on June 16, 2012, the Department transferred two core NDIC functions, DOMEX and a portion of NDIC's strategic intelligence reporting, to DEA along with 57 NDIC personnel. These functions, now housed with the DEA, will continue to provide significant contributions in the efficient investigation and successful prosecution of high-level drug trafficking targets.